REFINITIV

DELTA REPORT

10-Q

SUMMIT HOTEL PROPERTIES,

10-Q - MARCH 31, 2024 COMPARED TO 10-Q - SEPTEMBER 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS	1565
CHANGES	287
DELETIONS	725
ADDITIONS	553

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended September 30, 2023 March 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, $0.01 par value	INN	New York Stock Exchange
Series E Cumulative Redeemable Preferred Stock, $0.01 par value	INN-PE	New York Stock Exchange
Series F Cumulative Redeemable Preferred Stock, $0.01 par value	INN-PF	New York Stock Exchange

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 and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405) of this chapter during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). ☒ Yes ☐ No

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Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth 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 is a shell company (as defined in Rule 12b-2 of the Exchange Act). ☐ Yes ☒ No

As of October 20, 2023 April 19, 2024, the number of outstanding shares of common stock of Summit Hotel Properties, Inc. was 107,578,703. 108,192,206.

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

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

			September 30, 2023	**December 31, 2022**		
			(Unaudited)			
		March 31, 2024			**March 31, 2024**	**December 31, 2023**
		(Unaudited)				
ASSETS						
ASSETS						
ASSETS	**ASSETS**					
Investments in lodging property, net	Investments in lodging property, net	$	2,831,247	$2,841,856		
Investments in lodging property, net						
Investments in lodging property, net						
Investment in lodging property under development						
Assets held for sale, net	Assets held for sale, net		9,163	29,166		
Assets held for sale, net						
Assets held for sale, net						
Cash and cash equivalents						
Cash and cash equivalents						
Cash and cash equivalents	Cash and cash equivalents		55,307	51,255		
Restricted cash	Restricted cash		11,268	10,553		
Right-of-use assets, net	Right-of-use assets, net		35,215	35,023		
Trade receivables, net	Trade receivables, net		24,209	21,015		
Prepaid expenses and other	Prepaid expenses and other		12,973	8,378		
Deferred charges, net	Deferred charges, net		7,066	7,074		
Deferred charges, net						
Deferred charges, net						
Other assets						
Other assets						
Other assets	Other assets		28,741	17,950		
Total assets	Total assets	$	3,015,189	$3,022,270		

LIABILITIES, REDEEMABLE NON-CONTROLLING INTERESTS AND EQUITY	**LIABILITIES, REDEEMABLE NON-CONTROLLING INTERESTS AND EQUITY**			

LIABILITIES, REDEEMABLE NON-CONTROLLING INTERESTS AND EQUITY

LIABILITIES, REDEEMABLE NON-CONTROLLING INTERESTS AND EQUITY

Liabilities:	Liabilities:			

Liabilities:

Liabilities:

Debt, net of debt issuance costs

Debt, net of debt issuance costs

Debt, net of debt issuance costs	Debt, net of debt issuance costs	$	1,444,637	$1,451,796
Lease liabilities, net	Lease liabilities, net		26,102	25,484
Accounts payable	Accounts payable		6,880	5,517
Accrued expenses and other	Accrued expenses and other		92,209	81,304
Total liabilities	Total liabilities		1,569,828	1,564,101

Total liabilities

Total liabilities

Commitments and contingencies (Note 11)

Commitments and contingencies (Note 11)

Commitments and contingencies (Note 11)	Commitments and contingencies (Note 11)			
Redeemable non-controlling interests	Redeemable non-controlling interests		50,219	50,219
Equity:	Equity:			
Preferred stock, $0.01 par value per share, 100,000,000 shares authorized:	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 September 30, 2023 and December 31, 2022 (aggregate liquidation preference of $160,861 at September 30, 2023 and December 31, 2022, respectively)			64	64
5.875% Series F - 4,000,000 shares issued and outstanding at September 30, 2023 and December 31, 2022 (aggregate liquidation preference of $100,506 at September 30, 2023 and December 31, 2022, respectively)			40	40

Equity:

Preferred stock, $0.01 par value per share, 100,000,000 shares authorized:

Common stock, $0.01 par value per share, 500,000,000 shares authorized, 107,573,489 and 106,901,576 shares issued and outstanding at September 30, 2023 and December 31, 2022, respectively		1,076	1,069
6.25% Series E - 6,400,000 shares issued and outstanding at March 31, 2024 and December 31, 2023 (aggregate liquidation preference of $160,861 at March 31, 2024 and December 31, 2023, respectively)			
6.25% Series E - 6,400,000 shares issued and outstanding at March 31, 2024 and December 31, 2023 (aggregate liquidation preference of $160,861 at March 31, 2024 and December 31, 2023, respectively)			
6.25% Series E - 6,400,000 shares issued and outstanding at March 31, 2024 and December 31, 2023 (aggregate liquidation preference of $160,861 at March 31, 2024 and December 31, 2023, respectively)			
5.875% Series F - 4,000,000 shares issued and outstanding at March 31, 2024 and December 31, 2023 (aggregate liquidation preference of $100,506 at March 31, 2024 and December 31, 2023, respectively)			
Common stock, $0.01 par value per share, 500,000,000 shares authorized, 108,198,141 and 107,593,373 shares issued and outstanding at March 31, 2024 and December 31, 2023, respectively			
Additional paid-in capital	Additional paid-in capital	1,236,864	1,232,302
Accumulated other comprehensive income	Accumulated other comprehensive income	20,832	14,538
Accumulated deficit and distributions in excess of retained earnings	Accumulated deficit and distributions in excess of retained earnings	(316,780)	(288,200)

Total stockholders' equity	Total stockholders' equity	942,096	959,813
Non-controlling interests	Non-controlling interests	453,046	448,137
Non-controlling interests			
Non-controlling interests			
Total equity	Total equity	1,395,142	1,407,950
Total liabilities, redeemable non-controlling interests and equity	Total liabilities, redeemable non-controlling interests and equity	$ 3,015,189	$3,022,270

See Notes to the Condensed Consolidated Financial Statements

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

		Three Months Ended September 30,		Nine Months Ended September 30,	
		2023	2022	2023	2022
		Three Months Ended March 31,			
		Three Months Ended March 31,			
		Three Months Ended March 31,			
		2024			
		2024			
		2024			
Revenues:					
Revenues:					
Revenues:	**Revenues:**				
Room	Room	$ 161,712	$ 160,133	$ 498,982	$ 455,747
Room					
Room					
Food and beverage					
Food and beverage					
Food and beverage	Food and beverage	9,949	8,854	30,848	22,180
Other	Other	10,155	9,265	28,862	25,442
Other					
Other					
Total revenues					
Total revenues					
Total revenues	Total revenues	181,816	178,252	558,692	503,369
Expenses:	**Expenses:**				
Expenses:					
Expenses:					
Room					
Room					

Room	Room	37,510	37,525	112,207	101,718
Food and beverage	Food and beverage	7,684	7,060	23,679	17,187
Food and beverage					
Food and beverage					
Other lodging property operating expenses					
Other lodging property operating expenses					
Other lodging property operating expenses	Other lodging property operating expenses	55,826	54,883	169,780	154,871
Property taxes, insurance and other	Property taxes, insurance and other	14,369	13,373	43,308	40,036
Property taxes, insurance and other					
Property taxes, insurance and other					
Management fees					
Management fees					
Management fees	Management fees	4,177	4,308	13,974	13,145
Depreciation and amortization	Depreciation and amortization	37,882	38,130	112,300	112,462
Depreciation and amortization					
Depreciation and amortization					
Corporate general and administrative	Corporate general and administrative	8,126	6,532	25,225	23,743
Transaction costs		—	56	24	737
Corporate general and administrative					
Corporate general and administrative					
Recoveries of credit losses					
Recoveries of credit losses					
Recoveries of credit losses	Recoveries of credit losses	(250)	(850)	(500)	(1,100)
Total expenses	Total expenses	165,324	161,017	499,997	462,799
(Loss) gain on disposal of assets, net		(16)	(5)	(336)	20,479
Total expenses					
Total expenses					
Gain on disposal of assets, net					
Gain on disposal of assets, net					
Gain on disposal of assets, net					
Operating income					
Operating income					
Operating income	Operating income	16,476	17,230	58,359	61,049
Other income (expense):	**Other income (expense):**				
Other income (expense):					
Other income (expense):					
Interest expense					
Interest expense					
Interest expense	Interest expense	(22,020)	(17,645)	(65,177)	(46,202)
Interest income	Interest income	474	65	1,190	1,461
Interest income					
Interest income					
Other income (loss), net					
Other income (loss), net					

Other income (loss), net	Other income (loss), net	661	(481)	458	1,638
Total other expense, net	Total other expense, net	(20,885)	(18,061)	(63,529)	(43,103)
(Loss) income from continuing operations before income taxes		(4,409)	(831)	(5,170)	17,946
Income tax expense (Note 13)		(1,360)	(210)	(1,679)	(4,647)
Net (loss) income		(5,769)	(1,041)	(6,849)	13,299
Loss (income) attributable to non-controlling interests		4,955	5,148	9,306	(4,481)
Total other expense, net					
Total other expense, net					
Income (loss) from continuing operations before income taxes					
Income (loss) from continuing operations before income taxes					
Income (loss) from continuing operations before income taxes					
Income tax (expense) benefit (Note 13)					
Income tax (expense) benefit (Note 13)					
Income tax (expense) benefit (Note 13)					
Net income (loss)					
Net income (loss)					
Net income (loss)					
Less - (Income) loss attributable to non-controlling interests					
Less - (Income) loss attributable to non-controlling interests					
Less - (Income) loss attributable to non-controlling interests					
Net (loss) income attributable to Summit Hotel Properties, Inc. before preferred dividends and distributions		(814)	4,107	2,457	8,818
Distributions to and accretion of redeemable non-controlling interests		(656)	(656)	(1,970)	(1,866)
Preferred dividends		(3,968)	(3,968)	(11,906)	(11,906)
Net income (loss) attributable to Summit Hotel Properties, Inc. before preferred dividends and distributions					
Net income (loss) attributable to Summit Hotel Properties, Inc. before preferred dividends and distributions					
Net income (loss) attributable to Summit Hotel Properties, Inc. before preferred dividends and distributions					
Less - Distributions to and accretion of redeemable non-controlling interests					
Less - Distributions to and accretion of redeemable non-controlling interests					
Less - Distributions to and accretion of redeemable non-controlling interests					
Less - Preferred dividends					
Less - Preferred dividends					
Less - Preferred dividends					
Net loss attributable to common stockholders					

Net loss attributable to common stockholders									
Net loss attributable to common stockholders	**Net loss attributable to common stockholders**	$	(5,438)	$	(517)	$	(11,419)	$	(4,954)
Loss per share:	**Loss per share:**								
Loss per share:									
Loss per share:									
Basic and Diluted									
Basic and Diluted									
Basic and Diluted	Basic and Diluted	$	(0.05)	$	—	$	(0.11)	$	(0.05)
Weighted-average common shares outstanding:	**Weighted-average common shares outstanding:**								
Weighted-average common shares outstanding:									
Weighted-average common shares outstanding:									
Basic and Diluted									
Basic and Diluted									
Basic and Diluted	Basic and Diluted		105,650		105,232		105,510		105,110

See Notes to the Condensed Consolidated Financial Statements

Summit Hotel Properties, Inc.
Condensed Consolidated Statements of Comprehensive Income (Loss)
(Unaudited)
(In thousands)

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2023		2022		2023		2022	
Net (loss) income	$	(5,769)	$	(1,041)	$	(6,849)	$	13,299
Other comprehensive income, net of tax:								
Changes in fair value of derivative financial instruments		3,640		16,707		10,225		33,716
Comprehensive (loss) income		(2,129)		15,666		3,376		47,015
Comprehensive loss (income) attributable to non-controlling interests		4,140		2,974		5,375		(7,025)
Comprehensive income attributable to Summit Hotel Properties, Inc.		2,011		18,640		8,751		39,990
Distributions to and accretion of redeemable non-controlling interests		(656)		(656)		(1,970)		(1,866)
Preferred dividends		(3,968)		(3,968)		(11,906)		(11,906)
Comprehensive (loss) income attributable to common stockholders	$	(2,613)	$	14,016	$	(5,125)	$	26,218

	Three Months Ended March 31,			
	2024		2023	
Net income (loss)	$	2,833	$	(1,970)
Other comprehensive income (loss), net of tax:				
Changes in fair value of derivative financial instruments		5,696		(4,388)
Comprehensive income (loss)		8,529		(6,358)
Comprehensive (income) loss attributable to non-controlling interests		(2,016)		1,489
Comprehensive income (loss) attributable to Summit Hotel Properties, Inc.		6,513		(4,869)
Distributions to and accretion on redeemable non-controlling interests		(657)		(657)

Preferred dividends and distributions	(3,970)	(3,970)
Comprehensive income (loss) attributable to common stockholders	$ 1,886	$ (9,496)

See Notes to the Condensed Consolidated Financial Statements

Summit Hotel Properties, Inc.
Condensed Consolidated Statements of Changes in Equity and Redeemable Non-controlling Interests
For the Three Months Ended September 30, 2023 March 31, 2024 and 2022 2023
(Unaudited - In thousands, except share amounts)

	Redeemable Non-controlling Interests										Redeemable Non-controlling Interests	Shares of Preferred Stock	Preferred Stock	C
Balance at December 31, 2023														

	Redeemable Non-controlling Interests	Shares of Preferred Stock	Preferred Stock	Shares of Common Stock	Common Stock	Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit and Distributions in Excess of Retained Earnings	Total Shareholders' Equity	Non-controlling Interests	Total Equity
Balance at June 30, 2023	$ 50,219	10,400,000	$ 104	107,569,738	$ 1,076	$ 1,234,947	$ 18,007	$ (304,888)	$ 949,246	$ 462,730	$ 1,411,976
Adjustment of redeemable non-controlling interests to redemption value											
Adjustment of redeemable non-controlling interests to redemption value											
Adjustment of redeemable non-controlling interests to redemption value Adjustment of redeemable non-controlling interests to redemption value	656	—	—	—	—	—	—	(656)	(656)	—	(656)
Contributions by non-controlling interest in joint venture											
Common stock redemption of common units	—	—	—	7,000	—	68	—	—	68	(68)	—
Contributions by non-controlling interest in joint venture											
Contributions by non-controlling interest in joint venture											
Dividends and distributions on common stock and common units											
Dividends and distributions on common stock and common units											
Dividends and distributions on common stock and common units Dividends and distributions on common stock and common units	—	—	—	—	—	—	—	(6,454)	(6,454)	(958)	(7,412)

Preferred dividends and distributions	Preferred dividends and distributions	(656)	—	—	—	—	—	—	(3,968)	(3,968)	—	(3,968)
Joint venture partner distributions		—	—	—	—	—	—	—	—	—	(4,518)	(4,518)
Equity-based compensation												
Equity-based compensation												
Equity-based compensation	Equity-based compensation	—	—	—	—	—	1,867	—	—	1,867	—	1,867
Shares of common stock acquired for employee withholding requirements	Shares of common stock acquired for employee withholding requirements	—	—	—	(3,249)	—	(18)	—	—	(18)	—	(18)
Other comprehensive income	Other comprehensive income	—	—	—	—	—	—	2,825	—	2,825	815	3,640
Net loss		—	—	—	—	—	—	—	(814)	(814)	(4,955)	(5,769)
Balance at September 30, 2023		$ 50,219	10,400,000	$ 104	107,573,489	$ 1,076	$ 1,236,864	$ 20,832	$ (316,780)	$ 942,096	$ 453,046	$ 1,395,142
Other comprehensive income												
Other comprehensive income												
Net income												
Balance at March 31, 2024												
Balance at June 30, 2022		$ 50,223	10,400,000	$ 104	106,894,011	$ 1,069	$ 1,229,660	$ 1,000	$ (267,158)	$ 964,675	$ 470,391	$ 1,435,066
Balance at December 31, 2022												
Balance at December 31, 2022												
Balance at December 31, 2022												
Adjustment of redeemable non-controlling interests to redemption value	Adjustment of redeemable non-controlling interests to redemption value	656	—	—	—	—	—	—	(656)	(656)	—	(656)
Adjustment of redeemable non-controlling interests to redemption value												
Adjustment of redeemable non-controlling interests to redemption value												
Sale of non-controlling interests in joint venture												
Sale of non-controlling interests in joint venture												
Sale of non-controlling interests in joint venture												
Contributions by non-controlling interest in joint venture		—	—	—	—	—	—	—	—	—	20	20
Common stock redemption of common units		—	—	—	5,000	1	49	—	—	50	(50)	—
Common dividends and distributions												
Common dividends and distributions												

		Redeemable Non-controlling Interests	Shares of Preferred Stock	Preferred Stock	Shares of Common Stock	Common Stock	Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit and Distributions in Excess of Retained Earnings	Total Shareholders' Equity	Non-controlling Interests	Total Equity
Common dividends and distributions	Common dividends and distributions	—	—	—	—	—	—	—	(4,276)	(4,276)	(639)	(4,915)
Preferred dividends and distributions	Preferred dividends and distributions	(656)	—	—	—	—	—	—	(3,968)	(3,968)	—	(3,968)
Joint venture partner distributions	Joint venture partner distributions	—	—	—	—	—	—	—	—	—	(11,270)	(11,270)
Equity-based compensation	Equity-based compensation	—	—	—	(5,099)	(1)	1,231	—	—	1,230	—	1,230
Shares of common stock acquired for employee withholding requirements												
Other	Other	—	—	—	—	—	(92)	—	—	(92)	(41)	(133)
Other comprehensive income		—	—	—	—	—	—	14,533	—	14,533	2,174	16,707
Net income (loss)		—	—	—	—	—	—	—	4,107	4,107	(5,148)	(1,041)
Balance at September 30, 2022		$ 50,223	10,400,000	$ 104	106,893,912	$ 1,069	$ 1,230,848	$ 15,533	$ (271,951)	$ 975,603	$ 455,437	$ 1,431,040
Other comprehensive loss												
Net loss												
Balance at March 31, 2023												

See Notes to the Condensed Consolidated Financial Statements

Summit Hotel Properties, Inc.

Condensed Consolidated Statements of Changes in Equity and Redeemable Non-controlling Interests

For the Nine Months Ended September 30, 2023 and 2022

(Unaudited - 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 Other Comprehensive Income (Loss)	Accumulated Deficit and Distributions in Excess of Retained Earnings	Total Shareholders' Equity	Non-controlling Interests	Total Equity
Balance at 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	1,970	—	—	—	—	—	—	(1,970)	(1,970)	—	(1,970)
Sale of non-controlling interests in joint venture	—	—	—	—	—	—	—	—	—	1,353	1,353
Contributions by non-controlling interest in joint venture	—	—	—	—	—	—	—	—	—	20,532	20,532
Common stock redemption of common units	—	—	—	7,000	—	68	—	—	68	(68)	—
Common dividends and distributions	—	—	—	—	—	—	—	(17,161)	(17,161)	(2,555)	(19,716)
Preferred dividends and distributions	(1,970)	—	—	—	—	—	—	(11,906)	(11,906)	(161)	(12,067)
Joint venture partner distributions	—	—	—	—	—	—	—	—	—	(8,673)	(8,673)
Equity-based compensation	—	—	—	848,942	8	5,905	—	—	5,913	—	5,913
Shares of common stock acquired for employee withholding requirements	—	—	—	(184,029)	(1)	(1,387)	—	—	(1,388)	—	(1,388)
Other	—	—	—	—	—	(24)	—	—	(24)	(144)	(168)
Other comprehensive income	—	—	—	—	—	—	6,294	—	6,294	3,931	10,225
Net loss	—	—	—	—	—	—	—	2,457	2,457	(9,306)	(6,849)

Balance at September 30, 2023	$ 50,219	10,400,000	$ 104	107,573,489	$ 1,076	$ 1,236,864	$ 20,832	$ (316,780)	$ 942,096	$ 453,046	$ 1,395,142
Balance at 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	1,866	—	—	—	—	—	—	(1,866)	(1,866)	—	(1,866)
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	—	—	—	—	—	1,218	—	—	1,218	209,822	211,040
Common stock redemption of common units	—	—	—	5,000	1	49	—	—	50	(50)	—
Common dividends and distributions	—	—	—	—	—	—	—	(4,358)	(4,358)	(639)	(4,997)
Preferred dividends and distributions	(1,643)	—	—	—	—	—	—	(11,906)	(11,906)	(83)	(11,989)
Joint venture partner distributions	—	—	—	—	—	—	—	—	—	(77,903)	(77,903)
Equity-based compensation	—	—	—	811,988	7	7,063	—	—	7,070	—	7,070
Shares of common stock acquired for employee withholding requirements	—	—	—	(260,800)	(2)	(2,453)	—	—	(2,455)	—	(2,455)
Other	—	—	—	—	—	(213)	—	—	(213)	(41)	(254)
Other comprehensive income	—	—	—	—	—	—	31,172	—	31,172	2,544	33,716
Net income	—	—	—	—	—	—	—	8,818	8,818	4,481	13,299
Balance at September 30, 2022	$ 50,223	10,400,000	$ 104	106,893,912	$ 1,069	$ 1,230,848	$ 15,533	$ (271,951)	$ 975,603	$ 455,437	$ 1,431,040

See Notes to the Condensed Consolidated Financial Statements

Summit Hotel Properties, Inc.

Condensed Consolidated Statements of Cash Flows ***(Unaudited)*** ***(In thousands)***

	Nine Months Ended September 30,	
	2023	**2022**
	Three Months Ended March 31,	
	2024	
	Three Months Ended March 31,	
	2024	**2023**
OPERATING ACTIVITIES **OPERATING ACTIVITIES**		
Net (loss) income	$ (6,849)	$ 13,299
Adjustments to reconcile net (loss) income to net cash provided by operating activities:		
Net income (loss)		
Net income (loss)		
Net income (loss)		
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization		
Depreciation and amortization		

Depreciation and amortization	Depreciation and amortization	112,300	112,462
Amortization of debt issuance costs	Amortization of debt issuance costs	4,379	4,238
Recoveries of credit losses	Recoveries of credit losses	(500)	(1,100)
Recoveries of credit losses			
Recoveries of credit losses			
Equity-based compensation	Equity-based compensation	5,913	7,070
Deferred tax asset, net		63	—
Loss (gain) on disposal of assets, net		336	(20,479)
Gain on disposal of assets, net			
Gain on disposal of assets, net			
Gain on disposal of assets, net			
Non-cash interest income			
Non-cash interest income			
Non-cash interest income	Non-cash interest income	(433)	(113)
Debt transaction costs	Debt transaction costs	352	1,166
Other	Other	560	303
Changes in operating assets and liabilities:	Changes in operating assets and liabilities:		
Trade receivables, net			
Trade receivables, net			
Trade receivables, net	Trade receivables, net	(3,195)	(9,755)
Prepaid expenses and other	Prepaid expenses and other	6,645	(4,828)
Accounts payable	Accounts payable	1,005	(244)
Accrued expenses and other	Accrued expenses and other	2,591	33,662
NET CASH PROVIDED BY OPERATING ACTIVITIES	NET CASH PROVIDED BY OPERATING ACTIVITIES	123,167	135,681
INVESTING ACTIVITIES	**INVESTING ACTIVITIES**		
Acquisitions of lodging properties		(44,614)	(281,074)
Improvements to lodging properties	Improvements to lodging properties	(63,027)	(48,772)
Improvements to lodging properties			
Improvements to lodging properties			
Investment in lodging property under development			

Proceeds from asset dispositions, net			
Proceeds from asset dispositions, net			
Proceeds from asset dispositions, net	Proceeds from asset dispositions, net	27,632	73,758
Funding of real estate loans	Funding of real estate loans	(4,576)	(2,167)
Repayments of real estate loans		250	850
Funding of real estate loans			
Funding of real estate loans			
NET CASH USED IN INVESTING ACTIVITIES			
NET CASH USED IN INVESTING ACTIVITIES			
NET CASH USED IN INVESTING ACTIVITIES	NET CASH USED IN INVESTING ACTIVITIES	(84,335)	(257,405)
FINANCING ACTIVITIES	**FINANCING ACTIVITIES**		
Proceeds from borrowings on revolving line of credit	Proceeds from borrowings on revolving line of credit	65,000	486,500
Repayments of line of credit borrowings		(65,000)	(20,000)
Proceeds from borrowings on revolving line of credit			
Proceeds from borrowings on revolving line of credit			
Repayments of revolving line of credit			
Principal payments on debt	Principal payments on debt	(1,784)	(448,874)
Proceeds from the sale of non-controlling interests	Proceeds from the sale of non-controlling interests	1,353	674
Financing fees, debt transaction costs and other issuance costs		(10,273)	(7,203)
Common dividends and distributions paid		(19,596)	(5,174)
Common dividends paid			
Common dividends paid			
Common dividends paid			
Preferred dividends and distributions paid	Preferred dividends and distributions paid	(14,037)	(13,632)
Proceeds from contributions by non-controlling interests in joint venture	Proceeds from contributions by non-controlling interests in joint venture	20,332	204,092
Distributions to joint venture partners	Distributions to joint venture partners	(8,673)	(77,903)
Distributions to joint venture partners			

Distributions to joint venture partners				
Financing fees, debt transaction costs and other issuance costs				
Repurchase of shares of common stock for withholding requirements	Repurchase of shares of common stock for withholding requirements	(1,387)	(2,455)	
NET CASH (USED IN) PROVIDED BY FINANCING ACTIVITIES		(34,065)	116,025	
NET CASH PROVIDED BY FINANCING ACTIVITIES				
NET CASH PROVIDED BY FINANCING ACTIVITIES				
NET CASH PROVIDED BY FINANCING ACTIVITIES				
Net change in cash, cash equivalents and restricted cash	Net change in cash, cash equivalents and restricted cash	4,767	(5,699)	
CASH, CASH EQUIVALENTS AND RESTRICTED CASH	**CASH, CASH EQUIVALENTS AND RESTRICTED CASH**			**CASH, CASH EQUIVALENTS AND RESTRICTED CASH**
Beginning of period	Beginning of period	61,808	96,944	
End of period	End of period	$ 66,575	$ 91,245	
RECONCILIATION OF CASH, CASH EQUIVALENTS AND RESTRICTED CASH WITHIN THE CONSOLIDATED BALANCE SHEET TO THE AMOUNTS SHOWN IN THE STATEMENT OF CASH FLOWS ABOVE:				
RECONCILIATION OF CASH, CASH EQUIVALENTS AND RESTRICTED CASH WITHIN THE CONDENSED CONSOLIDATED BALANCE SHEET TO THE AMOUNTS SHOWN IN THE STATEMENT OF CASH FLOWS ABOVE:				
RECONCILIATION OF CASH, CASH EQUIVALENTS AND RESTRICTED CASH WITHIN THE CONDENSED CONSOLIDATED BALANCE SHEET TO THE AMOUNTS SHOWN IN THE STATEMENT OF CASH FLOWS ABOVE:				
RECONCILIATION OF CASH, CASH EQUIVALENTS AND RESTRICTED CASH WITHIN THE CONDENSED CONSOLIDATED BALANCE SHEET TO THE AMOUNTS SHOWN IN THE STATEMENT OF CASH FLOWS ABOVE:				
Cash and cash equivalents				
Cash and cash equivalents				
Cash and cash equivalents	Cash and cash equivalents	$ 55,307	$ 72,617	
Restricted cash	Restricted cash	11,268	18,628	

TOTAL CASH, CASH EQUIVALENTS AND RESTRICTED CASH	**TOTAL CASH, CASH EQUIVALENTS AND RESTRICTED CASH**	$ 66,575	$ 91,245

See Notes to the Condensed Consolidated Financial Statements

SUMMIT HOTEL PROPERTIES, INC.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

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 primarily focus on owning lodging properties with efficient operating models that generate strong margins and investment returns. At September 30, 2023 March 31, 2024, our portfolio consisted of 101 99 lodging properties with a total of 15,035 14,785 guestrooms located in 24 states. As of September 30, 2023 At March 31, 2024, we own 100% of the outstanding equity interests in 57 56 of our 101 99 lodging properties. We own a 51% controlling interest in 41 40 lodging properties through a joint venture (the “GIC Joint Venture”) that was formed in July 2019 with Singapore’s sovereign wealth fund USFI G-Peak, Ltd. ("GIC"), a private limited company incorporated in the Republic of Singapore (the "GIC Joint Venture"). We also own 90% equity interests in two 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.

As of September 30, 2023 March 31, 2024, 86% 85% of our guestrooms were located in the top 50 metropolitan statistical areas (“MSAs”), 90% were located within the top 100 MSAs and over 98% 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”).

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 September 30, 2023 March 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 6.25% Series E and 5.875% Series F preferred units of limited partnership interest. NewcrestImage Holdings, LLC (as defined in *Note 4 - Debt* to the Condensed Consolidated Financial Statements) owns all of the issued and outstanding 5.25% Series Z Cumulative Perpetual Preferred Units (liquidation preference $25 per unit) of the Operating Partnership ("Series Z Preferred Units"), which was issued as part a result of the NCI Transaction (described below in *"Note 3 4 - Investments in Lodging Property, net" Debt*) to the Condensed Consolidated Financial Statements). We collectively refer to preferred units of limited partnership interests of our Operating Partnership as "Preferred Units." 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 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 management companies.

NOTE 2 - BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

We prepare our Condensed Consolidated Financial Statements in conformity with U.S. Generally Accepted Accounting Principles (“GAAP”) for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X under the Securities Exchange Act of 1934, as amended, (the “Exchange Act”), which requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the Condensed Consolidated Financial Statements and reported amounts of revenues and expenses in the reporting period. Actual results could differ from those estimates. As interim statements, the Condensed Consolidated Financial Statements do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring items) considered necessary for a fair presentation in accordance with GAAP have been included. Results for the three and nine months ended September 30, 2023 March 31, 2024 may not be indicative of the results that may be expected for the full year of 2023. 2024. For further information, please read the Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023.

The accompanying Condensed 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 Condensed 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 venture partnerships in our accompanying Condensed Consolidated Financial Statements.

Real Estate Development Loans Use of Estimates

We selectively provide mezzanine financing Our Condensed Consolidated Financial Statements are prepared in conformity with GAAP, which requires us to developers where we also have the opportunity to acquire the lodging property at or after the completion of the development project. We classify mezzanine financing loans as Investments in lodging property, net or Investments in real estate loans, net make estimates based on the terms of the mezzanine financing loan agreements assumptions about current and, criteria for classifying an arrangement as a loan or an investment some estimates, future economic and market conditions that affect reported amounts and related disclosures in real estate under Accounting Standards Codification ("ASC") No. 310, *Receivables*. At September 30, 2023, we have one mezzanine financing loan that we have classified in Investments in lodging property, net on our Condensed Consolidated Balance Sheet.Financial Statements. Although our current estimates contemplate current and expected future conditions, as applicable, it is reasonably possible that actual conditions could significantly differ from our expectations, which could materially affect our consolidated financial position and results of operations.

Trade Receivables and Current Estimate of Credit Losses

Financial assets (or a group of financial assets) such as real estate development loans and other notes receivable are measured at amortized cost and presented at the net amount expected to be collected in accordance with ASU No. 2016-13, *Financial Instruments - Credit Losses (Topic 326)*. We record an allowance for credit losses as 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 real estate development loans, notes receivable and interest receivable for collectability. Probable losses on loans are recognized in a valuation account that is deducted from the amortized cost basis of the loans and recorded as a provision for credit losses in our condensed Consolidated Statements of Operations. When we place a loan on non-accrual status, we suspend the recognition of interest income until cash interest payments are received. Generally, we return loans to accrual status when all delinquent interest becomes current, and collectability 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.

We grant credit to qualified guests, 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 guest 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 $0.2 million at September 30, 2023 and $0.1 million at December 31, 2022 both March 31, 2024 and December 31, 2023. Bad debt expense was $0.2 million and $0.1 million for each of the three months ended September 30, 2023 March 31, 2024 and 2022, respectively, 2023, respectively.

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 $0.3 million equipment, identifiable intangible assets or liabilities, other assets, and $0.2 million 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 nine months ended September 30, 2023 use or occupancy of space, and 2022, respectively. are recorded as a component of the related real estate asset in our Condensed 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.

Purchase Option 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.

When On a limited basis, we provide mezzanine financing to a developer, developers of lodging properties for development projects. We evaluate these arrangements to determine if we will generally receive a purchase option to acquire a majority interest 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, upon completion of construction. For purchase options with fixed exercise prices at inception, we record reflect the purchase options at their estimated fair values on the transaction date loan in accordance with ASC No. 820, *Fair Value Measurement*, under a closed-form model such as the Black-Scholes model or a binomial lattice model such as the Monte Carlo simulation model. Purchase options received Investments in connection with a mezzanine financing loan are recorded as a discount on the note receivable or a contra-asset, depending on the classification of the financial instrument, and amortized over the term of the mezzanine financing loan using the straight-line method, which approximates the interest method, as non-cash interest income on lodging property, net in our Condensed Consolidated Statements Balance Sheets.

We monitor events and changes in circumstances for indicators that the carrying value of Operations. We elected a lodging property or undeveloped land may be impaired. Additionally, we perform at least annual reviews to account monitor the factors that could trigger an impairment. Factors that we consider for purchase options using an impairment analysis include, among others: i) significant underperformance relative to historical or anticipated operating results, ii) significant changes in the measurement alternative, which 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 cost less impairment, if any. recoverable. If the carrying amount of the asset is not recoverable, we estimate the fair value of the financial instrument can be determined from observable transactions for identical property based on discounted cash flows or similar investments sales price if the property is under contract and an adjustment is made to reduce the carrying value of the same issuer, then property to its estimated net 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 will record have one reportable operating segment for activities related to investing in real estate; thus, all required financial segment information is included in the financial instrument at fair value Condensed Consolidated Financial Statements as a single operating segment because all of our lodging properties have similar economic characteristics, facilities, and adjust the carrying amount for changes in fair value in each period. services.

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.

Financial Guarantee

On occasion, we may provide a financial guarantee on behalf of a mezzanine borrower. We record the non-contingent portion of financial guarantees made on behalf of third-parties as a liability at an amount equal to the premium receivable for the guarantee payable to us by the borrower under the practical expedient provided by ASC No. 460, *Guarantees*. We periodically evaluate the contingent component of a financial guarantee based on relevant information about past events, including historical experience, current conditions, and reasonable and supportable forecasts that may require us to record a liability related to the contingent component of a guarantee. We will record a liability for the contingent component of the guarantee when a payment by us under the guarantee is probable and reasonably estimable in accordance with ASC No. 326, *Financial Instruments - Credit Losses*.

Redeemable Non-controlling Interests

Redeemable non-controlling interests represent redeemable preferred units issued by our Operating Partnership ("Redeemable Preferred Units"). The Redeemable Preferred Units are presented as temporary equity related to our Operating Partnership on our Condensed Consolidated Balance Sheets under the caption of "Redeemable Non-controlling Interests." See *"Note 9 - Non-controlling Interests and Redeemable Non-controlling Interests"* 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 balance sheet date.

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 Condensed Consolidated Balance Sheets within equity, separately from stockholders' equity. Revenues, expenses and net income attributable to both the Company and the non-controlling interests are reported in the Condensed Consolidated Statements of Operations.

Our Condensed Consolidated Financial Statements include non-controlling interests related to Common Units held by unaffiliated third parties and third-party minority ownership interests in our joint ventures.

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 shares of common stock outstanding for the period. We apply the two-class method of computing EPS, which requires the calculation of separate EPS amounts for participating securities. Under the two-class computation method, net losses are not allocated to participating securities unless the holder of the security has a contractual obligation to share in the losses. 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 shares of common stock outstanding plus dilutive securities. Any anti-dilutive securities are excluded from the diluted per-share calculation. Potentially dilutive shares include unvested restricted share grants, unvested performance share grants, shares of common stock issuable upon conversion of convertible debt and shares of common stock issuable upon conversion of Common Units of our Operating Partnership.

Basic and diluted loss per share for the three and nine months ended September 30, 2023 March 31, 2024 and 2022 2023 are calculated as Net loss attributable to common stockholders for each respective period divided by weighted average common shares outstanding for each respective period as all other securities are antidilutive. Potentially dilutive shares include unvested restricted share grants, unvested performance share grants, common shares issuable upon conversion of convertible debt and common shares issuable upon conversion of Common Units of our Operating Partnership.

Use of Estimates New Accounting Standards

Our Condensed In November 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2023-07, *Segment Reporting (Topic 280)*. ASU 2023-07 will improve financial reporting by requiring disclosure of incremental segment information on an annual and interim basis for all public entities to enable investors to develop more decision-useful financial analyses. Although we operate only a single segment, ASU 2023-07 will require us to adhere to all disclosure requirements of the pronouncement which includes among other things, disclosures related to our chief operating decision maker. ASU 2023-07 is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. Early adoption is permitted. The adoption of ASU 2023-07 will not have a material effect on our Consolidated Financial Statements are prepared in conformity with GAAP, which requires us Statements.

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to make estimates based Income Tax Disclosures*. ASU 2023-09 includes amendments that further enhance income tax disclosures, primarily through standardization and disaggregation of rate reconciliation categories and income taxes paid by jurisdiction. 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 assumptions about current and, for some estimates, future economic and market conditions that affect reported amounts and related disclosures in our Condensed 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.

Reclassifications

A portfolio of two lodging properties with an aggregate carrying amount of approximately $49.9 million that were classified as Assets Held for Sale at December 31, 2022 have been reclassified to Investments in Lodging Property, net as the proposed sale of the properties was terminated during the nine months ended September 30, 2023.

NOTE 3 - INVESTMENTS IN LODGING PROPERTY, NET

Investments in Lodging Property, net

Investments in lodging property, net is as follows (in thousands):

			September 30, 2023	December 31, 2022		
		March 31, 2024			March 31, 2024	December 31, 2023
Lodging buildings and improvements	Lodging buildings and improvements		$2,876,499	$2,815,993		
Land	Land		383,651	373,106		
Furniture, fixtures and equipment	Furniture, fixtures and equipment		266,212	252,842		
Construction in progress	Construction in progress		64,810	64,159		
Intangible assets	Intangible assets		39,954	39,954		
Real estate development loan, net	Real estate development loan, net		4,042	—		
			3,635,168	3,546,054		
		3,535,942				
Less accumulated depreciation and amortization	Less accumulated depreciation and amortization		(803,921)	(704,198)		

		$2,831,247	$2,841,856
	$		

Depreciation and amortization expense related to our lodging properties (excluding amortization of franchise fees) was $37.7 $36.6 million, and $37.3 $36.8 million for the three months ended September 30, 2023 March 31, 2024 and 2022, respectively, 2023, respectively.

Lodging Property Sales

In February 2024, we completed the sale of the 127-guestroom Hyatt Place - Dallas (Plano), TX for $10.3 million. At December 31, 2023, we classified the property as Assets held for sale, net. We recorded a nominal gain on the sale during the three months ended March 31, 2024 upon closing the transaction.

During the first quarter of 2024, we entered into a purchase and $111.9 sale agreement with a single buyer to sell the 202-guestroom Courtyard by Marriott and the 208-guestroom SpringHill Suites, both located in New Orleans, LA, for an aggregate selling price of $73.0 million. The properties were recorded as Assets held for sale, net at both March 31, 2024 and December 31, 2023. We closed on the sale of these properties on April 17, 2024 in accordance with the expected terms of the transaction, which resulted in a gain of approximately $28.0 million that will be recorded in the second quarter of 2024. The sale will result in the return of approximately $2.6 million of restricted cash to us related to reserves for furniture, fixtures and $111.3 equipment. Net proceeds from the sale were used to repay the outstanding $55.0 million balance on our $400 Million Revolver (defined in "*Note 5 - Debt*" below) subsequent to quarter end.

Additionally, during the first quarter of 2024, we entered into a purchase and sale agreement to sell the 119-guestroom Hilton Garden Inn - Bryan (College Station), TX for $11.0 million. The property was recorded as Assets held for sale, net at both March 31, 2024 and December 31, 2023. We closed on the sale of this lodging property on April 25, 2024 in accordance with the expected terms of the transaction. The net selling price of the lodging property was consistent with its net book value on the closing date. Net proceeds from the sale were used to repay $6.0 million of the GIC Joint Venture Term Loan (defined in "*Note 5 - Debt*" below) subsequent to quarter end.

Assets Held for Sale, net

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

	March 31, 2024	December 31, 2023
Under Contract for Sale:		
Hyatt Place - Dallas (Plano), TX	$ —	$ 9,940
Courtyard by Marriott and SpringHill Suites - New Orleans, LA	43,693	43,504
Hilton Garden Inn - Bryan (College Station), TX	10,652	10,642
Parcel of undeveloped land - San Antonio, TX	1,225	1,225
	55,570	65,311
Marketed for Sale:		
One individual lodging property	8,024	8,004
Parcel of undeveloped land - Flagstaff, AZ	425	425
	$ 64,019	$ 73,740

The parcel of undeveloped land in San Antonio, TX is currently under contract to sell and the sale is expected to close in the fourth quarter of 2024.

Intangible Assets

Intangible assets, net is as follows (in thousands):

	March 31, 2024	December 31, 2023
Indefinite-lived intangible assets:		
Air rights	$ 10,754	$ 10,754
Other	80	80
	10,834	10,834
Finite-lived intangible assets:		
Tax incentives	19,750	19,750
Key money	9,370	9,370
	29,120	29,120
Intangible assets	39,954	39,954
Less accumulated amortization	(10,283)	(9,251)

Intangible assets, net	$ 29,671	$ 30,703

We recorded amortization expense related to intangible assets of approximately $1.0 million for each of the nine three months ended September 30, 2023 March 31, 2024 and 2022, 2023, respectively.

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

For the Year Ending December 31,	Amount
2024	$ 3,486
2025	1,564
2026	1,564
2027	1,374
2028	1,016
Thereafter	9,833
	$ 18,837

NOTE 4 — INVESTMENT IN REAL ESTATE LOANS

Real Estate Development Loans

Onera Mezzanine Financing Loan Lodging Property Sales

In January 2023, February 2024, we entered into an agreement with affiliates completed the sale of Onera Opportunity Fund I, LP ("Onera") to provide the 127-guestroom Hyatt Place - Dallas (Plano), TX for $10.3 million. At December 31, 2023, we classified the property as Assets held for sale, net. We recorded a mezzanine financing loan to fund up to $4.6 million (the "Onera Mezzanine Loan") for the development of a glamping property. The Onera Mezzanine Loan is secured by a second mortgage nominal gain on the property and is subordinate to the senior lender for the development project. 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. 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 also have an option to purchase 90% of the equity of the entity that owns the development property upon completion of construction or upon the one-year anniversary of such completion at a pre-determined price (the "Onera Purchase Option"). The development is expected to be completed in the second half of 2024. As of September 30, 2023, we have funded our entire $4.6 million commitment under the mezzanine financing loan. The balance of the Onera Mezzanine Loan is recorded net of the unamortized discount related to the carrying amount of the Onera Purchase Option of $0.5 million at September 30, 2023, and is classified as Investments in lodging property, net in our Condensed Consolidated Balance Sheets at September 30, 2023.

We recorded the Onera Purchase Option related to the Onera Mezzanine Loan at its estimated fair value of $0.9 million on the transaction date using the Black-Scholes model in Other assets and as a contra-asset to Investments in lodging property, net. The recorded amount of the Onera Purchase Option is being amortized over the term of the Onera Mezzanine Loan using the straight-line method, which approximates the interest method, as non-cash interest income. For sale during the three months ended September 30, 2023, and nine months ended September 30, 2023, we amortized $0.1 million and $0.4 million, respectively, of March 31, 2024 upon closing the carrying amount of the Onera Purchase Option as non-cash interest income. transaction.

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. Although our estimate contemplates current and expected future conditions, as applicable, it is reasonably possible that actual conditions could materially differ from our expectations.

Brickell Mezzanine Financing Loan

During the year ended December 31, 2019, first quarter of 2024, we executed entered into a mezzanine financing loan purchase and sale agreement with a single buyer to a developer, as amended (the "Brickell Mezzanine Loan"), to fund up to $29.9 million for a mixed-use development project that included sell the AC Hotel 202-guestroom Courtyard by Marriott and Element Miami Brickell Hotel the 208-guestroom SpringHill Suites, both located in Miami, FL (together New Orleans, LA, for an aggregate selling price of $73.0 million. The properties were recorded as Assets held for sale, net at both March 31, 2024 and December 31, 2023. We closed on the "AC/Element Hotel"), retail space, and parking.

During sale of these properties on April 17, 2024 in accordance with the expected terms of the transaction, which resulted in a gain of approximately $28.0 million that will be recorded in the second quarter of 2022, we exercised our option (the "Initial Purchase Option") to purchase a 90% interest 2024. The sale will result in the AC Hotel by Marriott and Element Miami Brickell Hotel in Miami, FL (together the "AC/Element Hotel"), retail space, and parking that was granted in connection with the Brickell Mezzanine Loan, which resulted in payment in full of the Brickell Mezzanine Loan. We also have the right to purchase the remaining interest in the property five years after the completion of construction. The Brickell Mezzanine Loan was classified as Investments in lodging property, net in our Condensed Consolidated Balance Sheets.

Lodging Property Acquisitions

Acquisition of Residence Inn by Marriott - Scottsdale, AZ

On June 1, 2023, the GIC Joint Venture acquired the Residence Inn by Marriott located in Scottsdale, AZ containing 120 guestrooms for a purchase price return of approximately $29.0 million. GIC made a capital contribution $2.6 million of $13.7 restricted cash to us related to reserves for furniture, fixtures and equipment. Net proceeds from the sale were used to repay the outstanding $55.0 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 balance on our revolving line of credit.

Acquisition of Nordic Lodge - Steamboat Springs, CO

On June 23, 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 our revolving line of credit.

Onera Transaction

On October 26, 2022 we formed the Onera Joint Venture (see *"Note 9 - Non-controlling Interests and Redeemable Non-controlling Interests"*) to facilitate the acquisition of a 90% equity interest in Onera for $5.2 million in cash, plus additional contingent consideration of $1.8 million, which was paid in September 2023. The Onera Joint Venture has a 100% fee simple interest in real property and improvements consisting of 11 glamping lodging units and a 6.4-acre parcel of undeveloped land that will be developed as phase two of the lodging site in the future.

Brickell Transaction

On June 10, 2022, we formed the Brickell Joint Venture (see *"Note 9 - Non-controlling Interests and Redeemable Non-controlling Interests"*) to facilitate the exercise of our Initial Purchase Option to acquire a 90% equity interest in the AC/Element Hotel. The exercise price of the Initial Purchase Option was $89.0 million and was primarily funded with the conversion of the mezzanine financing loan of $29.9 million and $7.9 million in cash. The acquisition of the AC/Element Hotel was recorded as an asset acquisition.

NCI Transaction

During the quarter ended March 31, 2022, the Operating Partnership and the GIC Joint Venture closed on a transaction (the "NCI Transaction") with NewcrestImage Holdings, LLC and NewcrestImage Holdings II, LLC (together, "NewcrestImage"), to purchase from NewcrestImage a portfolio of 27 lodging properties, containing an aggregate of 3,709 guestrooms, and two parking structures, containing 1,002 spaces, and various financial incentives for an aggregate purchase price of $822.0 million, paid in the form of 15,864,674 Common Units (deemed value of $10.0853 per unit), 2,000,000 Series Z Preferred Units, cash draws totaling $410.0 million from a term loan entered into by subsidiaries of the GIC Joint Venture, the assumption by a subsidiary of the GIC Joint Venture of approximately $6.5 million in PACE loan debt, $5.9 million of cash contributed to escrow in the prior year by GIC, as a limited partner in the GIC Joint Venture, and approximately $185.2 million cash contributed by GIC at closing. GIC also contributed to the GIC Joint Venture an additional $18.5 million in cash for estimated pre-acquisition costs related to the NCI Transaction, a portion of which was distributed to the Operating Partnership as reimbursement for transaction costs paid by the Operating Partnership.

We valued the Common Units and Series Z Preferred Units at fair market value on the closing dates of the NCI Transaction, which resulted in the recording of the issued Common Units and Series Z Preferred Units at $157.5 million and $50.0 million, respectively. The Common Units were recorded at the closing prices of our common stock on the closing dates since the Common Units are redeemable for shares of our common stock on a 1:1 basis. We estimated the fair value of the Series Z Preferred Units based on the features and stated dividend coupon of the Series Z Preferred Units relative to similar securities with more readily determinable market values. We recorded the Series Z Preferred Units at their redemption value of $50.0 million, which approximates fair value on the closing dates.

The GIC Joint Venture assumed $335.2 million of debt in connection with the NCI Transaction and immediately repaid $328.7 million of the assumed debt on the closing date using proceeds from borrowings on the GIC Joint Venture Term Loan (as described $400 Million Revolver (defined in "*Note 5 - Debt"*) below) subsequent to quarter end.

Additionally, during the first quarter of 2024, we entered into a purchase and sale agreement to sell the 119-guestroom Hilton Garden Inn - Bryan (College Station), TX for $11.0 million. The property was recorded as Assets held for sale, net at both March 31, 2024 and December 31, 2023. We recorded debt assumed closed on the sale of this lodging property on April 25, 2024 in connection accordance with the NCI Transaction at expected terms of the transaction. The net selling price of the lodging property was consistent with its face amount, which approximated fair market net book value on the closing date. Net proceeds from the sale were used to repay $6.0 million of the GIC Joint Venture Term Loan (defined in "*Note 5 - Debt"* below) subsequent to quarter end.

Incentives and other intangibles include tax incentives totaling approximately $19.8 million associated with certain of the acquired properties and are being amortized over a weighted-average amortization period of approximately 9.1 years, which is the period that we expect to meet the requirements to receive payment of the tax incentives. Other intangible assets totaling approximately $3.9 million are related to key money associated with certain of the lodging properties acquired in the NCI Transaction and are being amortized over a weighted-average amortization period of approximately 19.7 years, which was the remaining key money contract period with the franchisor. Assets Held for Sale, net

A summary of the lodging properties acquired since January 1, 2022 Assets held for sale, net is as follows (in thousands):

Date Acquired	Franchise/Brand	Location	Guestrooms	Purchase Price
2023 Acquisitions:				
June 1, 2023	Residence Inn by Marriott	Scottsdale, AZ	120	$ 29,000

June 23, 2023	Nordic Lodge	Steamboat Springs, CO	47	13,700
			167	$ 42,700
2022 Acquisitions:				
January 13, 2022	Portfolio of properties - twenty-six lodging properties and two parking garages (1)	Various	3,533	$ 766,000
March 23, 2022	Canopy Hotel by Hilton (1)	New Orleans, LA	176	56,000
June 10, 2022	AC/Element Hotel (2)	Miami, FL	264	80,100
October 26, 2022	Onera (3)	Fredericksburg, TX	11	7,000
			3,984	$ 909,100

	March 31, 2024	December 31, 2023
Under Contract for Sale:		
Hyatt Place - Dallas (Plano), TX	$ —	$ 9,940
Courtyard by Marriott and SpringHill Suites - New Orleans, LA	43,693	43,504
Hilton Garden Inn - Bryan (College Station), TX	10,652	10,642
Parcel of undeveloped land - San Antonio, TX	1,225	1,225
	55,570	65,311
Marketed for Sale:		
One individual lodging property	8,024	8,004
Parcel of undeveloped land - Flagstaff, AZ	425	425
	$ 64,019	$ 73,740

(1) On January 13, 2022, we acquired a portfolio of twenty-six lodging properties and two parking garages for an aggregate purchase price of $766.0 million. The lodging properties acquired included 21 hotels and two parking garages in Texas, two hotels in Louisiana and three hotels in Oklahoma under the following brands: Marriott (13), Hilton (7), Hyatt (4), and IHG (2). On March 23, 2022, we acquired the Canopy Hotel by Hilton in New Orleans upon completion of its construction for a purchase price of $56.0 million.

(2) We acquired a 90% equity interest in the AC/Element Hotel for $80.1 million based on the exercise price of the Initial Purchase Option of $89.0 million. The transaction included the assumption of $47.0 million of debt resulting in a net consideration payment requirement of $42.0 million. We paid 90% of the required net consideration with the conversion of our $29.9 million mezzanine financing loan into equity and a cash payment of $7.9 million. The carrying amount of our Initial Purchase Option of $2.8 million is also included in the total amount allocated to the assets acquired. The Brickell Joint Venture partner’s non-controlling interest of $6.9 million represents 10% of the fair value of the net assets on the transaction date, determined by a third-party valuation expert based on discounted forecasted future cash flows of the net assets acquired. We also incurred $0.6 million of transaction costs. The result is a total amount allocated to the assets acquired of $95.1 million plus an intangible asset totaling $2.0 million related to the assumption of the franchises for the hotel properties and a related key money liability.

(3) On October 26, 2022, we completed the acquisition of a 90% equity interest in Onera Joint Venture which owns a high-end glamping property for $5.2 million based on aggregate purchase price of $5.8 million. We paid for our 90% in cash, plus $0.5 million of transaction costs. Additionally, the transaction includes additional contingent consideration (based on performance of the property for the 12-month period ending July 31, 2023) that was paid in September 2023 of $1.8 million, payable to the seller. The Onera Joint Venture has a 100% fee simple interest in real property and improvements consisting of 11 glamping lodging units and a 6.4-acre parcel of undeveloped land that will be developed as phase two of in San Antonio, TX is currently under contract to sell and the lodging site sale is expected to close in the future. fourth quarter of 2024.

All of the acquisitions completed during the nine months ended September 30, 2023 and 2022 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 market assumptions. Acquisition costs related to the transactions have been capitalized as part of the recorded amounts of the acquired net assets. Intangible Assets

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

	For the Nine Months Ended September 30,	
	2023	2022
Land	$ 12,645	$ 67,175
Lodging buildings and improvements	30,721	751,720
Furniture, fixtures and equipment	1,448	82,353
Incentives and other intangibles	—	25,642
Other assets	—	5,318
Total assets acquired (1) (2)	44,814	932,208
Less debt assumed	—	(382,205)
Less lease liabilities assumed	—	(5,441)
Less other liabilities	—	(5,892)
Net assets acquired	$ 44,814	$ 538,670

	March 31, 2024	December 31, 2023
Indefinite-lived intangible assets:		
Air rights	$ 10,754	$ 10,754
Other	80	80
	10,834	10,834
Finite-lived intangible assets:		
Tax incentives	19,750	19,750
Key money	9,370	9,370
	29,120	29,120
Intangible assets	39,954	39,954
Less accumulated amortization	(10,283)	(9,251)
Intangible assets, net	$ 29,671	$ 30,703

(1) Total We recorded amortization expense related to intangible assets acquired during of approximately $1.0 million for each of the nine three months ended September 30, 2023 is based on an aggregate purchase price of $42.7 million plus transaction costs of $0.1 million March 31, 2024 and $2.0 million 2023, respectively.

Future amortization expense related to contingent consideration paid to the seller in September 2023. See *"Note 9 - Non-controlling Interests and Redeemable Non-controlling Interests"* for details related to the Onera Joint Venture.

Total assets acquired during the nine months ended September 30, 2022is based on an aggregate purchase price of $909.1 million adjusted for the following items:

- **NCI Transaction:** interest swap breakage fees and debt defeasance costs of $3.5 million, a reduction to the value of the Common Units issued on the closing date of $2.5 million, plus transaction costs of $3.0 million, and intangible assets totaling $9.1 million acquired outside of escrow, andis as follows (in thousands):
- **Brickell Transaction:** Brickell Joint Venture partner's non-controlling interest of $6.9 million; Brickell Joint Venture partner's non-controlling interest share of the debt assumed as part of the transaction of $4.7 million, the assumption of intangible assets totaling $2.0 million, the carrying amount of our Initial Purchase Option of $2.9 million, and transactions costs of $0.6 million.

For the Year Ending December 31,	Amount
2024	$ 3,486
2025	1,564
2026	1,564
2027	1,374
2028	1,016
Thereafter	9,833
	$ 18,837

(2) Excludes the acquisition of the 11-unit Onera - Fredericksburg, TX property which was acquired in October 2022.

NOTE 4 — INVESTMENT IN REAL ESTATE LOANS

Real Estate Development Loans

Lodging Property Sales

Sale of a Portfolio of Four Lodging Properties

On May 19, 2023, In February 2024, we completed the sale of four lodging properties (the "Sale Portfolio") the 127-guestroom Hyatt Place - Dallas (Plano), TX 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

$10.3 million. At December 31, 2022 December 31, 2023, we classified the Sale Portfolio property as Assets held for sale, net. We recorded a nominal gain on the sale during the three months ended March 31, 2024 upon closing the transaction.

During the first quarter of 2024, we entered into a purchase and sale agreement with a single buyer to sell the 202-guestroom Courtyard by Marriott and the 208-guestroom SpringHill Suites, both located in New Orleans, LA, for an aggregate selling price of $73.0 million. The properties were recorded as Assets held for sale, net at both March 31, 2024 and December 31, 2023. We closed on the sale of these properties on April 17, 2024 in accordance with the expected terms of the transaction, which resulted in a gain of approximately $28.0 million that will be recorded in the second quarter of 2024. The sale will result in the return of approximately $2.6 million of restricted cash to us related to reserves for furniture, fixtures and equipment. Net proceeds from the sale were used to repay the outstanding $55.0 million balance on our $400 Million Revolver (defined in "*Note 5 - Debt*" below) subsequent to quarter end.

Additionally, during the first quarter of 2024, we entered into a purchase and sale agreement to sell the 119-guestroom Hilton Garden Inn - Bryan (College Station), TX for $11.0 million. The property was recorded as Assets held for sale, net at both March 31, 2024 and December 31, 2023. We closed on the sale of this lodging property on April 25, 2024 in accordance with the expected terms of the transaction. The net selling price of the lodging property was consistent with its net book value on the closing date. Net proceeds from the sale were used to repay $6.0 million of the GIC Joint Venture Term Loan (defined in "*Note 5 - Debt*" below) subsequent to quarter end.

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.

Sale of the Hilton Garden Inn San Francisco North Assets held for sale, net is as follows (in thousands):

In May 2022, the GIC Joint Venture completed

	March 31, 2024	December 31, 2023
Under Contract for Sale:		
Hyatt Place - Dallas (Plano), TX	$ —	$ 9,940
Courtyard by Marriott and SpringHill Suites - New Orleans, LA	43,693	43,504
Hilton Garden Inn - Bryan (College Station), TX	10,652	10,642
Parcel of undeveloped land - San Antonio, TX	1,225	1,225
	55,570	65,311
Marketed for Sale:		
One individual lodging property	8,024	8,004
Parcel of undeveloped land - Flagstaff, AZ	425	425
	$ 64,019	$ 73,740

The parcel of undeveloped land in San Antonio, TX is currently under contract to sell and the sale is expected to close in the fourth quarter 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 during the nine months ended September 30, 2022. 2024.

Intangible Assets

Intangible assets, net is as follows (in thousands):

		March 31, 2024	September 30, 2023	December 31, 2022	March 31, 2024	December 31, 2023
Indefinite-lived intangible assets:	***Indefinite-lived intangible assets:***					
Air rights	Air rights		$ 10,754	$10,754		
Air rights						
Air rights						
Other	Other		80	80		
		10,834				
Finite-lived intangible assets:						
			10,834	10,834		

Finite-lived intangible assets:			
Tax incentives			
Tax incentives			
Tax incentives	Tax incentives	19,750	19,750
Key money	Key money	9,370	9,370
		29,120	
		29,120	29,120
		29,120	
		29,120	
Intangible assets	Intangible assets	39,954	39,954
Less accumulated amortization	Less accumulated amortization	(8,220)	(5,110)
Intangible assets, net	Intangible assets, net	$ 31,734	$34,844

We recorded amortization expense related to intangible assets of approximately $1.0 million for both each of the three months ended September 30, 2023 March 31, 2024 and 2022, and $3.1 million and $3.0 million for the nine months ended September 30, 2023 and 2022, 2023, respectively.

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

For the Year Ending December 31,		Amount
2023	$	1,037
2024		4,147
2025		1,584
2026		1,584
2027		1,530
Thereafter		11,018
	$	20,900

Assets Held for Sale

Assets Held for Sale at September 30, 2023 included two parcels of undeveloped land and a 123-guestroom hotel property as follows:

	Net Carrying Amount			
	September 30, 2023		December 31, 2022	
Under Contract for Sale:				
Portfolio of four lodging properties	$	—	$	27,516
123-guestroom hotel property		7,513		—
Parcel of undeveloped land - San Antonio, TX		1,225		1,225
		8,738		28,741
Marketed for Sale:				
Parcel of undeveloped land - Flagstaff, AZ		425		425
	$	9,163	$	29,166

The San Antonio, TX parcel of undeveloped land is currently under contract to sell and is expected to close in the first quarter of 2024.

On September 27, 2023, we entered into an agreement to sell a 123-guestroom hotel property for a gross selling price of $8.3 million, which approximates its current carrying amount. We have received $0.5 million of non-refundable earnest money from the buyer, and we expect the transaction to close during the fourth quarter of 2023.

For the Year Ending December 31,		Amount
2024	$	3,486
2025		1,564
2026		1,564
2027		1,374
2028		1,016
Thereafter		9,833
	$	18,837

NOTE 4 — INVESTMENT IN REAL ESTATE LOANS NET

Investment in real estate loans, net is as follows (in thousands): Real Estate Development Loans

		September 30, 2023		December 31, 2022
Real estate loan	$	1,000	$	1,250
Allowance for credit losses		(750)		(1,250)
	$	250	$	—

Onera Mezzanine Financing Loan

On June 29, 2018 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. 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. 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 also have an option to purchase 90% of the equity of the entity that owns the development property upon completion of construction or at the one-year anniversary of such completion at a pre-determined price (the "Onera Purchase Option"). The development is expected to be completed in the second half of 2024. As of March 31, 2024, we sold two hotels for an aggregate selling price of $24.9 million. We provided seller have funded our entire $4.6 million commitment under the mezzanine financing totaling $3.6 million on the sale of these properties under two, 3.5-year second mortgage notes with a blended interest rate of 7.38% that were further collateralized by a personal guarantee from the principal of the borrower. During the year ended December 31, 2020, we recorded an allowance for credit losses in an amount equal to the outstanding principal loan. The balance of the loans due to a borrower default caused by the negative effects Onera Mezzanine Loan is recorded net of the COVID-19 pandemic. On June 1, 2021, we amended unamortized discount related to the terms and extended the maturity dates of each loan to December 31, 2022. Under the modified loan terms, interest accrues monthly at a rate of 9.00% per annum, including 5.00% payable in cash and 4.00% paid-in-kind. On September 15, 2022, we received a $0.6 million payment to repay one carrying amount of the two loans in full. We also extended the maturity date of the remaining loan to December 31, 2023. During the year ended December 31, 2022, the remaining loan and underlying collateral were transferred to the control of the estate of the principal borrower. The outstanding principal balance of the remaining seller-financing loan continues to be fully reserved pending repayment by the borrower's estate. In April 2023 and October 2023, we received scheduled principal payments Onera Purchase Option of $0.3 million each on the loan from the borrower's estate.

The seller-financing loan, and $0.4 million at March 31, 2024 and December 31, 2023, respectively, and is classified as Investments in lodging property, net is included in Prepaid expenses and other in our Condensed Consolidated Balance Sheets Sheets.

We recorded the Onera Purchase Option related to the Onera Mezzanine Loan in Other assets and as a contra-asset to Investments in lodging property, net at September 30, 2023 its estimated fair value of $0.9 million on the transaction date using the Black-Scholes model. The recorded amount of the Onera Purchase Option is being amortized over the term of the Onera Mezzanine Loan using the straight-line method, which approximates the interest method, as non-cash interest income. For each of the three months ended March 31, 2024, and December 31, 2022. 2023, we amortized $0.1 million of the carrying amount of the Onera Purchase Option as non-cash interest income.

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.

NOTE 5 - DEBT

Debt, net At March 31, 2023, our indebtedness was comprised of debt issuance costs, is as follows (in thousands):

		September 30, 2023		December 31, 2022
Revolving debt	$	140,000	$	140,000
Term loans		910,000		910,000
Convertible notes		287,500		287,500
Mortgage loans		123,840		125,624
		1,461,340		1,463,124
Unamortized debt issuance costs		(16,703)		(11,328)
Debt, net of debt issuance costs	$	1,444,637	$	1,451,796

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 Brickell Mortgage Loan (as defined below), the Convertible Notes (as defined below), and other indebtedness secured by first priority mortgage liens on various lodging properties. The weighted-average interest rate, after giving effect to our interest rate derivatives, for all borrowings was 5.32% 5.35% at September 30, 2023 March 31, 2024 and 5.04% 5.31% at December 31, 2022 December 31, 2023. There are currently no defaults under any of the Company's loan agreements.

Debt, net of debt issuance costs, is as follows (in thousands):

	March 31, 2024	December 31, 2023
Revolving debt	$ 180,000	$ 125,000
Term loans	877,021	910,000
Convertible notes	287,500	287,500
Mortgage loans	122,828	123,339
	1,467,349	1,445,839
Unamortized debt issuance costs	(15,347)	(15,171)
Debt, net of debt issuance costs	$ 1,452,002	$ 1,430,668

We have entered into interest rate swaps to fix the interest rates on a portion of our variable interest rate indebtedness. In March 2023, January 2024, subsidiaries of the GIC Joint Venture that are the borrowers under the GIC Joint Venture Term Loan entered into two a $100.0 million interest rate swaps swap to fix the one-month term SOFR Secured Overnight Financing Rate ("SOFR") until January 2026. The interest rate swaps became swap has an effective on July 1, 2023 date of October 1, 2024 and have a termination date of January 13, 2026. Pursuant to the interest rate swaps, we will pay a fixed rate of 3.77% and receive the one-month term SOFR floating rate index. See *"Note 7 - Derivative Financial Instruments and Hedging"* to the Condensed Consolidated Financial Statements for additional information.

Our total fixed-rate and variable-rate debt, after consideration of our interest rate derivative agreements that are currently effective, in effect, is as follows (in thousands):

	September 30, 2023	Percentage	December 31, 2022	Percentage
Fixed-rate debt (1)	$ 956,849	65%	$ 758,433	52%
Variable-rate debt	504,491	35%	704,691	48%
	$ 1,461,340		$1,463,124	

	March 31, 2024	Percentage		December 31, 2023	Percentage	
Fixed-rate debt (1)	$955,970	65%	65%	$956,414	66%	66%
Variable-rate debt	511,379	35%	35%	489,425	34%	34%
	$					

(1) At September 30, 2023 March 31, 2024, debt related to our wholly-owned properties and our pro rata share of joint venture debt has a fixed-rate debt ratio of approximately 74% 73% of our total pro rata indebtedness when taking into consideration interest rate swaps. In April 2024, after repayment of the outstanding $55.0 million balance of our $400 Million Revolver from the proceeds of the sale of a portfolio of two lodging properties in New Orleans, LA and a $6.0 million paydown to the GIC Joint Venture Term Loan from the proceeds of the sale of the Hilton Garden Inn - Bryan (College Station), TX, debt related to our wholly-owned properties and our pro rata share of joint venture debt has a fixed-rate debt ratio of approximately 77% of our total pro rata indebtedness when taking into consideration interest rate swaps.

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

	September 30, 2023 Carrying Value	September 30, 2023 Fair Value	December 31, 2022 Carrying Value	December 31, 2022 Fair Value	Valuation Technique
Convertible notes	$ 287,500	$242,407	$287,500	$247,126	Level 1 - Market approach
Mortgage loans	69,348	60,218	70,933	61,447	Level 2 - Market approach

	March 31, 2024 Carrying Value		March 31, 2024 Carrying Value		Fair Value	
Convertible notes	$287,500	$	$ 257,313	$	$ 287,500	$
Mortgage loans	68,470	62,547	62,547	68,915		68,915

$ 356,848	$302,625	$358,433	$308,573	
$				

Detailed information about our gross debt at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023 is as follows (dollars in thousands):

					Principal Balance Outstanding								
								Principal Balance Outstanding					
								Principal Balance Outstanding					
								Principal Balance Outstanding					
Lender	Lender	Interest Rate	Maturity Date	Number of Encumbered Properties	September 30, 2023	December 31, 2022	Lender	Interest Rate	Initial Maturity Date	Fully Extended Maturity Date	Number of Encumbered Properties	March 31, 2024	December 31, 2023
OPERATING PARTNERSHIP DEBT:	**OPERATING PARTNERSHIP DEBT:**												
2018 Senior Credit Facility													
2023 Senior Credit and Term Loan Facility													
2023 Senior Credit and Term Loan Facility													
2023 Senior Credit and Term Loan Facility													
Bank of America, N.A.	Bank of America, N.A.												
$400 Million Revolver (1)(2)		7.37% Variable	June 21, 2027	n/a	$ 15,000	$ 15,000							
$200 Million Term Loan (1)(2)		7.32% Variable	June 21, 2026	n/a	200,000	200,000							
Bank of America, N.A.													
Bank of America, N.A.													
$400 Million Revolver (1)													
$400 Million Revolver (1)													
$400 Million Revolver (1)													
$200 Million Term Loan (1)													
Total Senior Credit and Term Loan Facility	Total Senior Credit and Term Loan Facility				215,000	215,000							
Term Loans													
Term Loans													
Term Loans	***Term Loans***												
KeyBank National Association Term Loan (1)	KeyBank National Association Term Loan (1)	7.16% Variable	February 14, 2025	n/a	225,000	225,000							
KeyBank National Association Term Loan (1)													
KeyBank National Association Term Loan (1)													

Regions Bank Term Loan (1)						200,000
Convertible Notes						
Convertible Notes						
Convertible Notes	***Convertible Notes***	1.50% Fixed	February 15, 2026	n/a	287,500	287,500
Secured Mortgage Indebtedness	***Secured Mortgage Indebtedness***					
Secured Mortgage Indebtedness						
Secured Mortgage Indebtedness						
MetaBank						
MetaBank						
MetaBank	MetaBank	4.44% Fixed	July 1, 2027	3	42,915	43,917
Bank of the Cascades (3)		7.31% Variable	December 19, 2024	1	7,491	7,691
Bank of the Cascades (2)						
		4.30% Fixed	December 19, 2024		7,491	7,691
Bank of the Cascades (2)						
Bank of the Cascades (2)		4.30% Fixed				
Total Mortgage Loans						
Total Mortgage Loans						
Total Mortgage Loans	Total Mortgage Loans			4	57,897	59,299
Total Operating Partnership Debt	Total Operating Partnership Debt				785,397	786,799
JOINT VENTURE DEBT:	**JOINT VENTURE DEBT:**					
JOINT VENTURE DEBT:						
JOINT VENTURE DEBT:						
Brickell Joint Venture Mortgage Loan	***Brickell Joint Venture Mortgage Loan***					
Brickell Joint Venture Mortgage Loan						
Brickell Joint Venture Mortgage Loan						
City National Bank of Florida						
City National Bank of Florida						
City National Bank of Florida	City National Bank of Florida	8.33% Variable	June 9, 2025	2	47,000	47,000
GIC Joint Venture Credit Facility and Term Loans	***GIC Joint Venture Credit Facility and Term Loans***					

GIC Joint Venture Credit Facility and Term Loans						
GIC Joint Venture Credit Facility and Term Loans						
Bank of America, N.A.	Bank of America, N.A.					
$125 Million Revolver (4)		7.58% Variable	September 15, 2027	n/a	125,000	125,000
$75 Million Term Loan (4)		7.53% Variable	September 15, 2027	n/a	75,000	75,000
Bank of America, N.A. (5)		8.18% Variable	January 13, 2026	n/a	410,000	410,000
Bank of America, N.A.						
Bank of America, N.A.						
$125 Million Revolver (3)						
$125 Million Revolver (3)						
$125 Million Revolver (3)						
$75 Million Term Loan (3)						
Bank of America, N.A. (4)						
Wells Fargo	Wells Fargo	4.99% Fixed	June 6, 2028	1	12,848	13,032
PACE loan	PACE loan	6.10% Fixed	July 31, 2040	1	6,095	6,293
Total GIC Joint Venture Credit Facility and Term Loans	Total GIC Joint Venture Credit Facility and Term Loans			2	628,943	629,325
Total Joint Venture Debt	Total Joint Venture Debt			4	675,943	676,325
Total Debt	Total Debt			8	$1,461,340	$1,463,124

(1) The 2018 2023 Senior Credit Facility and Term Loans are Loan Facility is supported by a borrowing base of 53 52 unencumbered hotel properties and a pledge of the equity securities of the entities that own and operate the 53 unencumbered hotels. properties.
(2) The maturity dates for the $400 million Revolver and the $200 Million Term Loan each individually can be extended to June 21, 2028 at the Company's option, subject to certain conditions.
(3) The Bank of Cascades mortgage loan is comprised of two promissory notes that are secured by the same collateral and have cross-default provisions.
(4) (3) The $125 Million Revolver and the $75 Million Term Loan are secured by pledges of the equity in the entities and affiliated entities that own 11 13 lodging properties. Each individually can be extended for a single consecutive 12-month period through September 2028 at the option of the
(4) The GIC Joint Venture subject to certain conditions.
(5) The GIC Joint Venture's $410 million term loan with Bank of America, N.A. Term Loan is secured by pledges of the equity in the entities and affiliated entities that own 27 26 lodging properties.

$600 Million Senior Credit and Term Loan Facility

2018 Senior Credit Facility

On December 6, 2018, 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 a an amended and restated $600.0 million senior credit facility (the "2018 "2023 Senior Credit Facility") with Bank of America, N.A., as successor administrative agent, and a syndicate of lenders. The 2018 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 2018 2023 Senior Credit Facility has a $50.0 million sub-limit for the issuance of letters of credit and an accordion feature which allows the Company to increase the total commitments by an aggregate of up to $300.0 million, subject to certain conditions. On July 21, 2022, the interest rate on the 2018 Senior Credit Facility was transitioned from LIBOR to the Secured Overnight Financing Rate ("SOFR"). million.

At September 30, 2023 March 31, 2024, our $200 Million Term Loan was fully funded, and our $400 Million Revolver had $15.0 $55.0 million in outstanding borrowings. Borrowings under the 2018 2023 Senior Credit Facility are limited by the value of the Unencumbered Assets, detailed below. Properties (as defined below). We repaid the

Amendment to Properties (as defined below). We repaid the 2018 Senior Credit Facility

In June 2023, the Company entered into an amendment to the 2018 Senior Credit Facility (the "Credit Facility Amendment"). The Credit Facility Amendment extends the maturity date $55.0 million outstanding balance of the $400 Million Revolver to in April 2024 with the net proceeds from the sale of two lodging properties located in New Orleans, LA.

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. The Credit Facility Amendment extends the maturity date of conditions and the $200 Term Loan to has a maturity date of June 2026, which may be extended by the Company for up to two consecutive twelve-month 12-month periods, subject to certain conditions.

The 2023 Senior Credit Facility bears interest at SOFR. The interest rate on the $400 Million Revolver is unchanged and is based on the higher of the following:

i. (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. (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) credit agreements governing the 2023 Senior Credit Facility).

The interest rate on the $200 Million Term Loan pursuant to the Credit Facility Amendment is unchanged and is based on the higher of the following:

i. (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. (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 2018 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 is 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.

The Credit Facility Amendment requires the borrower and certain subsidiaries to pledge to the secured parties all of the equity interests in the entities that own all 53 properties included in the unencumbered asset pool supporting the facility ("Unencumbered Properties"), as well as the equity interests in the TRS Lessees related to such Unencumbered Properties until the borrower meets certain conditions for their release.

2018 2024 Term Loan

On February 15, 2018, In February 2024, our Operating Partnership, as borrower, the Company, as parent guarantor, and each party executing the term loan documentation document as a subsidiary guarantor, entered into a $225.0 $200 million senior unsecured term loan financing (the "2024 Term Loan"). 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 (the "2018 Term Loan"), as amended, with a syndicate of lenders listed that was scheduled to mature in the loan documents, which is fully drawn as of September 30, 2023. February 2025.

The 2018 2024 Term Loan has an accordion feature that allows us to increase the total commitments by $150.0 million prior to the amended and extended initial maturity date of February 14, 2025, February 2027 and can be extended for two 12-month periods by the Company, subject to certain conditions. At March 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 25 35 basis points), plus a SOFR adjustment equal to 10 basis points and an applicable margin between 135 and 215 235 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.

Financial and Other Covenants. We are required to comply with various financial and other covenants to draw and maintain borrowings under the 2018 2024 Term Loan. At September 30, 2023, we were in compliance with all financial covenants.

Unencumbered Assets. Amendments to the 2018 Term Loan entered into between May 2020 and July 2022 require the borrower and certain subsidiaries to pledge to the secured parties all of the equity interests in the entities that own the Unencumbered Properties, as well as the equity interests in the TRS Lessees related to such Unencumbered Properties until the borrower meets certain conditions for the release of such pledges. During the period that the pledges are in place, as well as at all other times during the term of the facility, borrowings under the 2018 Term Loan are limited by the value of the Unencumbered Assets.

Convertible Senior Notes and Capped Call Options

On January 7, 2021, In January 2021, we entered into an underwriting agreement (the "Convertible Notes Offering") pursuant to which the Company agreed to offer and sell an aggregate of $287.5 million aggregate principal amount of 1.50% convertible senior notes due in 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 our senior credit facility that was replaced by the 2018 2023 Senior Credit Facility and another 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, unless the Convertible Notes have been previously purchased or redeemed by the Company. The Company recorded coupon interest expense of $1.1 million for each of the three months ended September 30, 2023 March 31, 2024 and 2022 and $3.2 million for each of the nine months ended September 30, 2023 and 2022. 2023. The Company incurred debt issuance costs related to the Convertible Notes Offering of $7.6 million of which $0.4 million was amortized as non-cash interest expense for each of the three months ended September 30, 2023 March 31, 2024 and 2022 and $1.1 million was amortized for each of the nine months ended September 30, 2023 and 2022. 2023. Including the amortization of the debt issuance costs, the effective interest rate on the Convertible Notes was approximately 2.00% for the three and nine months ended September 30, 2023 March 31, 2024 and 2022. 2023. The unamortized discount related to the Convertible Notes was $3.6 $2.8 million and $4.7 $3.2 million at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 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 and distributions on our common stock and Common Units, respectively, on July 27, 2023 January 25, 2024, the conversion rate of the Convertible Notes was adjusted to 86.2627 87.92 shares of common stock per $1,000 principal amount of Convertible Notes.

On January 7, 2021, in connection with the pricing of the Convertible Notes, and on January 8, 2021, in connection with 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 was initially $15.26, which represented a premium of 75.0% over the last reported sale price of our 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 current strike price is $14.75 $14.48 due to the adjustments related to the dividends paid during the nine months ended September 30, 2023 and period that the year ended December 31, 2022. Capped Call securities have been outstanding.

Mortgage Loans

At September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, we had mortgage loans totaling $123.8 $122.8 million and $125.6 $123.3 million, respectively, that are secured primarily by first mortgage liens on eight lodging properties.

Metabank Loan

On June 30, 2017, In June 2017, Summit Meta 2017, LLC (“SM-17”), a subsidiary of our Operating Partnership, entered into a $47.6 million secured, non-recourse loan with MetaBank (the "MetaBank Loan"). The MetaBank Loan provides for a fixed interest rate of 4.44%, amortizes over 25 years, and matures on July 1, 2027. The MetaBank Loan is secured by three lodging properties and is subject to a prepayment penalty if prepaid prior to April 1, 2027. In or around December 2021, MetaBank sold the MetaBank Loan to Bayside MB CRE Loans, LLC (“Bayside”). On October 25, 2022, In October 2022, SM-17 received a letter from Bayside’s counsel alleging various events of default under the MetaBank Loan, primarily related to certain non-monetary covenants. SM-17 engaged legal counsel which sent a written response to Bayside disputing that any events of default have occurred. On April 18, 2023 In April 2023 and September 15, 2023, September 2023, SM-17 received additional letters from Bayside's counsel reasserting their allegations of default. SM-17 continues to dispute that any events of default have occurred.

Commercial Mortgage-backed Securities Mortgage Loans

In August 2022 and December 2022, we entered into agreements to fully defease four commercial mortgage-backed securities ("CMBS") mortgage loans. The aggregate outstanding balances of the loans at the defeasance dates totaled $87.3 million. The loans were defeased by placing into trust an amount sufficient to cover future principal and interest payments. The defeasance resulted in the 11 lodging properties that collateralized the CMBS mortgage loans becoming unencumbered.

We incurred transaction costs of $0.6 million that were recorded as Other (loss) income, net in our Statement of Operations for the three months ended September 30, 2022. We also expensed $0.1 million of unamortized deferred financing costs related to the defeased CMBS mortgage loans as debt transaction costs during the three months ended September 30, 2022.

GIC Joint Venture Credit Facility

On October 8, 2019, 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 $200.0 million 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 comprised of a $125.0 million revolving credit facility (the “$125 Million Revolver”) and a $75.0 million term loan (the “$75 Million Term Loan”). The GIC Joint Venture Credit Facility has an accordion feature which allows us to increase the total commitments by up to $300.0 million, for aggregate potential borrowings of up to $500.0 million. At September 30, 2023 March 31, 2024, we had $125.0 million outstanding under the $125 Million Revolver.

Amendments to the $200 million GIC Joint Venture Credit Facility

On February 15, 2023, In February 2023, the Borrower entered into the Fifth Amendment to Credit Agreement to, among other things, convert the reference rate used in interest rate calculations from LIBOR the London Interbank Offered Rate ("LIBOR") to adjusted term or daily SOFR (using a 10-basis point credit spread adjustment), with Borrower's option to borrow base rate advances, term SOFR advances or daily SOFR advances.

On September 15, 2023, In September 2023, the Company GIC Joint Venture entered into an amendment to the GIC Joint Venture Credit Facility (the "GIC Joint Venture Credit Amendment"). The GIC Joint Venture Credit Amendment extends the maturity of the $125 Million Revolver and the $75 Million Term Loan to September 2027, which may be extended by the Company for a single twelve-month period, subject to certain conditions.

The interest rate on the $125 Million Revolver is unchanged and is based on the higher of the following:

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 $75 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, we will be are required to pay a fee on the unused portion of the Credit Facility equal to the unused amount multiplied by an annual rate of 0.25% of the average unused amount of the Credit Facility. We will are also be required to pay other fees, including customary arrangement and administrative fees.

The GIC Joint Venture Credit Amendment requires the borrower GIC Joint Venture and certain subsidiaries to pledge to the secured parties all of the equity interests in the entities that own the 11 13 properties included in the borrowing base assets, the related TRS entities that lease each of the borrowing base assets, and all other subsidiaries of the borrower and the subsidiary guarantors, subject to certain exceptions.

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, containing an aggregate of 3,709 guestrooms, and two parking structures, containing 1,002 spaces and various financial incentives for an aggregate purchase price of $822.0 million (the "NCI Transaction"). In connection with the NCI Transaction, on January 13, 2022, 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 “Term Loan Borrower”), the GIC Joint Venture, as parent guarantor, and each party executing the credit facility documentation as a subsidiary guarantor, entered into a $410.0 million 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 Term Loan Borrower's existing and future subsidiaries, subject to certain exceptions.

The GIC Joint Venture Term Loan provides for a $410.0 million term loan and has an accordion feature which that permits 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 on January 13, 2026 and can be extended for one twelve-month period at the option of the GIC Joint Venture, subject to certain conditions.

As of September 30, 2023 March 31, 2024, we had $410.0 $402.0 million outstanding on the GIC Joint Venture Term Loan bearing interest at a floating rate of SOFR plus 2.75%. In April 2024, we repaid $6.0 million of the GIC Joint Venture Term Loan from the net proceeds of sale of the Hilton Garden Inn - Bryan (College Station), TX.

The GIC Joint Venture Term Loan is secured primarily by a first priority pledge of the Term Loan Borrower's equity interests in the subsidiaries that hold a direct or indirect interest in 26 of the 27 lodging properties and two parking facilities at March 31, 2024 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, TX for the benefit of the lender. As of September 30, 2023 March 31, 2024, the outstanding balance of the PACE loan was $6.1 $6.0 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 ("C-F Brickell") that was the developer of the AC/ AC Hotel by Marriott and Element Miami Brickell Hotel in Miami, FL (the "AC/Element Hotel"), to facilitate the exercise of the Initial Purchase Option our purchase option to acquire a 90% equity interest in the Brickell Joint Venture (the "Initial Purchase Option"), which owned a 100% interest in the AC/Element Hotel. On June 10, 2022, 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 (the "City National Bank "Brickell Mortgage Loan") to finance the AC/Element Hotel. The City National Bank Brickell Mortgage Loan provided for an interest rate equal to one-month LIBOR plus 300 basis points through June 30, 2023. Effective July 1, 2023, the interest rate for the City National Bank Brickell Mortgage Loan was converted to one-month 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 30, 2025. The City National Bank Brickell Mortgage Loan is prepayable at any time without penalty.

Financial Guarantee

During the nine months ended September 30, 2023, In January 2023, we issued a $3.0 million letter of credit to the senior lender of a glamping project for which we provided the Onera Mezzanine Loan as additional credit support on behalf of the developer. We recorded the non-contingent portion of financial guarantee as a liability of $0.2 million on the transaction date, which is the premium receivable for the guarantee payable to us by the borrower. The liability is being amortized using the straight-line method into interest income over the term of the letter of credit and is recorded in Accrued expenses and other in our Condensed Consolidated Balance Sheet Sheets at September 30, 2023 March 31, 2024 and December 31, 2023.

Currently, payment under the contingent portion of the guarantee is not probable nor reasonably estimable. Therefore, no liability for the contingent portion of the guarantee is recorded at September 30, 2023 March 31, 2024 and December 31, 2023.

Property and Casualty Insurance Premium Financing

During the nine months ended September 30, 2023, we financed our property and casualty insurance premium totaling $10.9 million through our insurance broker. The financing arrangement requires monthly payments of $1.0 million over an 11-month period ending in January, 2024 at an annual fixed financing rate of 4.89%. The outstanding principal amount of the financing may be prepaid at any time prior to the end of the financing period. The balance of the financing is $3.1 million at September 30, 2023 and is recorded in Accrued expenses and other in our Condensed Consolidated Balance Sheet.

NOTE 6 - 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 74.8 74.3 years, some of which include options to extend the leases for additional years. The exercise of lease renewal options is at our sole discretion. As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, the weighted-average operating lease term was approximately 32.3 years and 34.0, respectively. 32.2 years. Certain leases also include options to purchase the leased property. As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, our weighted-average incremental borrowing rate for leases was 4.8%.

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 lease certain owned real estate to third parties. We recorded gross third-party tenant income of $0.6 $0.8 million and $0.7 million during the three months ended September 30, 2023 March 31, 2024 and 2022, respectively, and $2.0 million and $1.8 million during the nine months ended September 30, 2023 and 2022, 2023, respectively, which were was recorded in Other income (loss), net in our Condensed Consolidated Statement of Operations.

During the three months ended September 30, 2023 March 31, 2024 and 2022, 2023, the Company's total operating lease cost was $1.1 $1.2 million and $1.0 $1.1 million, respectively, and the operating cash payments on operating leases were $1.0 million for the three months ended September 30, 2023 and 2022. During the nine months ended September 30, 2023 and 2022, the Company's total operating lease cost was $3.4 $1.1 million and $3.0 million, respectively, and the operating cash payments on operating leases were $3.0 million and $2.8 $1.0 million, respectively.

Operating lease maturities as of September 30, 2023 March 31, 2024 are as follows (in thousands):

For the Year Ending December 31,	For the Year Ending December 31,	Amount	For the Year Ending December 31,	Amount
2023		$ 565		
2024	2024	2,264		
2025	2025	2,285		
2026	2026	2,239		
2027	2027	2,282		
2028				
Thereafter	Thereafter	37,955		
Total lease payments (1)	Total lease payments (1)	47,590		

Less: Imputed interest	Less: Imputed interest	(21,488)
Total	Total	$26,102

(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 7 - DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING

Information about our derivative financial instruments at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023 is as follows (dollars in thousands):

					Notional Amount		Fair Value	
					Notional Amount			
Contract date	Contract date	Effective Date	Expiration Date	Average Annual Effective Fixed Rate	September 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022
	Contract date	Effective Date	Expiration Date	Average Annual Effective Fixed Rate	March 31, 2024	December 31, 2023	March 31, 2024	December 31, 2023
Operating Partnership:	**Operating Partnership:**							
	October 2, 2017	January 29, 2018	January 31, 2023	1.96 %	$ —	$100,000	$ —	$ 208
	October 2, 2017	January 29, 2018	January 31, 2023	1.98 %	—	100,000	—	210
	June 11, 2018							
	June 11, 2018							
June 11, 2018	June 11, 2018	September 28, 2018	September 30, 2024	2.86 %	75,000	75,000	1,875	2,219
June 11, 2018	June 11, 2018	December 31, 2018	December 31, 2025	2.92 %	125,000	125,000	5,227	4,211
July 26, 2022	July 26, 2022	January 31, 2023	January 31, 2027	2.60 %	100,000	100,000 (1)	5,781	4,366
July 26, 2022	July 26, 2022	January 31, 2023	January 31, 2029	2.56 %	100,000	100,000 (1)	8,101	5,627
Total Operating Partnership					400,000	600,000	20,984	16,841
Total Operating Partnership (1)								
GIC Joint Venture:								
GIC Joint Venture:								
GIC Joint Venture:	**GIC Joint Venture:**							
March 24, 2023	March 24, 2023	July 1, 2023(2)	January 13, 2026	3.35 %	100,000	—	3,046	—
March 24, 2023	March 24, 2023	July 1, 2023(2)	January 13, 2026	3.35 %	100,000	—	3,036	—
	March 24, 2023							
March 24, 2023								
	January 19, 2024							
Total GIC Joint Venture								
Total GIC Joint Venture								

Total GIC Joint Venture	Total GIC Joint Venture	200,000	—	6,082	—
Total	Total	$600,000	$600,000	$ 27,066	$ 16,841

(1) In April 2024, after repayment of the outstanding $55.0 million balance of our $400 Million Revolver from the proceeds of the sale of a portfolio of two lodging properties in New Orleans, LA and a $6.0 million paydown to the GIC Joint Venture Term Loan from the proceeds of the sale of the Hilton Garden Inn - Bryan (College Station), TX, debt related to our wholly-owned properties and our pro rata share of joint venture debt has a fixed-rate debt ratio of approximately 77% of our total pro rata indebtedness when taking into consideration interest rate swaps.

(2) At December 31, 2022 December 31, 2023, we had interest rate swaps that were in effect with a notional amount totaling $400 $600.0 million. On July 26, 2022, In January, 2024, we executed two one additional interest rate swaps swap with a notional amount totaling $200 $100.0 million that become becomes effective on January 31, 2023 upon the expiration of two interest rate swaps entered into on October 2, 2017 with a notional amount totaling $200 million. October 1, 2024.

(2)
At September 30, 2023 March 31, 2024, debt related to our wholly-owned properties and our pro rata share of joint venture debt has a fixed-rate debt ratio of approximately 74% 73% of our total pro rata indebtedness when taking into consideration interest rate swaps.

At September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, we had $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.

On March 24, 2023, In January 2024, subsidiaries of the GIC Joint Venture that are the borrowers under the GIC Joint Venture Term Loan entered into two a $100.0 million interest rate swaps swap to fix one-month term SOFR until January 2026. The interest rate swaps became swap has an effective on July 1, 2023 date of October 1, 2024 and have a termination date of January 13, 2026. Pursuant to the interest rate swaps, swap, we will pay a fixed rate of 3.35% 3.77% and receive the one-month term SOFR floating rate index.

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 September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, our interest rate swaps were in an asset position. Derivative assets related to our interest rate swaps are recorded in Other assets in our Condensed 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 Accumulated other comprehensive income (loss) and are reclassified as Interest expense in our Condensed Consolidated Statements of Operations in the period in which the hedged item affects earnings. In the next twelve months, we estimate that $14.1 $11.6 million will be reclassified from Other Accumulated other comprehensive income (loss) and recorded as a decrease to interest expense.

We characterize the realized and unrealized gain or loss related to derivative financial instruments designated as cash flow hedges as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Gain recognized in Accumulated other comprehensive loss on derivative financial instruments	$ 7,229	$ 16,536	$ 18,074	$ 29,560
Gain (loss) reclassified from Accumulated other comprehensive loss to Interest expense	$ 3,589	$ (171)	$ 7,849	$ (4,156)
Total interest expense and other finance expense presented in the Condensed Consolidated Statements of Operations in which the effects of cash flow hedges are recorded	$ 22,020	$ 17,645	$ 65,177	$ 46,202

	Three Months Ended March 31,	
	2024	2023
Unrealized gain (loss) recognized in Accumulated other comprehensive income (loss) on derivative financial instruments	$ 9,375	$ (2,439)
Gain reclassified from Accumulated other comprehensive income (loss) to Interest expense	$ 3,679	$ 1,949
Total interest expense and other finance expense presented in the Condensed Consolidated Statements of Operations in which the effects of cash flow hedges are recorded	$ 21,582	$ 20,909

NOTE 8 - EQUITY

Common Stock

The Company is authorized to issue up to 500,000,000 shares of common stock, $0.01 par value per share ("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.

On May 9, 2022, 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 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 $200,000,000 $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 nine three months ended September 30, 2023 March 31, 2024 and 2022 2023 were as follows:

	For the Nine Months Ended September 30, 2023	For the Nine Months Ended September 30, 2022
Beginning shares of Common Stock outstanding	106,901,576	106,337,724
Common Unit redemptions	7,000	5,000
Grants under the Equity Plan	875,055	735,371
Annual grants to independent directors	113,141	84,889
Performance share and other forfeitures	(139,254)	(8,272)
Shares retained for employee tax withholding requirements	(184,029)	(260,800)
Ending shares of Common Stock outstanding	107,573,489	106,893,912

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Beginning shares of Common Stock outstanding	107,593,373	106,901,576
Grants under the Equity Plan (as defined below in "*Note 12 - Equity-Based Compensation*")	1,055,544	873,563
Performance share and other forfeitures	(323,930)	(137,193)
Shares acquired for employee withholding requirements	(126,846)	(168,083)
Ending shares of Common Stock outstanding	108,198,141	107,469,863

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 Stock") and 4,000,000 shares have been designated as 5.875% Series F Cumulative Redeemable Preferred Stock (the "Series F Preferred Stock").

The Company's outstanding shares of preferred stock (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 maturity dates and are not subject to mandatory redemption or sinking fund requirements. The Series E Preferred Stock is redeemable by the Company at its election. The Company may not redeem the Series F Preferred Stock prior to August 12, 2026, except in limited circumstances relating to the Company's continuing qualification as a REIT or in connection with certain changes in control. When redeemable, 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 dividends 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 Stock based on a defined formula, subject to a share cap, or alternative consideration. The share cap on each share of Series E Preferred Stock is 3.1686 shares of Common Stock and each share of Series F Preferred Stock is 3.1686 and 5.875 shares of Common Stock, respectively, all subject to certain adjustments.

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

NOTE 9 - 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 have the right to cause us to request that we 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 Common Units 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. On January 13, 2022 and March 23, 2022, In the first quarter of 2022, in connection with the NCI Transaction, the Operating Partnership issued an aggregate of 15,864,674 Common Units as partial consideration for the purchase.

NewcrestImage and other unaffiliated third parties collectively owned 15,969,807 and 15,976,807 15,948,628 of Common Units at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively, which represents approximately 13% of the outstanding Common Units.

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

Non-controlling Interests in Consolidated Joint Ventures

At September 30, 2023 March 31, 2024, the Company is a partner with a majority equity interest in three joint ventures as described below. below, which are consolidated in our Condensed Consolidated Financial Statements. We classify the non-controlling interests in our joint ventures as a component of equity in the Company's Condensed Consolidated Balance Sheets. The portion of net income (loss) allocated to these non-controlling interests is included on the Company's Condensed Consolidated Statements of Operations as Net income (loss) attributable to non-controlling interests.

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 has historically and in the future intends to invest 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. As of September 30, 2023 March 31, 2024, the GIC Joint Venture owns 41 40 lodging properties containing 5,581 5,454 guestrooms in nine states.

The GIC Joint Venture owns the lodging properties through master REITs ("Master REIT") and subsidiary REITs ("Subsidiary REIT"). All of the lodging 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 of the REIT requirements provided in the Internal Revenue Code. Code, as amended. Taxable income related to the Subsidiary REIT TRSs is subject to federal, state and local income taxes at applicable 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 with 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 a joint venture with Onera (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 twelve-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 TX (the "Onera Property") consisting of 11 glamping lodging units and a 6.4-acre parcel of undeveloped land that will be developed as phase two of the lodging site. property. The Onera Joint Venture incurred $0.9 million of development costs during the three months ended March 31, 2024 related to the development of phase two of a property that is recorded as Investment in lodging property under development in our Condensed Consolidated Balance Sheets at March 31, 2024. The Company serves as the managing member of the Onera Joint Venture.

Redeemable Non-controlling Interests

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, on January 13, 2022, 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 6.25% Series E and 5.875% Series F Preferred Units and holders will receive quarterly distributions at a rate of 5.250% 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 5.250% Series Z Cumulative Perpetual Preferred Stock (which will be designated and authorized following notice of redemption by holder of the Series Z Preferred Units) at the Company's election, 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. On January 13, 2022 and March 23, 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 September 30, 2023 March 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 Condensed Balance Sheets.

NOTE 10 - FAIR VALUE MEASUREMENT

The following table presents information about our financial instruments measured at fair value on a recurring basis at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 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 Measurements at March 31, 2024 using	Fair Value Measurements at March 31, 2024 using			
	Level 1	Level 1	Level 2	Level 3	Total
Assets:					
Interest rate swaps					
Interest rate swaps					
Interest rate swaps					
Onera Purchase Option					

	Fair Value Measurements at September 30, 2023 using			
	Level 1	Level 2	Level 3	Total
Assets:				
Interest rate swaps	$ —	$ 27,066	$ —	$ 27,066
Purchase option related to real estate loans (Onera Purchase Option)	—	—	931	931

	Fair Value Measurements at December 31, 2023 using	Fair Value Measurements at December 31, 2023 using			
	Level 1	Level 1	Level 2	Level 3	Total
Assets:					
Interest rate swaps					
Interest rate swaps					
Interest rate swaps					
Onera Purchase Option					

	Fair Value Measurements at December 31, 2022 using			
	Level 1	Level 2	Level 3	Total
Assets:				
Interest rate swaps	$ —	$ 16,841	$ —	$ 16,841

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 (dollars 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.

NOTE 11 - COMMITMENTS AND CONTINGENCIES

Franchise Agreements

All of our lodging properties (with the exception of the Onera Joint Venture property and recently acquired the Nordic Lodge property) - Steamboat Springs, CO) operate under franchise agreements with major hotel franchisors. The initial terms of our franchise agreements generally range from 10 to 20 30 years with various extension provisions. Each franchisor receives franchise fees ranging from 2% 3% to 6% of each lodging property's gross room revenue, and some agreements require that we pay marketing fees of up to 4% of gross room revenue. In addition, some of these franchise agreements require that we deposit a percentage of the hotel property's gross revenue, generally not more than 5%, into a reserve fund for capital expenditures. expenditures up to 5% of the lodging property's gross room revenue 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. We expensed fees related to our franchise agreements of $13.0 $13.4 million and $12.7 $13.0 million for the three months ended September 30, 2023 March 31, 2024 and 2022, respectively, and $40.0 million and $35.7 million for the nine months ended September 30, 2023 and 2022, 2023, 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 twenty-five 14 years with and have various extension provisions. Each management company receives a base management fee, which is a percentage of total lodging property revenues. In some cases, there are also monthly fees for certain services, such as accounting and shared services, based on the number of guestrooms. Generally, there are also incentive fees payable to our property managers based on attaining certain financial thresholds. thresholds at their lodging properties under management. Management fee expenses were $4.2 $4.9 million and $4.3 $4.8 million for the three months ended September 30, 2023 March 31, 2024 and 2022, respectively, and $14.0 million and $13.1 million for the nine months ended September 30, 2023 and 2022, 2023, respectively.

Litigation

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

NOTE 12 - EQUITY-BASED COMPENSATION

Our currently outstanding equity-based awards were issued under the Summit Hotel Properties, Inc. 2011 Equity Incentive Plan, as amended and restated effective May 13, 2021 (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. At September 30, 2023 March 31, 2024, we only have outstanding restricted stock awards. All of our outstanding equity-based awards are classified as equity awards.

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

The following table summarizes time-based restricted stock award activity under our Equity Plan for the nine months ended September 30, 2023: Plan:

	Number of Shares		Weighted-Average Grant Date Fair Value		Aggregate Current Value
			(per share)		(in thousands)
Non-vested at December 31, 2022	654,804	$	9.85	$	4,728
Granted	449,148		7.71		
Vested	(238,883)		8.04		
Forfeited	(2,061)		8.50		
Non-vested at September 30, 2023	863,008	$	8.79	$	5,005

	Number of Shares		Weighted-Average Grant Date Fair Value		Aggregate Current Value
			(per share)		(in thousands)
Non-vested at December 31, 2023	861,713	$	8.79	$	5,791
Granted	548,138		6.56		
Vested	(297,460)		9.13		
Non-vested at March 31, 2024	1,112,391	$	7.60	$	7,242

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 generally 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) or in certain circumstances upon a change in control.

The holders of these awards have the right to vote their unvested restricted 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.

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

The following table summarizes performance-based restricted stock activity under the Equity Plan for the nine months ended September 30, 2023: Plan:

	Number of Shares		Weighted-Average Grant Date Fair Value (1)		Aggregate Current Value
			(per share)		(in thousands)
Non-vested at December 31, 2022	1,006,974	$	11.76	$	7,270
Granted	425,907		10.08		
Vested	(239,416)		9.38		
Forfeited	(137,193)		9.38		
Non-vested at September 30, 2023	1,056,272	$	11.93	$	6,126

	Number of Shares		Weighted-Average Grant Date Fair Value (1)		Aggregate Current Value
			(per share)		(in thousands)
Non-vested at December 31, 2023	1,056,272	$	11.93	$	7,098
Granted	507,406		7.40		
Forfeited	(323,930)		14.05		
Non-vested at March 31, 2024	1,239,748	$	10.99	$	8,071

(1) The amounts included in this column represent the expected future value of the performance-based restricted stock awards calculated using the Monte Carlo simulation valuation model.

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 cliff vest on the third anniversary of the grants based on our total shareholder return relative to the total shareholder return of companies within the Dow Jones U.S. Hotels Index (the "Index") at the end of the period or upon a change in control. The awards generally require continuous service during the measurement period 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 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 awards have the right to vote their unvested restricted shares of Common Stock and any dividends declared accrue and will be subject to the same vesting conditions as the performance awards. Further, if additional shares are earned based on our percentile ranking within the index, dividend payments will be issued paid as if the additional shares had been held throughout the measurement period.

Equity-Based Compensation Expense

Equity-based compensation expense included in Corporate general and administrative expenses in the Condensed Consolidated Statements of Operations for the three and nine months ended September 30, 2023 and 2022 was is as follows (in thousands):

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2023	2022	2023	2022
Time-based restricted stock	$ 880	$ 566	$ 2,418	$ 1,806
Performance-based restricted stock	987	665	2,740	4,462
Director stock	—	—	755	802
	$ 1,867	$ 1,231	$ 5,913	$ 7,070

During the nine months ended September 30, 2022, we granted a new member of our Board of Directors 3,234 shares of fully vested shares of our Common Stock at $9.94 per share.

	Three Months Ended March 31,	
	2024	2023
Time-based restricted stock	$ 870	$ 690
Performance-based restricted stock	978	778
	$ 1,848	$ 1,468

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

Unrecognized equity-based compensation expense for all non-vested awards pursuant to our Equity Plan was $10.7 $14.4 million at September 30, 2023 March 31, 2024 and will be recorded as follows (in thousands):

		Total	2023	2024	2025	2026
Time-based restricted stock	Time-based restricted stock	$ 4,929	$ 845	$ 2,539	$ 1,337	$ 208
Time-based restricted stock						
Time-based restricted stock						
Performance-based restricted stock						
Performance-based restricted stock						
Performance-based restricted stock	Performance-based restricted stock	5,817	987	2,914	1,654	262
		$ 10,746	$ 1,832	$ 5,453	$ 2,991	$ 470

NOTE 13 - 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 shareholders. stockholders.

Income related to our TRS Lessees 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 TRS Lessees 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. Certain of our TRS Lessees have incurred operating losses in the past and the realizability of our deferred tax assets as of September 30, 2023 March 31, 2024 is not reasonably assured. Therefore, we have recorded a valuation allowance against substantially all our deferred tax assets at September 30, 2023 March 31, 2024.

The Company recorded an income tax expense of $1.4 $0.2 million and $0.2 an income tax benefit of $0.5 million for the three months ended September 30, 2023 March 31, 2024 and 2022, respectively, and $1.7 million and $4.6 million for the nine months ended September 30, 2023 and 2022, 2023, respectively.

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 2018. 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 September 30, 2023 March 31, 2024. We expect no significant increase or decrease in unrecognized tax benefits due to changes in tax positions within the next year.

NOTE 14 - SUPPLEMENTAL CASH FLOW INFORMATION

We consider all highly liquid investments 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 for the nine months ended September 30, 2023 and 2022 is as follows:

	Nine Months Ended September 30,	
	2023	2022
Cash payments for interest	$ 59,836	$ 39,901
Insurance premium financing	$ 3,106	$ —
Accrued acquisitions and improvements to lodging properties	$ 5,504	$ 7,458
Increase in carrying amount of lodging property related to contingent consideration	$ 200	$ —
Cash payments for income taxes, net of refunds	$ 2,250	$ 2,627
Accrued and unpaid dividends	$ 122	$ 40
Debt assumed to complete acquisition of 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 financing loan to complete acquisition of lodging properties	$ —	$ 29,875
Exercise of purchase option to complete acquisition of lodging properties	$ —	$ 2,800
Non-controlling interests in joint venture issued to complete acquisition of lodging properties	$ —	$ 6,922
Non-controlling interests in operating partnership issued 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

	Three Months Ended March 31,	
	2024	2023
Cash payments for interest	$ 24,142	$ 21,436
Insurance premium financing	$ —	$ 10,877
Accrued acquisitions and improvements to lodging properties	$ 8,685	$ 5,384
Cash payments for income taxes, net of refunds	$ 41	$ 110
Accrued and unpaid dividends	$ 213	$ —

NOTE 15 - SUBSEQUENT EVENTS

Dividends

On October 26, 2023 May 1, 2024, our Board of Directors declared quarterly cash dividends and distributions of $0.06 $0.08 per share on our Common Stock and per Common Unit of the Operating Partnership and cash dividends of $0.390625 per share of 6.25% Series E Cumulative Redeemable Preferred Stock and $0.3671875 per share of 5.875% Series F Cumulative Redeemable Preferred Stock. The Board of Directors also declared on behalf of the Operating Partnership, a cash distribution of $0.328125 per share of the Operating Partnership's unregistered 5.25% Series Z Cumulative Perpetual Preferred Units. The dividends and distributions are payable on November 30, 2023 May 31, 2024 to holders of record as of November 16, 2023 May 17, 2024.

Disposition of Lodging Properties

During the first quarter of 2024, we entered into a purchase and sale agreement with a single buyer to sell the 202-guestroom Courtyard by Marriott and the 208-guestroom SpringHill Suites, both located in New Orleans, LA for an aggregate selling price of $73.0 million. We closed on the sale of these properties on April 17, 2024 in accordance with the expected terms of the transaction. Net proceeds from the sale were used to repay the outstanding $55.0 million balance on our $400 million Revolver subsequent to quarter end.

During the first quarter of 2024, we entered into a purchase and sale agreement to sell the 119-guestroom Hilton Garden Inn - Bryan (College Station), TX for $11.0 million. We closed on the sale of this property on April 25, 2024 in accordance with the terms of the transaction. Net proceeds from the sale were used to repay $6.0 million of the GIC Joint Venture Term Loan subsequent to quarter end.

PART I - FINANCIAL INFORMATION

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Management's Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with our audited Consolidated Financial Statements and Management's Discussion and Analysis of Financial Condition and Results of Operations in our Form 10-K for the year ended December 31, 2022 December 31, 2023, and our unaudited Condensed Consolidated Financial Statements included in this Quarterly Report on Form 10-Q.

Unless stated otherwise or the context otherwise requires, references in this report to "we," "our," "us," "our company" or "the company" mean Summit Hotel Properties, Inc. and its consolidated subsidiaries.

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" 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 performance 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 terrorist attacks, that may affect travel;
- infectious disease outbreaks or pandemics that may negatively affect consumer behavior, business transient, group and other travel or consumer behavior;
- macroeconomic conditions related to, and our ability to manage, inflationary pressures for labor, commodities, 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; lend;
- supply and demand factors in our markets or sub-markets;
- the effect of competing alternative accommodations on our business;
- levels of spending for business and leisure travel;
- macroeconomic conditions related to, and our ability to manage, inflationary pressures for commodities, labor and other costs of our business as well as 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;
- adverse changes in occupancy, average daily rate ("ADR") and revenue per available room ("RevPAR") and other lodging property operating metrics;
- financial condition of, and our relationships with, third-party property managers and franchisors;

- the degree and nature of our competition;
- increased interest rates;
- increased operating costs, including but not limited to labor costs; 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 that are significantly higher than our expectations; and/or insurance;
- 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;
- the recognition of taxable gains from the sale of lodging properties as a result of the inability to complete certain like-kind exchanges in accordance with Section 1031 of the Internal Revenue Code of 1986, as amended (the "IRC");
- 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 IRC; 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 ("Common Stock"); 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;
- our ability to obtain property insurance policies on our properties on commercially reasonable terms;
- the effect on our business or guest confidence 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 effectively manage our joint ventures with our joint venture partners;
- current and future changes to the IRC;
- our ability to continue to effectively enhance manage our Environmental, Social and Governance ("ESG") program to achieve expected social, environment and governance objectives and goals; and
- the other factors discussed under the heading "Risk Factors" included in our Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023.

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.

Overview

Summit Hotel Properties, Inc. is a self-managed lodging property investment company that was organized in June 2010 and completed its initial public offering in February 2011. We focus on owning lodging properties with efficient operating models that generate strong margins and investment returns. Our lodging properties are typically located in markets with multiple demand generators such as corporate offices and headquarters, retail centers, airports, state capitols, convention centers, and leisure attractions. Substantially all of our assets are held by, and all of our operations are conducted through, our operating partnership, Summit Hotel OP, LP (the "Operating Partnership"). Through a wholly-owned subsidiary, we are the sole general partner of the Operating Partnership. At September 30, 2023 March 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 6.25% Series E and 5.875% Series F preferred units of limited partnership interest. NewcrestImage Image Holdings, LLC owns all of the issued and outstanding 5.25% Series Z Cumulative Perpetual Preferred Units (liquidation preference $25 per unit) of the Operating Partnership ("Series Z Preferred Units"), which was issued as part of the NCI Transaction (described (as defined in *"Note 3 - Investments in Lodging Property, net" 4 -Debt*to the accompanying Condensed Consolidated Financial Statements.) Statements). We collectively refer to preferred units of limited partnership interests of our Operating Partnership as "Preferred Units."

At September 30, 2023 March 31, 2024, our portfolio consisted of 101 99 lodging properties with a total of 15,035 14,785 guestrooms located in 24 states. We own our lodging properties in fee simple, except for seven lodging properties which are subject to ground leases or subleases. As of September 30, 2023 March 31, 2024, we own 100% of the outstanding equity interests in 57 56 of our 101 99 lodging properties. We own a 51% controlling interest in 41 40 lodging properties through a joint venture that was formed in July 2019 with GIC USFI G-Peak, Ltd. ("GIC"), a private limited company incorporated in the Republic of Singapore (the "GIC Joint Venture"), Singapore's sovereign wealth fund. . We also own 90% equity interests in two 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.

Our hotel properties primarily operate under premium franchise brands owned by Marriott® International, Inc. ("Marriott"), Hilton® Worldwide ("Hilton"), Hyatt® Hotels Corporation ("Hyatt") and InterContinental® Hotels Group ("IHG"). We own one glamping property that operates under the independent brand of Onera Escapes ("Onera"), and the Nordic Lodge in Steamboat, CO that we acquired in June 2023, which is an independent property.

We have elected to be taxed as a real estate investment trust ("REIT") for federal income tax purposes commencing with our short taxable year ended December 31, 2011. 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"). All of our lodging properties are operated pursuant to lodging property management agreements between our TRS Lessees and professional, third-party lodging property management companies that are not affiliated with us as follows:

Management Company	Management Company	Number of Properties	Number of Guestrooms	Management Company	Number of Properties	Number of Guestrooms
Affiliates of Aimbridge Hospitality, including Interstate Management Company, LLC		61	9,096			
Affiliates of Aimbridge Hospitality						
OTO Development, LLC	OTO Development, LLC	13	1,888			
Stonebridge Realty Advisors, Inc. and affiliates						
Stonebridge Realty Advisors, Inc. and affiliates						
Stonebridge Realty Advisors, Inc. and affiliates	Stonebridge Realty Advisors, Inc. and affiliates	8	1,143			
Affiliates of Marriott, including Courtyard Management Corporation, SpringHill SMC Corporation and Residence Inn by Marriott, Inc.	Affiliates of Marriott, including Courtyard Management Corporation, SpringHill SMC Corporation and Residence Inn by Marriott, Inc.	6	973			
Crestline Hotels & Resorts, LLC	Crestline Hotels & Resorts, LLC	5	617			
White Lodging Services Corporation	White Lodging Services Corporation	2	453			
Hersha Hospitality Management	Hersha Hospitality Management	2	338			
Concord Hospitality Enterprises	Concord Hospitality Enterprises	2	264			
Concord Hospitality Enterprises						
Concord Hospitality Enterprises						
InterContinental Hotel Group Resources, Inc., an affiliate of IHG	InterContinental Hotel Group Resources, Inc., an affiliate of IHG	1	252			
Blink Data Services, LLC	Blink Data Services, LLC	1	11			
Total	**Total**	101	15,035			

Our typical lodging property management agreement requires us to pay a base fee to our lodging property manager calculated as a percentage of lodging property revenues. In addition, our typical lodging property management agreements generally provide that the lodging property manager can earn an incentive fee for hotel-level Earnings

Before Interest, Taxes, Depreciation and Amortization ("EBITDA") over certain thresholds of a required investment return to us. Our TRS Lessees may employ other lodging property managers in the future. We currently do not have any ownership or economic interest in any of the lodging 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.

Our revenues are derived from lodging property operations and consist of room revenue, food and beverage revenue and other lodging property operations revenue. Revenues from our other lodging property operations consist of ancillary revenues related to meeting rooms and other guest services provided at certain of our lodging properties.

Industry Trends and Outlook

Room-night demand in the U.S. lodging industry is generally correlated to certain macroeconomic trends. Key drivers of lodging demand, and therefore hotel revenues, include changes in gross domestic product, corporate profits, capital investments, and employment. Volatility From a cost perspective, elevated inflation has been pervasive since 2022, increasing the cost of salaries, wages, supplies, material, freight, insurance and energy. Higher costs from broad inflationary pressures have been partially offset by lodging price increases. While growth rates have decelerated, inflation is still increasing faster than historical norms, which may continue in the economy and risks arising from global and domestic political or economic conditions may cause slowing economic growth, which would have an adverse effect on lodging demand. 2024.

During the nine three months ending September 30, 2023 ended March 31, 2024, we experienced a continued recovery in lodging demand that was revenue growth driven increasingly driven by strong group travel and improvements in business transient demand, in addition to continued strength in leisure travel. Growth rates Strong room night demand coupled with minimal forecasted growth in supply over the next several years positions the industry for the third quarter of 2023 have moderated from the prior year as robust leisure demand experienced in the prior year has normalized and business transient and group demand continue to increase at more modest growth rates. continued growth.

Rising inflation has been pervasive since 2022, increasing the cost of salaries, wages, supplies, material, freight, and energy. Higher costs due to general business inflation were partially offset by lodging price increases, which offset the effect of inflation on our operating results. We expect relatively higher inflation to continue in 2023 resulting in higher costs. Consumers may be resistant to further lodging price increases to offset the continued high inflation, which could have an adverse effect on our consolidated financial condition and results of operations.

Effects of the Pandemic

Beginning in March 2020, we experienced the effects of the Pandemic, which had a significant negative effect on the U.S. and global economies, including a rapid and sharp decline in all forms of travel, both domestic and international, and a significant decline in hotel demand. As such, we experienced a substantial decline in our revenues, profitability and cash flows from operations during the years ended December 31, 2020 and 2021. Beginning the second quarter of 2022, and thereafter, we experienced significant improvement in lodging demand led by strong leisure travel and more recently, growth in business transient and group travel.

Our Lodging Property Portfolio

According to current chain scales as defined by Smith Travel Research, Inc. ("STR"), as of September 30, 2023 March 31, 2024, six of our lodging properties with a total of 953 guestrooms are categorized as Upper-upscale hotels, 79 77 of our hotel properties with a total of 12,026 11,776 guestrooms are categorized as Upscale hotels and 14 of our lodging properties with a total of 1,998 guestrooms are categorized as Upper-midscale hotels. We have one lodging asset that is an 11-unit glamping property, and one 47-unit independent lodging property. Lodging property information as of September 30, 2023 March 31, 2024 is as follows:

Franchise/Brand	Franchise/Brand	Number of Lodging Properties	Number of Guestrooms	Franchise/Brand	Number of Lodging Properties	Number of Guestrooms
Marriott	***Marriott***					
Courtyard by Marriott						
Courtyard by Marriott						
Courtyard by Marriott	Courtyard by Marriott	17	3,049			
Residence Inn by Marriott	Residence Inn by Marriott	16	2,256			
AC Hotel by Marriott	AC Hotel by Marriott	6	1,026			
SpringHill Suites by Marriott	SpringHill Suites by Marriott	7	983			
TownePlace Suites	TownePlace Suites	2	225			
Marriott	Marriott	1	165			
Fairfield Inn & Suites by Marriott	Fairfield Inn & Suites by Marriott	1	140			

Element by Marriott	Element by Marriott	1	108
Four Points by Sheraton	Four Points by Sheraton	1	101
Total Marriott	**Total Marriott**	**52**	**8,053**
Hilton	***Hilton***		
Hilton Garden Inn	Hilton Garden Inn	8	1,194
Hilton Garden Inn			
Hilton Garden Inn			
Hampton Inn & Suites	Hampton Inn & Suites	8	1,162
Homewood Suites			
Homewood Suites			
Homewood Suites	Homewood Suites	3	369
Embassy Suites	Embassy Suites	2	346
Canopy Hotel	Canopy Hotel	2	326
DoubleTree by Hilton	DoubleTree by Hilton	1	210
Total Hilton	**Total Hilton**	**24**	**3,607**
Hyatt	***Hyatt***		
Hyatt Place	Hyatt Place	15	2,143
Hyatt Place			
Hyatt Place			
Hyatt House	Hyatt House	3	466
Total Hyatt	**Total Hyatt**	**18**	**2,609**
IHG	***IHG***		
Holiday Inn Express & Suites	Holiday Inn Express & Suites	3	471
Holiday Inn Express & Suites			
Holiday Inn Express & Suites			
Staybridge Suites			
Staybridge Suites			
Staybridge Suites	Staybridge Suites	1	121
Hotel Indigo	Hotel Indigo	1	116
Total IHG	**Total IHG**	**5**	**708**
Independent	***Independent***		
Nordic Lodge	Nordic Lodge	1	47
Nordic Lodge			
Nordic Lodge			
Onera	Onera	1	11
Total Independent	**Total Independent**	**2**	**58**
Total	**Total**	**101**	**15,035**

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 Condensed Consolidated Financial Statements.

See *"Note 3 - Investments in Lodging Property, net"* ofto the Condensed Consolidated Financial Statements for further information related to lodging property acquisitions and dispositions.

Results of Operations

The comparisons that follow should be reviewed in conjunction with the unaudited Condensed Consolidated Financial Statements included elsewhere in this Quarterly Report on Form 10-Q.

Comparison of the Three Months Ended September 30, 2023March 31, 2024 with the Three Months Ended September 30, 2022March 31, 2023

The following table contains key operating metrics for our total portfolio for the three months ended September 30, 2023March 31, 2024 compared with the three months ended September 30, 2022March 31, 2023 (dollars in thousands, except ADR and RevPAR).

	For the Three Months Ended September 30,				Quarter-over-Quarter Dollar Change		Quarter-over-Quarter Percentage Change	
	2023		2022					
	Total Portfolio (101 properties)	Same-Store Portfolio (95 properties)	Total Portfolio (102 properties)	Same-Store Portfolio (95 properties)	Total Portfolio (101/102 properties)	Same-Store Portfolio (95 properties)	Total Portfolio (101/102 properties)	Same-Store Portfolio (95 properties)
Revenues:								
Room	$ 161,712	$ 156,307	$ 160,133	$ 152,701	$ 1,579	$ 3,606	1.0 %	2.4 %
Food and beverage	9,949	7,789	8,854	6,899	1,095	890	12.4 %	12.9 %
Other	10,155	9,454	9,265	8,701	890	753	9.6 %	8.7 %
Total	$ 181,816	$ 173,550	$ 178,252	$ 168,301	$ 3,564	$ 5,249	2.0 %	3.1 %
Expenses:								
Room	$ 37,510	$ 35,813	$ 37,525	$ 35,204	$ (15)	$ 609	— %	1.7 %
Food and beverage	7,684	6,168	7,060	5,591	624	577	8.8 %	10.3 %
Other lodging property operating expenses	55,826	53,113	54,883	51,596	943	1,517	1.7 %	2.9 %
Total	$ 101,020	$ 95,094	$ 99,468	$ 92,391	$ 1,552	$ 2,703	1.6 %	2.9 %
Operational Statistics:								
Occupancy	73.4 %	73.7 %	71.7 %	72.1 %	n/a	n/a	2.4 %	2.2 %
ADR	$ 159.35	$ 159.83	$ 158.39	$ 159.75	$ 0.96	$ 0.08	0.6 %	0.1 %
RevPAR	$ 116.91	$ 117.85	$ 113.59	$ 115.14	$ 3.32	$ 2.71	2.9 %	2.4 %

:

	Three Months Ended March 31,				Dollar Change		Percentage Change	
	2024		2023					
	Total Portfolio (99 properties)	Same-Store Portfolio (97 properties)	Total Portfolio (103 properties)	Same-Store Portfolio (97 properties)	Total Portfolio (99/103 properties)	Same-Store Portfolio (97 properties)	Total Portfolio (99/103 properties)	Same-Store Portfolio (97 properties)
Revenues:								
Room	$ 167,431	$ 163,874	$ 163,089	$ 159,379	$ 4,342	$ 4,495	2.7 %	2.8 %
Food and beverage	10,833	10,823	10,630	10,506	203	317	1.9 %	3.0 %
Other	9,878	9,799	8,664	8,620	1,214	1,179	14.0 %	13.7 %
Total	$ 188,142	$ 184,496	$ 182,383	$ 178,505	$ 5,759	$ 5,991	3.2 %	3.4 %
Expenses:								
Room	$ 35,973	$ 35,286	$ 35,909	$ 34,406	$ 64	$ 880	0.2 %	2.6 %
Food and beverage	8,202	8,186	7,955	7,785	247	401	3.1 %	5.2 %
Other lodging property operating expenses	56,261	55,353	56,125	54,261	136	1,092	0.2 %	2.0 %
Total	$ 100,436	$ 98,825	$ 99,989	$ 96,452	$ 447	$ 2,373	0.4 %	2.5 %
Operational Statistics:								

Occupancy	71.8 %	71.7 %	68.9 %	69.5 %	n/a	n/a	4.2 %	3.1 %
ADR	$ 172.70	$ 171.91	$ 171.63	$ 174.25	$ 1.07	$ (2.34)	0.6 %	(1.3)%
RevPAR	$ 123.92	$ 123.19	$ 118.18	$ 121.15	$ 5.74	$ 2.04	4.9 %	1.7 %

Changes from the three months ended September 30, 2023 March 31, 2024 compared with the three months ended September 30, 2022 March 31, 2023 were due to the following:

- *Revenues and RevPAR*. The increase in total revenues and RevPAR for our total portfolio and same-store portfolios during the third quarter of 2023 three months ended March 31, 2024 compared with the third quarter of 2022 three months ended March 31, 2023 was due to stable improving business transient and group demand, for continued strength in leisure travel, as well as improving corporate strong marketing and group demand resulting revenue management. The increase in steady improvement in revenues. We generated additional total revenues during and RevPAR for our total portfolio is also partially due to the third quarter of 2023 as a result net effect of the acquisitions of the Onera property that closed in late October 2022, Nordic Lodge - Steamboat Springs, CO and the Residence Inn - Scottsdale, AZ in June 2023, and the Nordic Lodge in June 2023 (collectively, the "Acquired Properties"). These revenue increases were partially offset by the sale disposition of a portfolio of four lodging properties in May 2023, (collectively, the "Sold Properties") disposition of the Hyatt Place - Baltimore (Owings Mills), MD in December 2023, and the disposition of the Hyatt Place - Dallas (Plano), TX during the three months ended March 31, 2024. On a same store basis, the improvements in our business resulted in an increase of approximately 2.2% 3.1% in occupancy, and 0.1% partially offset by a 1.3% decrease in average daily rate in during the third quarter of 2023, three months ended March 31, 2024, which resulted in a 2.4% 1.7% increase in same-store RevPAR. For the our total portfolio, we experienced an increase of approximately 2.4% 4.2% in our occupancy and a decrease an increase of 0.6% in average daily rate in during the third quarter of 2023 three months ended March 31, 2024 in comparison to the third quarter of 2022. three months ended March 31, 2023. This resulted in an increase in RevPAR of 2.9% 4.9% over the same period in the prior year. See "*Industry Trends and Outlook*" for further information.

- *Room Expenses*. Room expenses for our total portfolio were approximately the same essentially flat for the three months ended September 30, 2023 March 31, 2024 and 2022 2023 as a result of slightly higher room expenses for strong expense management as well as the net effect of transactions during the period, which included the acquisitions of the Nordic Lodge - Steamboat Springs, CO and the Residence Inn - Scottsdale, AZ in June 2023, partially offset by the disposition of a portfolio of four properties in May 2023, the disposition of the Hyatt Place - Baltimore (Owings Mills), MD in December 2023, and the sale of the Hyatt Place - Dallas (Plano), TX during the three months ended September 30, 2023, offset by one less property in the total portfolio for the three months ended September 30, 2023 in comparison with the three months ended September 30, 2022 March 31, 2024. Room expenses for our same-store portfolio increased less than the increase in same-store portfolio revenue despite higher occupancy during the three months ended September 30, 2023 in comparison to the three months ended September 30, 2022 by 1.7%, despite occupied room nights increasing by over 2% during the three months ended September 30, 2023 and on-going upward pressure on wages and other operating costs due to March 31, 2024 as a result of strong expense management at our hotel properties. management.

- *Food and beverage Beverage Revenues and Expenses*. Total portfolio and same-store food Food and beverage revenues increased during the three months ended September 30, 2023 March 31, 2024 as a result of an increase in occupancy across our portfolio during the current period.

  and an increase in group-related catering. The increases in food and beverage expenses for the total portfolio were generally consistent with the increases in food and same-store Food and beverage revenues as we have been able to increase food were partially offset by the disposition of a portfolio of four properties in May 2023 and beverage prices commensurate with the inflationary and other increases in food and beverage costs. sale of the Hyatt Place - Dallas (Plano), TX during the three months ended March 31, 2024.

- *Other lodging property operating Revenues and Expenses Other Lodging Property Operating Expenses.*. The increase in other lodging property operating Other revenues for the total portfolio and same-store resulted from user miscellaneous revenues, such as cancellation fees and marketplace purchases related to increased occupancy, and an increase in parking and resort fees. fees, and ancillary revenues driven by increased group demand. The increase in other lodging property operating expenses was attributable to increased marketing costs, labor costs, credit card commissions and other occupancy driven increases expenses resulting primarily from increased occupancy as compared with the same period of the prior year.

The following table includes is a comparison of other consolidated income and expenses for the three months ended September 30, 2023 compared with the three months ended September 30, 2022 (dollars in thousands): .

	For the Three Months Ended September 30,			
	2023	2022	Dollar Change	Percentage Change
Property taxes, insurance and other	$ 14,369	$ 13,373	$ 996	7.4 %
Management fees	4,177	4,308	(131)	(3.0)%
Depreciation and amortization	37,882	38,130	(248)	(0.7)%
Corporate general and administrative	8,126	6,532	1,594	24.4 %
Transaction costs	—	56	(56)	(100.0)%
Recoveries of credit losses	(250)	(850)	600	(70.6)%
Gain on disposal of assets, net	(16)	(5)	(11)	220.0 %
Interest expense	22,020	17,645	4,375	24.8 %
Interest income	474	65	409	629.2 %

Other income (loss), net	661	(481)	1,142	nm[1]
Income tax expense	1,360	210	1,150	547.6 %

	Three Months Ended March 31,			
	2024	2023	Dollar Change	Percentage Change
Property taxes, insurance and other	$ 14,285	$ 14,724	$ (439)	(3.0)%
Management fees	4,897	4,805	92	1.9 %
Depreciation and amortization	36,799	36,908	(109)	(0.3)%
Corporate general and administrative	8,311	8,005	306	3.8 %
Interest expense	21,582	20,909	673	3.2 %
Income tax expense (benefit)	217	(472)	689	nm[1]

[1] Not meaningful.

Changes from the three months ended September 30, 2023 March 31, 2024 compared with the three months ended September 30, 2022 March 31, 2023 were due to the following:

- *Property Taxes, Insurance and Other*. The increase decrease in Property taxes, insurance and other is primarily due to an increase in franchise taxes and property and casualty insurance, which was renewed in the first quarter of 2023 and the addition of the Acquired Properties to our portfolio, partially offset by a reduction in property tax expense due to the disposition refunds of the Sold Properties and $0.5 million as a result of successful appeal efforts to reduce property tax assessments.

- *Management Fees*. The decrease in Management fees assessments, coupled with a reduction of state franchise tax accruals during the current period is primarily due to the re-negotiation of property management agreements with two of our property managers that resulted in lower property management fees as well as the disposition of the Sold Properties in May of 2023, $0.5 million, partially offset by the addition of the Acquired Properties to our portfolio.

- *Depreciation and Amortization*. The decrease in Depreciation and amortization is due to the disposition of the Sold Properties, partially offset by the additional depreciation expense related to the Acquired Properties.

- *Corporate General and Administrative*. The increase in Corporate general and administrative expenses is primarily due to increases in corporate headcount and corporate office rent to support our growth and increases in professional fees during the three months ended September 30, 2023.

- *Transaction Costs.* Transaction costs for the three months ended September 30, 2022 relate to certain costs and expenses incurred in pursuit of potential hotel acquisitions that ultimately were not consummated.

- *Interest Expense*. Interest expense has increased during the three months ended September 30, 2023 due to higher base rates on our floating rate debt that is not hedged in comparison with the three months ended September 30, 2022. and the additional debt related to the Brickell Transaction which closed in June 2022.

- *Interest Income.* The increase in Interest income in the third quarter of 2023 compared with the same period in 2022 is primarily due to the Onera mezzanine loan that was executed during the first quarter of 2023.

- *Other Income (Loss), net*. Other income (loss), net for the three months ended September 30, 2023 consists primarily of the write-off of deferred financing costs related to the recast of our 2018 Senior Credit Facility and our $200 Million GIC Joint Venture Credit Facility (as defined in "*Note 5 - Debt*" to the Condensed Consolidated Financial Statements). Other income for the three months ended September 30, 2022 includes $1.1 million of debt defeasance costs and $0.8 million of casualty losses, offset by the realization of approximately $0.6 million of tax incentives related to the NCI Transaction, and $0.6 million of net tenant income.

- *Income Tax Expense.* Income taxes in interim quarters are based on an estimated annual effective tax rate. The Company recorded a $1.4 million income tax expense during the three months ended September 30, 2023, which represents an increase of $1.2 million when compared with the same period in the previous year. Seasonality in quarterly net income (loss), and changes in the forecasted earnings causes variability in income taxes recorded in each quarter.

Comparison of the Nine Months Ended September 30, 2023 with the Nine Months Ended September 30, 2022

The following table contains key operating metrics for our total portfolio for the nine months ended September 30, 2023 compared with the nine months ended September 30, 2022 (dollars in thousands, except ADR and RevPAR).

	For the Nine Months Ended September 30,			
	2023	2022	Dollar Change	Percentage Change

	Total Portfolio (101 properties)	Same-Store Portfolio (95 properties)	Total Portfolio (102 properties)	Same-Store Portfolio[1] (95 properties)	Total Portfolio (101/102 properties)	Same-Store Portfolio (95 properties)	Total Portfolio (101/102 properties)	Same-Store Portfolio (95 properties)
Revenues:								
Room	$ 498,982	$ 476,182	$ 455,747	$ 441,929	$ 43,235	$ 34,253	9.5 %	7.8 %
Food and beverage	30,848	23,975	22,180	19,725	8,668	4,250	39.1 %	21.5 %
Other	28,862	26,797	25,442	24,732	3,420	2,065	13.4 %	8.3 %
Total	$ 558,692	$ 526,954	$ 503,369	$ 486,386	$ 55,323	$ 40,568	11.0 %	8.3 %
Expenses:								
Room	$ 112,207	$ 105,900	$ 101,718	$ 97,356	$ 10,489	$ 8,544	10.3 %	8.8 %
Food and beverage	23,679	18,833	17,187	15,595	6,492	3,238	37.8 %	20.8 %
Other lodging property operating expenses	169,780	159,877	154,871	148,095	14,909	11,782	9.6 %	8.0 %
Total	$ 305,666	$ 284,610	$ 273,776	$ 261,046	$ 31,890	$ 23,564	11.6 %	9.0 %
Operational Statistics:								
Occupancy	72.6 %	72.9 %	70.1 %	70.4 %	n/a	n/a	3.6 %	3.6 %
ADR	$ 166.10	$ 166.01	$ 158.28	$ 159.50	$ 7.82	$ 6.51	4.9 %	4.1 %
RevPAR	$ 120.53	$ 120.99	$ 110.99	$ 112.29	$ 9.54	$ 8.70	8.6 %	7.7 %

[1] Operating results for the same-store portfolio of 95 properties for the nine months ended September 30, 2022 include the 26 hotel properties and two parking garages acquired in the first closing of the NCI Transaction on January 13, 2022 (the "First Closing Hotels") and exclude the acquisition of the Canopy New Orleans (the "Canopy"), which was acquired upon completion of construction in the second closing of the NCI Transaction on March 23, 2022. As such, the same-store operating results for the First Closing Hotels for the nine months ended September 30, 2022 include the operating results related to the prior owner for the period from January 1, 2022 through the first closing date of the NCI Transaction of January 13, 2022 (the "Pre-Ownership Results"). Operating results for the total portfolio of 102 properties for the nine months ended September 30, 2022 include actual operating results for the First Closing Hotels and the Canopy only from the closing dates of the NCI Transaction through September 30, 2022.

Changes from the nine months ended September 30, 2023 compared with the nine months ended September 30, 2022 were due to the following:

- *Revenues and RevPAR*. The increase in total revenues and RevPAR for our total portfolio during the nine months ended September 30, 2023 compared with the nine months ended September 30, 2022 was due to continued strength in leisure travel as well improving corporate and group demand resulting in steady improvement in revenues. We generated additional revenues during the nine months ended September 30, 2023 as a result of the acquisition of the Canopy New Orleans hotel upon completion of the second closing of the NCI Transaction at the end of March 2022 and the addition of the Acquired Properties to our portfolio. These revenue increases were partially offset by the disposition of properties during the nine months ended September 30, 2023 and 2022. Additionally, revenues for the nine months ended September 30, 2022 were negatively affected by the effect of the Omicron variant of COVID-19 in the first quarter of 2022. On a same store basis, the improvements in our business resulted in an increase of approximately 3.6% in occupancy and 4.1% in average daily rate during the nine months ended September 30, 2023, which resulted in a 7.7% increase in same-store RevPAR. For our total portfolio, we experienced an increase of approximately 3.6% in our occupancy and an increase of 4.9% in average daily rate during the nine months ended September 30, 2023 in comparison to the nine months ended September 30, 2022. This resulted in an increase in RevPAR of 8.6% over the same period in the prior year. See "*Industry Trends and Outlook*" for further information.

- *Room Expenses*. The increase in room expenses for both our total and the same-store portfolio is highly correlated to the increase in room revenues driven by increasing occupancy across our portfolio. Additional factors contributing to higher room expenses include higher wage rates, training, and contract labor needed to meet room demand. We also incurred additional operating expenses during the nine months ended September 30, 2023 as a result of the acquisition of the Canopy New Orleans hotel upon completion of the second closing of the NCI Transaction at the end of March 2022, and the addition of the Acquired Properties to our portfolio. These operating expense increases were partially offset by the disposition of properties during the nine months ended September 30, 2023 and 2022.

- *Food and beverage Revenues and Expenses*. Total portfolio and same-store food and beverage revenues increased during the nine months ended September 30, 2023 as a result of an expanded food and beverage offering and an increase in occupancy across our portfolio during the period. During the nine months ended September 30, 2022, we were still offering a limited food and beverage offering due to the effects of the Omicron variant of the COVID-19 virus. Additionally, we acquired the AC/Element Hotel in June 2022, which resulted in additional food and beverage revenues driven by the Rosa Sky bar during the nine months ended September 30, 2023.

  The increases in food and beverage expenses were generally consistent with the increases in food and beverage revenues as we have been able to increase food and beverage prices commensurate with the inflationary and other increases in food and beverage costs.

- *Other lodging property operating Revenues and Expenses*. The increase in other lodging property operating revenues for the total portfolio and same-store resulted from user fees related to increased occupancy and an increase in parking and resort fees. The increase in other lodging property operating expenses was attributable to increased marketing costs, labor costs, credit card commissions and other occupancy driven increases resulting primarily from increased occupancy as compared with the same period of the prior year.

The following table includes other consolidated income and expenses for the nine months ended September 30, 2023 compared with the nine months ended September 30, 2022 (dollars in thousands).

	For the Nine Months Ended September 30,			
	2023	2022	Dollar Change	Percentage Change
Property taxes, insurance and other	$ 43,308	$ 40,036	$ 3,272	8.2 %
Management fees	13,974	13,145	829	6.3 %
Depreciation and amortization	112,300	112,462	(162)	(0.1)%
Corporate general and administrative	25,225	23,743	1,482	6.2 %
Transaction costs	24	737	(713)	(96.7)%
Recoveries of credit losses	(500)	(1,100)	600	(54.5)%
(Loss) gain on disposal of assets, net	(336)	20,479	(20,815)	nm[1]
Interest expense	65,177	46,202	18,975	41.1 %
Interest income	1,190	1,461	(271)	(18.5)%
Other income (loss), net	458	1,638	(1,180)	(72.0)%
Income tax expense	1,679	4,647	(2,968)	(63.9)%

[1] Not meaningful.

Changes from the nine months ended September 30, 2023 compared with the nine months ended September 30, 2022 were due to the following:

- *Property Taxes, Insurance and Other*. The increase in Property taxes, insurance and other is primarily due to an increase in franchise taxes and property and casualty insurance which was renewed premiums of $0.4 million and a $0.1 million increase in the first quarter of 2023 and the addition of the Acquired Properties to our portfolio, partially offset by a reduction in property tax expense due to the disposition of properties during the nine months ended September 30, 2023 and 2022, and successful appeal efforts to reduce property tax assessments. variable lease expense.

- *Management Fees*. The increase in Management fees during the current period is primarily due to an consistent with the increase in revenues room revenue for the nine three months ended September 30, 2023 March 31, 2024 compared with the same period of the prior year year. Management fees increased during the current period due to the acquisitions of the Nordic Lodge - Steamboat, CO and the addition of the Acquired Properties to our portfolio that is Residence Inn - Scottsdale, AZ in June 2023, partially offset by the disposition of properties the Hyatt Place - Dallas (Plano), TX during the nine three months ended September 30, 2023 and 2022 March 31, 2024 and a re-negotiation of property management agreements with two of our properties managers in 2023 that resulted in lower property management fees.

- *Depreciation and Amortization*. Depreciation and amortization remained consistent between the nine three months ended September 30, 2023 March 31, 2024 and 2022, 2023, which is the net result of additional depreciation expense related to the acquisition acquisitions of the Canopy Hotel by Hilton in New Orleans in March 2022of the Nordic Lodge - Steamboat Springs, CO and the addition of Residence Inn - Scottsdale, AZ in June 2023, and capital expenditures on our lodging properties over the Acquired Properties to our portfolio prior twelve months, offset by a reduction in depreciation related to the disposition of the properties during the nine months ended September 30, 2023 and 2022, and the reclassification of six four hotel properties to Assets Held for Sale on December 31, 2022 December 31, 2023, which suspended depreciation expense from January during the first quarter of 2024, disposition of a portfolio of four properties in May 2023, to May 2023. the disposition of the Hyatt Place - Baltimore (Owings Mills), MD in December 2023, and the sale of the Hyatt Place - Dallas (Plano), TX during the three months ended March 31, 2024.

- *Corporate General and Administrative*. The increase in Corporate general and administrative expenses is primarily due to an increase in non-cash stock compensation expenses related to higher headcount and higher corporate office rent expense during the nine three months ended September 30, 2023 to support our growth and an increase in professional fees for the nine months ended September 30, 2023 March 31, 2024 compared with the nine three months ended September 30, 2022 March 31, 2023. The increase in Corporate general and administrative expenses was offset by an additional expense of $1.3 million recorded during the nine months ended September 30, 2022 related to the departure of the Company's former Executive Vice President and Chief Operating Officer in the first quarter of 2022.

- *Transaction Costs.* Transaction costs for the nine months ended September 30, 2022 primarily consist of expensed professional fees related to the NCI Transaction (See *"Note 3 - Investments in Lodging Property, net"* to the Condensed Consolidated Financial Statements) certain costs and other expenses incurred in pursuit of potential hotel acquisitions that ultimately were not consummated.

- *Interest Expense*. Interest expense increased during the nine three months ended September 30, 2023 March 31, 2024 due to higher base rates on our floating rate debt that is not hedged in comparison with the nine three months ended September 30, 2022 March 31, 2023, and the additional debt related to the Brickell Transaction which closed in June 2022.

- *Interest Income.* The decrease in Interest income partially offset by lower interest incurred during the nine three months ended September 30, 2023 March 31, 2024 due to lower average outstanding debt for the current period compared with the same period in 2022 is primarily due to a decrease resulting from the repayment of the mezzanine financing loan related to the Brickell Transaction in June 2022, partially offset by an increase in interest income related to the mezzanine financing loan to Onera which closed in January 2023.

- *Other Income, net*. The decrease in Other Income, net for the nine months ended September 30, 2023 is due to the write-off of deferred financing costs related to the recast of our 2018 Senior Credit Facility and our $200 Million GIC Joint Venture Credit Facility (as defined in "*Note 5 - Debt*" to the Condensed Consolidated Financial Statements). prior year.

- *Income Tax Expense. Expense (Benefit).* Income taxes in interim quarters are based on an estimated annual effective tax rate. The Company recorded $1.7 $0.2 million in income tax expense for the nine three months ended September 30, 2023 March 31, 2024, which represents a $3.0 decrease $0.7 increase from the nine three months ended September 30, 2022 March 31, 2023. Seasonality in quarterly net income (loss), and changes in the forecasted earnings causes variability in income taxes recorded in each quarter.

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 Generally Accepted Accounting Principles ("GAAP"). These measures are as follows: (i) Funds From Operations ("FFO") and Adjusted Funds from Operations ("AFFO"), (ii) Earnings before Interest, Taxes, Depreciation and Amortization ("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, the National Association of Real Estate Investment Trusts ("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, debt transaction costs, premiums on redemption of preferred shares, losses from net casualties, non-cash lease expense, non-cash interest income and non-cash income tax related adjustments to our deferred tax assets. Unless otherwise indicated, we present FFO and AFFO applicable to our Common Stock and Common Units. We present FFO and AFFO because we consider FFO and AFFO important supplemental measures of our operational performance and believe they are 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, 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 corporate depreciation and amortization expense, 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 alternatives to net income (loss) (computed in accordance with GAAP), as an indicator of our liquidity, nor are they indicative of funds available to meet our cash needs, including our ability to pay dividends or make distributions. Where indicated in this Quarterly Report on Form 10-Q, FFO is based on our computation of FFO and not the computation of Nareit-defined FFO unless otherwise noted.

The following is an unaudited reconciliation of our net loss, income (loss), determined in accordance with GAAP, to FFO and AFFO for the three and nine months ended September 30, 2023 and 2022 (in thousands, except per share/unit amounts):

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2023	2022	2023	2022
Net (loss) income	$ (5,769)	$ (1,041)	$ (6,849)	$ 13,299
	Three Months Ended March 31,			
	Three Months Ended March 31,			
	Three Months Ended March 31,			
	2024			
	2024			
	2024			
Net income (loss)				
Net income (loss)				
Net income (loss)				
Preferred dividends				
Preferred dividends				
Preferred dividends Preferred dividends	(3,968)	(3,968)	(11,906)	(11,906)

Distributions to and accretion of redeemable non-controlling interests	Distributions to and accretion of redeemable non-controlling interests	(656)	(656)	(1,970)	(1,866)
Distributions to and accretion of redeemable non-controlling interests					
Distributions to and accretion of redeemable non-controlling interests					
Loss (income) related to non-controlling interests in consolidated joint ventures		4,442	3,730	8,093	(5,219)
(Income) loss related to non-controlling interests in consolidated joint ventures					
(Income) loss related to non-controlling interests in consolidated joint ventures					
(Income) loss related to non-controlling interests in consolidated joint ventures					
Net loss applicable to Common Stock and Common Units					
Net loss applicable to Common Stock and Common Units					
Net loss applicable to Common Stock and Common Units	Net loss applicable to Common Stock and Common Units	(5,951)	(1,935)	(12,632)	(5,692)
Real estate-related depreciation	Real estate-related depreciation	36,697	36,804	108,751	108,959
Real estate-related depreciation					
Real estate-related depreciation					
Loss (gain) on disposal of assets and other dispositions, net		16	5	384	(20,479)
(Gain) loss on disposal of assets and other dispositions, net					
(Gain) loss on disposal of assets and other dispositions, net					
(Gain) loss on disposal of assets and other dispositions, net					
Adjustments related to non-controlling interests in consolidated joint ventures					
Adjustments related to non-controlling interests in consolidated joint ventures					
Adjustments related to non-controlling interests in consolidated joint ventures	Adjustments related to non-controlling interests in consolidated joint ventures	(8,093)	(6,789)	(23,911)	(13,077)
FFO applicable to Common Stock and Common Units	FFO applicable to Common Stock and Common Units	22,669	28,085	72,592	69,711
FFO applicable to Common Stock and Common Units					
FFO applicable to Common Stock and Common Units					
Recoveries of credit losses					
Recoveries of credit losses					
Recoveries of credit losses	Recoveries of credit losses	(250)	(850)	(500)	(1,100)

Amortization of debt issuance costs	Amortization of debt issuance costs	1,594	1,413	4,379	4,238
Amortization of debt issuance costs					
Amortization of debt issuance costs					
Amortization of franchise fees	Amortization of franchise fees	153	167	439	504
Amortization of franchise fees					
Amortization of franchise fees					
Amortization of intangible assets, net					
Amortization of intangible assets, net					
Amortization of intangible assets, net	Amortization of intangible assets, net	911	892	2,733	2,732
Equity-based compensation	Equity-based compensation	1,867	1,231	5,913	7,070
Transaction costs and other		—	56	24	737
Equity-based compensation					
Equity-based compensation					
Debt transaction costs					
Debt transaction costs					
Debt transaction costs	Debt transaction costs	90	1,131	352	1,166
Non-cash interest income, net	Non-cash interest income, net	(134)	—	(397)	(113)
Non-cash interest income, net					
Non-cash interest income, net					
Non-cash lease expense, net	Non-cash lease expense, net	106	115	368	374
Casualty losses, net		380	750	1,851	1,054
Non-cash lease expense, net					
Non-cash lease expense, net					
Casualty (gains) losses, net					
Casualty (gains) losses, net					
Casualty (gains) losses, net					
Deferred income tax (benefit) expense					
Deferred income tax (benefit) expense					
Deferred income tax (benefit) expense					
Other non-cash items, net					
Other non-cash items, net					
Other non-cash items, net					
Other non-cash items, net		—	—	768	—
Adjustments related to non-controlling interests in consolidated joint ventures					
Adjustments related to non-controlling interests in consolidated joint ventures					
Adjustments related to non-controlling interests in consolidated joint ventures	Adjustments related to non-controlling interests in consolidated joint ventures	(840)	(2,123)	(2,631)	(2,743)

AFFO applicable to Common Stock and Common Units	AFFO applicable to Common Stock and Common Units	$ 26,546	$ 30,867	$ 85,891	$ 83,630
AFFO applicable to Common Stock and Common Units					
AFFO applicable to Common Stock and Common Units					
FFO per share of Common Stock and Common Units					
FFO per share of Common Stock and Common Units					
FFO per share of Common Stock and Common Units	FFO per share of Common Stock and Common Units	$ 0.19	$ 0.23	$ 0.59	$ 0.57
AFFO per share of Common Stock and Common Units	AFFO per share of Common Stock and Common Units	$ 0.22	$ 0.25	$ 0.70	$ 0.69
AFFO per share of Common Stock and Common Units					
AFFO per share of Common Stock and Common Units					
Weighted-average diluted shares of Common Stock and Common Units:					
Weighted-average diluted shares of Common Stock and Common Units:					
Weighted-average diluted shares of Common Stock and Common Units:	Weighted-average diluted shares of Common Stock and Common Units:				
FFO(1) and AFFO (1) (2)	FFO(1) and AFFO (1) (2)	122,513	121,265	122,312	121,289
FFO(1) and AFFO (1) (2)					
FFO(1) and AFFO (1) (2)					

(1) The weighted-average diluted shares of Common Stock and Common Units used to calculate FFO and AFFO per share of Common Stock and Common Units for the three months ended September 30, 2023 March 31, 2024 and 2022 2023 includes the dilutive effect of our outstanding restricted stock awards. These shares were excluded from our weighted-average shares outstanding used to calculate net loss per share because they would have been antidilutive. The weighted-average shares of Common Stock and Common Units used to calculate FFO and AFFO per share of Common Stock and Common Units for the three and nine months ended September 30, 2023 March 31, 2024 and 2022 2023 exclude the potential dilution related to our Convertible Notes as we intend to settle the principal value of the Convertible Notes in cash.

(2) AFFO applicable to Common Stock and Common Units for the three and nine months ended September 30, 2023 March 31, 2024 and 2022 2023 has not been adjusted for interest related to our Convertible Notes for purposes of calculating AFFO per share of Common Stock and Common Units 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 share of Common Stock and Common Units 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.

(3) Loss on disposal of assets and other dispositions, net for the three months ended March 31, 2023 is recorded in Other income (loss) in our Condensed Consolidated Statement of Operations due to the nominal amount.

The following is an unaudited reconciliation of weighted-average diluted shares of Common Stock to non-GAAP weighted-average diluted shares of Common Stock and Common Units for FFO and AFFO (in thousands):

		Three Months Ended March 31,
		Three Months Ended March 31,
		Three Months Ended March 31,
	2024	
	2024	
	2024	

Weighted-average shares of Common Stock outstanding

Weighted-average shares of Common Stock outstanding

Weighted-average shares of Common Stock outstanding

Dilutive effect of unvested restricted stock awards

Dilutive effect of unvested restricted stock awards

Dilutive effect of unvested restricted stock awards

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
Dilutive effect of shares of Common Stock issuable upon conversion of convertible debt				
	2023	2022	2023	2022
Weighted-average shares of Common Stock outstanding	105,650	105,232	105,510	105,110
Dilutive effect of unvested restricted stock awards	44	49	187	195
Dilutive effect of Common Units of Operating Partnership	15,970	15,984	15,974	15,984
Dilutive effect of shares of Common Stock issuable upon conversion of convertible debt				
Dilutive effect of shares of Common Stock issuable upon conversion of convertible debt Dilutive effect of shares of Common Stock issuable upon conversion of convertible debt	24,801	24,086	24,557	24,086
Adjusted weighted diluted shares of Common Stock Adjusted weighted diluted shares of Common Stock	146,465	145,351	146,228	145,375
Adjusted weighted diluted shares of Common Stock				
Adjusted weighted diluted shares of Common Stock				
Non-GAAP adjustment for dilutive effects of Common Units				
Non-GAAP adjustment for dilutive effects of Common Units				
Non-GAAP adjustment for dilutive effects of Common Units				
Non-GAAP adjustment for dilutive effects of restricted stock awards				
Non-GAAP adjustment for dilutive effects of restricted stock awards				
Non-GAAP adjustment for dilutive effects of restricted stock awards Non-GAAP adjustment for dilutive effects of restricted stock awards	849	—	641	—

Non-GAAP adjustment for dilutive effect of shares of Common Stock issuable upon conversion of convertible debt	Non-GAAP adjustment for dilutive effect of shares of Common Stock issuable upon conversion of convertible debt	(24,801)	(24,086)	(24,557)	(24,086)
Non-GAAP adjustment for dilutive effect of shares of Common Stock issuable upon conversion of convertible debt					
Non-GAAP adjustment for dilutive effect of shares of Common Stock issuable upon conversion of convertible debt					
Non-GAAP weighted diluted share of Common Stock and Common Units	Non-GAAP weighted diluted share of Common Stock and Common Units	122,513	121,265	122,312	121,289
Non-GAAP weighted diluted share of Common Stock and Common Units					
Non-GAAP weighted diluted share of Common Stock and Common Units					

AFFO applicable to shares of Common Stock and Common Units increased by $2.3 million for the nine months ended September 30, 2023 due to a continued improvement in our operating performance (after adjusting for the gain on the sale of a hotel property during the nine months ended September 30, 2022) that has been primarily driven by leisure travel and improvements in other demand segments such as business transient and group travel. The increase in AFFO during the nine months ended September 30, 2023 was also the result of the acquisition of the Canopy New Orleans hotel upon completion of the second closing of the NCI Transaction at the end of March 2022 and the addition of the Acquired Properties to our portfolio. These increases in AFFO were partially offset by the disposition of properties during the nine months ended September 30, 2023 and 2022

AFFO applicable to shares of Common Stock and Common Units decreased by $4.3 $3.7 million for the three months ended September 30, 2023 March 31, 2024 in comparison with the three months ended March 31, 2023 primarily due to as a $4.4 million increase result of the improvement in interest expense our business that was primarily driven by improving demand for business transient and group travel and continued strength in leisure travel, and the acquisitions of the Nordic Lodge - Steamboat Springs, CO and the Residence Inn Scottsdale, AZ, in June 2023, partially offset by the sale of a portfolio of four properties in May 2023, the disposition of the Hyatt Place - Baltimore (Owings Mills), MD in December 2023 and the sale of the Hyatt Place - Dallas (Plano), TX during the current period compared with the same period of the prior year. three months ended March 31, 2024.

***EBITDA, EBITDA*re *and Adjusted EBITDA*re**

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.

*EBITDA*re *and Adjusted EBITDA*re

EBITDA*re* 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. 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 to measure 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, such as adjustments related to the provision for credit losses, because we believe that the exclusion of certain additional non-recurring or certain non-cash 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 an unaudited reconciliation of our net loss, income (loss), determined in accordance with GAAP, to EBITDA, EBITDA*re* and Adjusted EBITDA*re* for the three and nine months ended September 30, 2023 and 2022, , (in thousands):

		For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
		2023	2022	2023	2022
Net (loss) income		$ (5,769)	$ (1,041)	$ (6,849)	$ 13,299
		Three Months Ended March 31,			
		Three Months Ended March 31,			
		Three Months Ended March 31,			
		2024			
		2024			
		2024			
Net income (loss)					
Net income (loss)					
Net income (loss)					
Depreciation and amortization					
Depreciation and amortization					
Depreciation and amortization	Depreciation and amortization	37,882	38,130	112,300	112,462
Interest expense	Interest expense	22,020	17,645	65,177	46,202
Interest income		(150)	(14)	(390)	(20)
Income tax expense		1,360	210	1,679	4,647
Interest expense					
Interest expense					
Interest income on cash deposits					
Interest income on cash deposits					
Interest income on cash deposits					
Income tax expense (benefit)					
Income tax expense (benefit)					
Income tax expense (benefit)					
EBITDA					
EBITDA					
EBITDA	EBITDA	55,343	54,930	171,917	176,590
Loss (gain) on disposal of assets and other dispositions, net		16	5	384	(20,479)
(Gain) loss on disposal of assets and other dispositions, net					
(Gain) loss on disposal of assets and other dispositions, net					
(Gain) loss on disposal of assets and other dispositions, net					
EBITDA*re*	EBITDA*re*	55,359	54,935	172,301	156,111
EBITDA*re*					
EBITDA*re*					
Recoveries of credit losses					
Recoveries of credit losses					

Recoveries of credit losses	Recoveries of credit losses	(250)	(850)	(500)	(1,100)
Amortization of key money liabilities	Amortization of key money liabilities	(121)	(144)	(378)	(267)
Amortization of key money liabilities					
Amortization of key money liabilities					
Equity-based compensation					
Equity-based compensation					
Equity-based compensation	Equity-based compensation	1,867	1,231	5,913	7,070
Transaction costs and other		—	56	24	737
Debt transaction costs					
Debt transaction costs					
Debt transaction costs	Debt transaction costs	90	1,131	352	1,166
Non-cash interest income, net	Non-cash interest income, net	(134)	—	(397)	(113)
Non-cash interest income, net					
Non-cash interest income, net					
Non-cash lease expense, net	Non-cash lease expense, net	106	115	368	374
Casualty losses, net		380	750	1,851	1,054
Loss (income) related to non-controlling interests in consolidated joint ventures		4,442	3,730	8,093	(5,219)
Non-cash lease expense, net					
Non-cash lease expense, net					
Casualty (gains) losses, net					
Casualty (gains) losses, net					
Casualty (gains) losses, net					
(Income) loss related to non-controlling interests in consolidated joint ventures					
(Income) loss related to non-controlling interests in consolidated joint ventures					
(Income) loss related to non-controlling interests in consolidated joint ventures					
Other non-cash items, net	Other non-cash items, net	—	—	713	—
Other non-cash items, net					
Other non-cash items, net					
Adjustments related to non-controlling interests in consolidated joint ventures					
Adjustments related to non-controlling interests in consolidated joint ventures					
Adjustments related to non-controlling interests in consolidated joint ventures	Adjustments related to non-controlling interests in consolidated joint ventures	(15,424)	(13,736)	(44,760)	(25,082)
Adjusted EBITDA*re*	Adjusted EBITDA*re*	$ 46,315	$ 47,218	$ 143,580	$ 134,731
Adjusted EBITDA*re*					
Adjusted EBITDA*re*					

(1) Loss on disposal of assets and other dispositions, net for the three months ended March 31, 2023 is recorded in Other income (loss) in our Condensed Consolidated Statement of Operations due to the nominal amount.

The increase in Adjusted EBITDA*re* for the nine months ended September 30, 2023 in comparison with the nine months ended September 30, 2022 is primarily due to improvement in our operating performance in the current period over the same period in the prior year (after adjusting for the gain on the sale of a hotel property during the nine months ended September 30, 2022) that has been primarily driven by leisure travel and improvements in other demand segments such as business transient and group travel. The increase in EBITDA*re* during the nine months ended September 30, 2023 was also the result of the acquisition of the Canopy New Orleans hotel upon completion of the second closing of the NCI Transaction at the end of March 2022 and the addition of the Acquired Properties to our portfolio. These increases in EBITDA*re* were partially offset by the disposition of properties during the nine months ended September 30, 2023 and 2022.

The decrease in Adjusted EBITDA*re* for the three months ended September 30, 2023 March 31, 2024 in comparison with the three months ended September 30, 2022 March 31, 2023 is primarily due to higher corporate general a result of the improvement in our business that was primarily driven by improving demand for business transient and administrative group travel and insurance costs incurred continued strength in leisure travel, and the acquisitions of the Nordic Lodge - Steamboat Springs, CO and the Residence Inn Scottsdale, AZ, in June 2023 partially offset by the sale of a portfolio of four properties in May 2023, the disposition of the Hyatt Place - Baltimore (Owings Mills), MD in December 2023 and the sale of the Hyatt Place - Dallas (Plano), TX during the three months ended September 30, 2023 compared with the same period of the prior year, partially offset by lower property tax expense for the three months ended September 30, 2023 March 31, 2024.

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 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 dividends and distributions to our stockholders and unitholders when declared and paid. 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 equity-based compensation), which are generally paid from operating cash flows, were $6.3 $6.5 million and $5.3 million for each of the three months ended September 30, 2023 March 31, 2024 and 2022, and $19.3 million and $16.7 million for the nine months ended September 30, 2023 and 2022, respectively. 2023. 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 dividends and distributions, scheduled debt payments, including maturing loans, capital required for renovations and other non-recurring capital expenditures that periodically are made with respect to our lodging properties, and lease obligations.

Our sources of cash are primarily from operating cash flows, sales of lodging properties, principal and interest payments from borrowers on notes receivable, and debt financing.

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 September 30, 2023 March 31, 2024, we had $15.0 $55.0 million of outstanding borrowings under our $400 Million Revolver, $200.0 million outstanding on our $200 Million Term Loan, and $225.0 $200.0 million outstanding on our 2018 2024 Term Loan (each of such credit facilities are defined in "*Note 5 - Debt*" to the accompanying Condensed Consolidated Financial Statements). Each of the credit facilities was supported by the 53 52 lodging properties included in the credit facility borrowing base and a pledge of the equity securities in each of the entities that own the 53 lodging properties, and the respective TRS Lessees. base. We also had $287.5 million of Convertible Notes outstanding. We amended In April 2024, we repaid the 2018 Senior Credit Facility $55.0 million outstanding balance on our $400 Million Revolver from the net proceeds of the sale of a portfolio of two lodging properties in June 2023. New Orleans, LA.

For more information concerning the 2018 2023 Senior Credit Facility and its amendment, Term Loan Facility, see "*Note 5 - Debt*" to the accompanying Condensed Consolidated Financial Statements.

At September 30, 2023 March 31, 2024, the GIC Joint Venture had $200.0 million outstanding under our the GIC Joint Venture Credit Facility (defined in "*Note 5 - Debt*" to the accompanying Condensed Consolidated Financial Statements), which included borrowings of $75.0 million on its $75.0 million term loan $75 Million Term Loan and $125.0 million on its $125.0 million revolving line of credit. $125 Million Revolver. The GIC Joint Venture Credit Facility is secured primarily by a first priority pledge of the equity interests in the subsidiaries that own the 11-lodging 13-lodging property borrowing base assets, and the related TRS entities, which wholly own the TRS Lessees. See "*Note 5 - Debt*" to the accompanying Condensed Consolidated Financial Statements for additional information.

In September of 2023, the Company entered into an amendment to the GIC Joint Venture Credit Facility (the "GIC Joint Venture Credit Amendment"). The GIC Joint Venture Credit Amendment extends the maturity of the $125 Million Revolver and the $75 Million Term Loan to September 2027, which may be extended by the Company for a single twelve-month period, subject to certain conditions. For additional information, see "*Note 5 - Debt*" to the accompanying Condensed Consolidated Financial Statements for additional information.

In February 2023, we amended the GIC Joint Venture Credit Facility to provide for certain financial covenant waivers and adjustments as described in "*Note 5 – Debt*" to the Condensed Consolidated Financial Statements.

Our outstanding indebtedness requires us to comply with various financial and other covenants. At September 30, 2023 March 31, 2024, we and our GIC Joint Venture are in compliance with all loan covenants. However, a lender has asserted that we are in technical default under a mortgage loan. We believe that the lender's assertion of default is without merit. See "*Note 5 - Debt*" to the accompanying Condensed Consolidated Financial Statements related to our financing arrangements.

To complete the NCI Transaction during the first quarter of 2022, the GIC Joint Venture entered into a the $410.0 million senior secured term loan facility (the "GIC GIC Joint Venture Term Loan") Loan secured by the 27 lodging properties and two parking garages acquired in the transaction and assumed a PACE Property Assessed Clean Energy ("PACE") loan totaling $6.5 million. The GIC Joint Venture Term Loan has an accordion feature which provides for 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 on January 13, 2026 and can be extended for one twelve-month period at the GIC Joint Venture's option, subject to certain conditions. The GIC Joint Venture Term Loan is interest-only and provides for a floating interest rate equal to SOFR plus 2.86%. The outstanding balance of the PACE loan is $6.1 $6.0 million at September 30, 2023 March 31, 2024. See "*Note 5 - Debt*" to the accompanying Condensed Consolidated Financial Statements.

Additionally, the GIC Joint Venture has a mortgage loan outstanding totaling $12.8 $12.7 million at September 30, 2023 March 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 ("City National Bank") to finance the dual-branded 264-guestroom AC/Element Hotel. The City National Bank loan provides for an interest rate equal to one-month LIBOR 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 30, 2025. The City National Bank loan is prepayable at any time without penalty. The balance of the mortgage loan is $47.0 million at September 30, 2023 March 31, 2024. See "*Note 5 - Debt*" to the accompanying Condensed Consolidated Financial Statements.

As of September 30, 2023 March 31, 2024, we have scheduled debt principal amortization payments during the next twelve months totaling $2.4 million when taking into consideration extension options available to us. $16.4 million. Currently, we have the capacity to pay these 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 equity pledges, debt secured by first priority mortgage liens on certain lodging properties 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.

In February 2023, we amended the GIC Joint Venture Credit Facility to provide for certain financial covenant waivers and adjustments as described in "*Note 5 – Debt*" to the Condensed Consolidated Financial Statements.

Our outstanding indebtedness requires us to comply with various financial and other covenants. At September 30, 2023 March 31, 2024, we and our GIC Joint Venture are in compliance with all loan covenants. See "*Note 5 - Debt*" to the accompanying Condensed Consolidated Financial Statements related to our financing arrangements.

A summary of our gross debt at September 30, 2023 March 31, 2024 is as follows (dollars in thousands):

Lender	Lender	Interest Rate	Maturity Date	Number of Encumbered Properties	Principal Amount Outstanding
Lender					

Lender	Interest Rate	Initial Maturity Date	Fully Extended Maturity Date	Number of Encumbered Properties	Principal Amount Outstanding
<u>OPERATING PARTNERSHIP DEBT:</u> **<u>OPERATING PARTNERSHIP DEBT:</u>**					
2018 Senior Credit Facility					
2023 Senior Credit and Term Loan Facility					
2023 Senior Credit and Term Loan Facility					
2023 Senior Credit and Term Loan Facility					
Bank of America, NA Bank of America, NA					

$400 Million Revolver (1)(2)	7.37% Variable	June 21, 2027	n/a	$	15,000
$200 Million Term Loan (1)(2)	7.32% Variable	June 21, 2026	n/a		200,000
Bank of America, NA					
Bank of America, NA					
$400 Million Revolver (1)					
$400 Million Revolver (1)					
$400 Million Revolver (1)					
$200 Million Term Loan (1)					
Total Senior Credit and Term Loan Facility	Total Senior Credit and Term Loan Facility				215,000
Term Loans	***Term Loans***				
Term Loans					
Term Loans					
KeyBank National Association Term Loan (1)	7.16% Variable	February 14, 2025	n/a		225,000
Regions Bank Term Loan (1)					
Regions Bank Term Loan (1)					
Regions Bank Term Loan (1)					
Convertible Notes					
Convertible Notes					
Convertible Notes	***Convertible Notes*** 1.50% Fixed	February 15, 2026	n/a		287,500
Secured Mortgage Indebtedness	***Secured Mortgage Indebtedness***				
Secured Mortgage Indebtedness					
Secured Mortgage Indebtedness					
MetaBank					
MetaBank					
MetaBank	MetaBank 4.44% Fixed	July 1, 2027	3		42,915
Bank of the Cascades(3)	7.31% Variable	December 19, 2024	1		7,491
Bank of the Cascades(2)					
	4.30% Fixed	December 19, 2024			7,491
Bank of the Cascades(2)					
Bank of the Cascades(2)	4.30% Fixed				
Total Mortgage Loans	Total Mortgage Loans		4		57,897
					785,397
Total Mortgage Loans					
Total Mortgage Loans					799,616

JOINT VENTURE DEBT:					
JOINT VENTURE DEBT:					
JOINT VENTURE DEBT:	JOINT VENTURE DEBT:				
Brickell Joint Venture Mortgage Loan	*Brickell Joint Venture Mortgage Loan*				
Brickell Joint Venture Mortgage Loan					
Brickell Joint Venture Mortgage Loan					
City National Bank of Florida					
City National Bank of Florida					
City National Bank of Florida	City National Bank of Florida	8.33% Variable	June 9, 2025	2	47,000
GIC Joint Venture Credit Facility and Term Loans	*GIC Joint Venture Credit Facility and Term Loans*				
GIC Joint Venture Credit Facility and Term Loans					
GIC Joint Venture Credit Facility and Term Loans					
Bank of America, N.A.	Bank of America, N.A.				
$125 Million Revolver (4)		7.58% Variable	September 15, 2027	n/a	125,000
$75 Million Term Loan (4)		7.53% Variable	September 15, 2027	n/a	75,000
Bank of America, N.A. (5)		8.18% Variable	January 13, 2026	n/a	410,000
Bank of America, N.A.					
Bank of America, N.A.					
$125 Million Revolver (3)					
$125 Million Revolver (3)					
$125 Million Revolver (3)					
$75 Million Term Loan (3)					
Bank of America, N.A. (4)					
Wells Fargo	Wells Fargo	4.99% Fixed	June 6, 2028	1	12,848
PACE loan	PACE loan	6.10% Fixed	July 31, 2040	1	6,095
Total GIC Joint Venture Credit Facility and Term Loans	Total GIC Joint Venture Credit Facility and Term Loans			2	628,943
Total Joint Venture Debt	Total Joint Venture Debt			4	675,943
Total Debt	Total Debt			8	$ 1,461,340

(1) The 2018 2023 Senior Credit Facility and Term Loans are Loan Facility is supported by a borrowing base of 53 52 unencumbered hotel properties and a pledge of the equity securities of the entities that own and operate the 53 unencumbered hotels. properties.
(2) The maturity dates for the $400 Million Revolver and the $200 Million Term Loan each individually can be extended to June 21, 2028 at the Company's option, subject to certain conditions.
(3) The Bank of Cascades mortgage loan is comprised of two promissory notes that are secured by the same collateral and cross-defaulted.
(4) (3) The $125 Million Revolver and the $75 Million Term Loan are secured by pledges of the equity in the entities and affiliated entities that own 11 13 lodging properties. Each individually can be extended for a single twelve-month period through September 2028 at the option of the GIC Joint Venture, subject to certain conditions.
(5) (4) The GIC Joint Venture's $410 million term loan with Bank of America, N.A. Venture Term Loan is secured by pledges of the equity in the entities (and affiliated entities) that own 27 26 lodging properties.

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.

On March 24, 2023, In January 2024, subsidiaries of the GIC Joint Venture that are the borrowers under the GIC Joint Venture Term Loan entered into two a $100.0 million interest rate swaps swap to fix one-month term SOFR until January 2026. The interest rate swaps have swap has an effective date of July 1, 2023 October 1, 2024 and a termination date of January 13, 2026. Pursuant to the interest rate swaps, swap, we will pay a fixed rate of 3.35% 3.77% and receive the one-month term SOFR floating rate index.

During the nine three months ended September 30, 2023 March 31, 2024, the fair value of our interest rate swaps increased $10.2 $5.7 million due to an increase a change in interest rate expectations. Each interest rate swap fixes the interest rates on portions of our variable interest rate indebtedness and converts SOFR from a floating rate to average fixed rates ranging from 2.56% to 3.35% 3.77%.

Capital Expenditures

During the nine three months ended September 30, 2023 March 31, 2024, we funded $63.0 $18.1 million in capital expenditures ($52.0 15.3 million on a pro rata basis) at our lodging properties. We anticipate spending approximately $13.0 million $65.0 million to $23.0 million $85.0 million on capital expenditures on a pro rata basis during the remainder of 2023. 2024. We expect to fund these expenditures through a combination of cash flows from operations and borrowings under our $400 Million Revolver, or other potential sources of capital, to the extent available to us.

Cash Flows

Unaudited cash flow information for the nine months ended September 30, 2023 and 2022 is as follows (in thousands):

		Nine Months Ended September 30,		
		2023	2022	Change
		Three Months Ended March 31,		
		2024		
		2024		
		2024	2023	Change
Net cash provided by operating activities	Net cash provided by operating activities	$123,167	$135,681	$(12,514)
Net cash provided by operating activities				
Net cash provided by operating activities				
Net cash used in investing activities	Net cash used in investing activities	(84,335)	(257,405)	173,070
Net cash (used in) provided by financing activities		(34,065)	116,025	(150,090)
Net cash provided by financing activities				

Net change in cash, cash equivalents and restricted cash	Net change in cash, cash equivalents and restricted cash	$ 4,767	$ (5,699)	$ 10,466

Changes from the nine three months ended September 30, 2023 March 31, 2024 compared with the nine three months ended September 30, 2022 March 31, 2023 were due to the following:

- *Cash provided by operating activities*. Cash provided by operating activities for the nine three months ended September 30, 2023 March 31, 2024 was the result of net income of $116.1 million, after adjusting for non-cash items such as depreciation and amortization and equity-based compensation, and a net decrease in working capital of $7.0 million. Cash provided by operating activities for the nine months ended September 30, 2022 was the result of net income of $116.8 $43.5 million, after adjusting for non-cash items such as depreciation and amortization and equity-based compensation, and a net increase in working capital of $18.8 $15.4 million. Cash provided by operating activities for the three months ended March 31, 2023 was the result of net income of $37.8 million, after adjusting for non-cash items such as depreciation and amortization and equity-based compensation, and a net increase in working capital of $5.8 million. The change in working capital for the first quarter of 2024 was primarily due to prepayment in full of insurance premiums during the period totaling approximately $10.7 million.

- *Cash used in investing activities*. The decrease in cash used in investing activities was primarily due to the net effect of property acquisitions and dispositions and capital expenditures related to hotel property renovations during each period. We closed period, offset by the NCI Transaction in proceeds from the sale of the Hyatt Place - Dallas (Plano), TX during the first quarter of 2022 and the sale of the sale of the Hilton Garden Inn San Francisco Airport North in May 2022. Cash used in investing activities during the nine months ended September 30, 2023 primarily related to renovation capital during the period, the funding of the Onera Mezzanine Loan (see "*Note 3 - Investments in Lodging Property, net*" to the Condensed Consolidated Financial Statements), and the acquisitions during the nine months ended September 30, 2023 of the Residence Inn by Marriott in Scottsdale, AZ and the Nordic Lodge in Steamboat, CO, partially offset by the sale of a portfolio of four lodging properties in May 2023. 2024.

- *Cash (used in) provided by financing activities.* Cash used in financing activities for the nine three months ended September 30, 2023 March 31, 2024 was primarily related to net borrowings on our line of credit of $55.0 million (net of repayments), partially offset by the payment of dividends and distributions of approximately $42.3 $12.0 million, and the payment of principal on our term loans of $33.5 million, financing costs of approximately $10.3 $2.4 million related to the amendment of our 2018 Senior Credit Facility 2024 Term Loan and our $200 Million GIC Joint Venture Credit Facility (as defined in "*Note 5 - Debt*" to the accompanying Condensed Consolidated Financial Statements), partially offset by contributions by our GIC Joint Venture partner of $20.3 million, and $0.8 million related to shares acquired for employee withholding requirements.

  Cash provided by financing activities for the nine three months ended September 30, 2022 March 31, 2023 was primarily related to net borrowings on our line of credit of $15.0 million and the net result sale of contributions by preferred stock in our GIC Joint Venture partner of $204.1 million related to $1.4 million, offset by the NCI Transaction and net borrowings and payment of dividends of $9.5 million, principal payments of term debt of $0.7 million, financing costs of approximately $10.4 million $0.6 million, distributions to our joint venture partners of $0.8 million, and $1.3 million related to transactions closed during the nine months ended September 30, 2022, partially offset by dividends and distributions of approximately $96.7 million. shares acquired for employee withholding requirements.

Critical Accounting Policies

For critical accounting policies, see *"Note 2 - Basis of Presentation and Significant Accounting Policies"* to the accompanying Condensed Consolidated Financial Statements. Statements and our Annual Report on Form 10-K for the year ended December 31, 2023.

Cybersecurity

The hospitality industry and certain of the major brand and franchise companies have in the past experienced cybersecurity breaches. We are not aware of any material cybersecurity losses at any of our properties. Cybersecurity risks at our lodging properties are managed through our franchisors and property management companies. An important part of our cybersecurity risk mitigation efforts includes maintaining cybersecurity insurance and indemnifications in certain of our property management agreements. Our Board board of Directors, directors, primarily through the Audit Committee, audit committee, oversees management's approach to managing cybersecurity risks.

Item 3. Quantitative and Qualitative Disclosures about 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 As of July 1, 2023, all of our outstanding loans are now indexed to SOFR. Therefore, our primary interest rate exposure is to SOFR. We primarily use derivative financial instruments to manage interest rate risk.

In July 2017, the Financial Conduct Authority (“FCA”) that regulates LIBOR announced it intends to stop compelling banks to submit rates for the calculation of LIBOR after 2021. As a result, the Federal Reserve Board and the Federal Reserve Bank of New York organized the Alternative Reference Rates Committee, which identified SOFR as its preferred alternative to USD-LIBOR in derivatives and other financial contracts. The transition from LIBOR to SOFR or another benchmark interest rate may result in a different calculation of our variable interest rates that are currently indexed to LIBOR. As of July 1, 2023, all of our outstanding loans are now indexed to SOFR.

At September 30, 2023 March 31, 2024, we were party to six seven interest rate derivative agreements, of which six were in effect, pursuant to which we receive variable-rate payments in exchange for making fixed-rate payments (dollars in thousands):

Contract date	Contract date	Effective Date	Expiration Date	Average Annual Effective Fixed Rate	Notional Amount	Contract date	Effective Date	Expiration Date	Average Annual Effective Fixed Rate	Notional Amount
Operating Partnership:	**Operating Partnership:**									
June 11, 2018										
June 11, 2018										
June 11, 2018	June 11, 2018	September 28, 2018	September 30, 2024	2.86 %	$ 75,000					
June 11, 2018	June 11, 2018	December 31, 2018	December 31, 2025	2.92 %	125,000					
July 26, 2022	July 26, 2022	January 31, 2023	January 31, 2027	2.60 %	100,000					
July 26, 2022	July 26, 2022	January 31, 2023	January 31, 2029	2.56 %	100,000					
Total Operating Partnership	Total Operating Partnership				400,000					
GIC Joint Venture:	**GIC Joint Venture:**									
GIC Joint Venture:										
GIC Joint Venture:										
March 24, 2023	March 24, 2023	July 1, 2023(2)	January 13, 2026	3.35 %	100,000					
March 24, 2023	March 24, 2023	July 1, 2023(2)	January 13, 2026	3.35 %	100,000					
March 24, 2023										
March 24, 2023										
January 19, 2024										
Total GIC Joint Venture	Total GIC Joint Venture				200,000					
					$600,000					
Total										

At September 30, 2023 March 31, 2024, after giving effect to our interest rate derivative agreements, $956.8 $956.0 million, or 65%, of our consolidated debt had fixed interest rates and $504.5 $511.4 million, or 35%, had variable interest rates. At September 30, 2023 March 31, 2024, debt related to our wholly-owned properties and our pro rata share of joint venture debt has a fixed-rate debt ratio of approximately 74%73% of our total pro rata indebtedness when taking into consideration interest rate swaps.

At December 31, 2022, In April 2024, after giving effect to our interest rate derivative agreements, $758.4 million, or 52%, repayment of the outstanding $55.0 million balance of our debt had fixed interest rates $400 Million Revolver from the proceeds of the sale of a portfolio of two lodging properties in New Orleans, LA and $704.7 million, or 48% a $6.0 million paydown to the GIC Joint Venture Term Loan from the proceeds of the sale of the Hilton Garden Inn - Bryan (College Station), had variable interest rates. At December 31, 2022, TX, debt related to our wholly-owned properties and our pro rata share of joint venture debt had has a fixed-rate debt ratio of approximately 65% 77% of our total pro rata indebtedness when taking into consideration interest rate swaps.

Taking into consideration our existing interest rate swaps an increase or decrease in interest rates of 1.0% would decrease or increase, respectively, our cash flows by approximately $5.0 $5.1 million per year. See "*Note 7 - Derivative Financial Instruments and Hedging"* to the accompanying Condensed Consolidated Financial Statements for additional information.

As our fixed-rate debts mature, they will become subject to interest rate risk. In addition, as our variable-rate debts mature, lenders may impose interest rate floors on new financing arrangements because of the low interest rates experienced during the past few years. As of September 30, 2023 March 31, 2024, we have scheduled debt principal amortization payments during the next twelve months totaling $2.4 million when taking into consideration extension options available to us. $16.4 million.

On March 24, 2023, In January 2024, subsidiaries of the GIC Joint Venture that are the borrowers under the GIC Joint Venture Term Loan entered into two a $100.0 million interest rate swaps swap to fix one-month term SOFR until January 2026. The interest rate swaps have swap has an effective date of July 1, 2023 October 1, 2024 and a termination date of January 13, 2026. Pursuant to the interest rate swaps, swap, we will pay a fixed rate of 3.35% 3.77% and receive the one-month term SOFR floating rate index.

Item 4. Controls and Procedures.

Controls and Procedures

Disclosure Controls and Procedures

Our management team 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 September 30, 2023 March 31, 2024. Based on that evaluation, our Chief Executive Officer and our Chief Financial Officer concluded that, as of September 30, 2023 March 31, 2024, our disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's Security Exchange Commission's rules and forms, and that such information is accumulated and communicated to our management to allow timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting during the three-month period covered by this Quarterly Report on Form 10-Q, which were identified in connection with management's evaluation required by Rules 13a-15(d) and 15d-15(d) under the Exchange Act, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II — OTHER INFORMATION

Item 1. 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 financial position or results of operations.

Item 1A. Risk Factors.

There have been no material changes from the risk factors disclosed in the "Risk Factors" section of our Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

None.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

During the quarter ended September 30, 2023 March 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 6. Exhibits.

The following exhibits are filed as part of this report:

Exhibit Number	Description of Exhibit
10.1	$200 Million Credit Agreement dated September 15, 2023 February 26, 2024 among Summit JV MR 1, LLC, Hotel OP, LP as borrower, Summit Hospitality JV, LP, Hotel Properties, Inc., as parent, each subsidiary of the borrower executing the credit facility documentation as a guarantor, various initial lenders, Regions Bank of America, N.A., as administrative agent, and BofA Securities, Inc., Regions Capital Markets and Capital One, National Association as sole lead arranger and sole bookrunner. joint bookrunners.
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.
101.INS	The instance document does not appear in the interactive data file because its XBRL tags are embedded within the inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document (1)
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document (1)
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document (1)
101.LAB	Inline XBRL Taxonomy Extension Labels Linkbase Document (1)
101.PRE	Inline XBRL Taxonomy Presentation Linkbase Document (1)
104	Cover Page Interactive Data File (the cover page interactive data file does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document)

† - Filed herewith
†† - Furnished herewith
(1) - Submitted electronically herewith

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: November 1, 2023 May 1, 2024

By: /s/ William H. Conkling

William H. Conkling
Executive Vice President and Chief Financial Officer
(principal financial officer)

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Exhibit 31.1

Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Jonathan P. Stanner, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Summit Hotel Properties, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)), and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)), for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statement for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures, and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by the report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 1, 2023 May 1, 2024

/s/ Jonathan P. Stanner

Jonathan P. Stanner
President, Chief Executive Officer and Director
(principal executive officer)

Exhibit 31.2

Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, William H. Conkling, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Summit Hotel Properties, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)), and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)), for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statement for external purposes in accordance with generally accepted accounting principles;

c. Evaluated the effectiveness of the registrant's disclosure controls and procedures, and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by the report based on such evaluation; and

d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 1, 2023 May 1, 2024

/s/ William H. Conkling

William H. Conkling
Executive Vice President and Chief Financial Officer
(principal financial officer)

Exhibit 32.1

Certification Pursuant To
18 U.S.C. Section 1350,
as Adopted Pursuant to
Section 906 of The Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of Summit Hotel Properties, Inc. (the "Company") on Form 10-Q for the fiscal quarter ended September 30, 2023 March 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Jonathan P. Stanner, President, Chief Executive Officer and Director of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 1, 2023 May 1, 2024

/s/ Jonathan P. Stanner

Jonathan P. Stanner
President, Chief Executive Officer and Director
(principal executive officer)

Exhibit 32.2

Certification Pursuant To
18 U.S.C. Section 1350,
as Adopted Pursuant to

Section 906 of The Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of Summit Hotel Properties, Inc. (the "Company") on Form 10-Q for the fiscal quarter ended September 30, 2023 March 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, William H. Conkling, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 1, 2023 May 1, 2024

/s/ William H. Conkling

William H. Conkling
Executive Vice President and Chief Financial Officer
(principal financial officer)

DISCLAIMER

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