BARNES SYLVIA K.
Form 3
February 15, 2018

FORM 3

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

OMB APPROVAL	
OMB Number:	3235-0104
Expires:	January 31, 2005
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INITIAL STATEMENT OF BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
Â BARNES SYLVIA K.
(Last) (First) (Middle)

123 ROBERT S. KERR AVE
(Street)

OKLAHOMA CITY,Â OKÂ 73102
(City) (State) (Zip)

2. Date of Event Requiring Statement (Month/Day/Year)
02/08/2018

3. Issuer Name **and** Ticker or Trading Symbol
SANDRIDGE ENERGY INC [SD]

4. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

_____ Director _____ 10% Owner
_____ Officer (give title below) _____ Other (specify below)

5. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Beneficially Owned

1.Title of Security (Instr. 4)	2. Amount of Securities Beneficially Owned (Instr. 4)	3. Ownership Form: Direct (D) or Indirect (I) (Instr. 5)	4. Nature of Indirect Beneficial Ownership (Instr. 5)

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

SEC 1473 (7-02)

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

Table II - Derivative Securities Beneficially Owned (*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 4)	2. Date Exercisable and Expiration Date (Month/Day/Year)		3. Title and Amount of Securities Underlying Derivative Security (Instr. 4)		4. Conversion or Exercise Price of Derivative Security	5. Ownership Form of Derivative Security: Direct (D) or Indirect (I) (Instr. 5)	6. Nature of Indirect Beneficial Ownership (Instr. 5)
	Date Exercisable	Expiration Date	Title	Amount or Number of Shares			

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
BARNES SYLVIA K. 123 ROBERT S. KERR AVE OKLAHOMA CITY,Â OKÂ 73102	Â	Â	Â	Â

Signatures

by: Dustin Crawford, Power of Attorney	02/15/2018
**Signature of Reporting Person	Date

Explanation of Responses:

No securities are beneficially owned

* If the form is filed by more than one reporting person, *see* Instruction 5(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *See* Instruction 6 for procedure.
Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. EIGHT: bold">(5,867,522) (20,718,322) (17,779,140)

INCOME (LOSS) FROM DISCONTINUED OPERATIONS	-	-	-	1,464,808
NET INCOME (LOSS) BEFORE INCOME TAXES	(6,501,790)	(5,867,522)	(20,718,322)	(16,314,332)
INCOME TAX (EXPENSE) BENEFIT	2,324,983	(339,034)	(202,163)	-
NET INCOME (LOSS)	(4,176,807)	(6,206,556)	(20,920,485)	(16,314,332)
NET INCOME (LOSS) ATTRIBUTABLE TO NONCONTROLLING INTEREST	(1,239,715)	-	-	-
NET INCOME (LOSS) ATTRIBUTABLE TO SUMMIT HOTEL PROPERTIES, INC./PREDECESSOR	(2,937,092)	(6,206,556)	(20,920,485)	(16,314,332)
PREFERRED DIVIDENDS	(411,120)	-	-	-
NET INCOME (LOSS) ATTRIBUTABLE TO COMMON STOCKHOLDERS/MEMBERS	$(3,348,212)	$(6,206,556)	$(20,920,485)	$(16,314,332)
Net income (loss) per share:				
Basic and diluted				$(0.12)
Weighted-average common shares outstanding:				
Basic and diluted				27,278,000

(See Notes to Consolidated Financial Statements)

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

decessor	# of Shares of Preferred Stock	Preferred Stock	# of Shares of Common Stock	Common Stock	Additional Paid-In Capital	Accumulated Deficit and Distributions	Total Stockholders'/ Members' Equity	Noncontrolling Interest	Total Equity
LANCES, NUARY 1, 09	-	-	-	-	-	-	$89,385,223	$(1,624,463)	$87,760,760
ss A-1 ts issued	-	-	-	-	-	-	22,123,951	-	22,123,95
t income ss)	-	-	-	-	-	-	(16,314,332)	-	(16,314,33
tributions nembers	-	-	-	-	-	-	(12,271,067)	-	(12,271,06
LANCES, CEMBER 2009	-	-	-	-	-	-	$82,923,775	$(1,624,463)	$81,299,31
t income ss)	-	-	-	-	-	-	(20,920,485)	-	(20,920,48
tributions nembers	-	-	-	-	-	-	(535,261)	-	(535,261
LANCES, CEMBER 2010	-	-	-	-	-	-	$61,468,029	$(1,624,463)	$59,843,56
t income ss)	-	-	-	-	-	-	(6,206,556)	-	(6,206,556
tributions nembers	-	-	-	-	-	-	(8,282,935)	-	(8,282,935
LANCES, BRUARY 2011	-	-	-	-	-	-	$46,978,538	$(1,624,463)	$45,354,07

mmit Hotel perties, .									
uity from decessor	-	$-	-	$-	$-	$-	$-	$45,354,075	$45,354,07
t proceeds m sale of nmon stock	-	-	27,278,000	272,780	240,567,678	-	240,840,458	-	240,840,4
t proceeds m sale of ferred ck	2,000,000	20,000	-	-	47,855,094	-	47,875,094	-	47,875,09
vidends d	-	-	-	-	-	(8,083,059)	(8,083,059)	(2,840,625)	(10,923,68
uity-based npensation	-	-	-	-	479,559	-	479,559	-	479,559
t income ss)	-	-	-	-	-	(2,937,092)	(2,937,092)	(1,239,715)	(4,176,807
LANCES, CEMBER 2011	2,000,000	$20,000	27,278,000	$272,780	$288,902,331	$(11,020,151)	$278,174,960	$41,273,735	$319,448,69

(See Notes to Consolidated Financial Statements)

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

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

CASH AND CASH EQUIVALENTS			
BEGINNING OF PERIOD	7,977,418	8,239,225	18,153,435
END OF PERIOD	$10,537,132	$7,977,418	$8,239,225

(See Notes to Consolidated Financial Statements)

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

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

(See Notes to Consolidated Financial Statements)

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

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

(See Notes to Consolidated Financial Statements)

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

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

INCOME TAX (EXPENSE) BENEFIT	2,324,983	(339,034)	(202,163)	-
NET INCOME (LOSS)	(4,176,807)	(6,206,556)	(20,920,485)	(16,314,332)
PREFERRED DIVIDENDS	(411,120)	-	-	-
NET INCOME (LOSS) ATTRIBUTABLE TO COMMON UNIT HOLDERS	(4,587,927)	(6,206,556)	(20,920,485)	(16,314,332)
Net income (loss) per common unit:				
Basic and diluted	$(0.12)			
Weighted-average common units outstanding:				
Basic and diluted	37,378,000			

(See Notes to Consolidated Financial Statements)

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

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

BALANCES, DECEMBER 31, 2011

(See Notes to Consolidated Financial Statements)

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

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

CASH AND CASH EQUIVALENTS			
BEGINNING OF PERIOD	7,977,418	8,239,225	18,153,435
END OF PERIOD	$10,537,132	$7,977,418	$8,239,225

(See Notes to Consolidated Financial Statements)

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

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

(See Notes to Consolidated Financial Statements)

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SUMMIT HOTEL PROPERTIES, INC., SUMMIT HOTEL OP, LP, AND SUMMIT HOTEL PROPERTIES, LLC (PREDECESSOR)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2011, 2010 and 2009

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES AND BUSINESS

Basis of Presentation

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

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

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

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

Explanation of Responses:

Use of Estimates

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

Consolidation

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

Cash and Cash Equivalents

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

Receivables and Credit Policies

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

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

Property and Equipment

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

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

Capitalized Development and Interest Costs

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

Acquisitions

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

Assets Held for Sale

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

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

Long-Lived Assets and Impairment

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

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

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

Deferred Charges

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

Restricted Cash

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

Reclassifications

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

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

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

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

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

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

New Accounting Pronouncements

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

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

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

Revenue Recognition

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

Concentrations of Credit Risk

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

Sales Taxes

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

Fair Value

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

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

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

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

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

Equity-Based Compensation

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

Tax Status

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

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

NOTE 2 - INITIAL PUBLIC OFFERING

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

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NOTE 3 - PREFERRED STOCK OFFERING

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

NOTE 4 - RESTRICTED CASH

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

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

NOTE 5 - PREPAID EXPENSES AND OTHER

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

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

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NOTE 6 - PROPERTY AND EQUIPMENT

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

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

NOTE 7 - ACQUISITIONS

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

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

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

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NOTE 8 - DEFERRED CHARGES AND OTHER ASSETS

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

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

Future amortization expense is expected to be approximately:

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

NOTE 9 - OTHER NONCURRENT ASSETS

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

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

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NOTE 10 - ACCRUED EXPENSES

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

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

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NOTE 11 - DEBT OBLIGATIONS

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

Payee		Interest Rate	Maturity Date	2011	2010
Lehman Brothers Bank		Fixed (5.4025%)	1/11/2012	$ -	$ 76,829,078
ING Investment Management	a)	Fixed (5.60%)	4/1/2012	27,645,831	28,901,411
	b)	Fixed (6.10%)	7/1/2012	28,158,119	29,321,614
	c)	Fixed (6.61%)	11/1/2013	6,046,891	6,235,813
	d)	Fixed (6.34%)	7/1/2012	7,655,240	7,896,366
				69,506,081	72,355,204
National Western Life Insurance	e)	Fixed (8.0%)	1/1/2015	13,196,954	13,631,222
Chambers Bank	f)	Fixed (6.5%)	6/24/2012	1,506,652	1,594,177
Bank of the Ozarks	g)	Variable (6.75% at 12/31/11 and 6.75% at 12/31/10)	6/29/2012	6,333,971	6,435,774
MetaBank	h)	Variable (5.0% at 12/31/11 and 5.0% at 12/31/10)	3/1/2012	7,057,770	7,286,887
BNC National Bank	i)	Fixed (5.01%)	11/1/2013	5,518,845	5,719,872
	j)	Fixed (4.81%)	4/1/2016	5,699,850	5,814,136
				11,218,695	11,534,008
Marshall & Ilsley Bank		Variable (5.0% at 12/31/10)	6/30/2011	-	9,895,727
			3/31/2011	-	11,524,451
				-	21,420,178
General Electric Capital Corp.	k)	Variable (4.08% at 12/31/11 and 2.05% at 12/31/10)	4/1/2018	8,315,294	8,685,517
	l)		3/1/2019	10,708,600	11,033,293

			Variable (4.08% at 12/31/11 and 2.1% at 12/31/10)			
	m	)	Variable (4.08% at 12/31/11 and 2.85% at 12/31/10)	4/1/2014	10,860,148 29,884,042	11,182,794 30,901,604
Fortress Credit Corp.			Variable(10.75% at 12/31/10)	3/5/2011	-	86,722,869
First National Bank of Omaha			Variable (5.5% at 12/31/10)	7/31/2011	-	38,375,633
First National Bank of Omaha	n	)	Variable (5.25% at 12/31/11 and 5.25% at 12/31/10)	7/1/2013	15,137,035	15,588,572
First National Bank of Omaha	n	)	Variable (5.25% at 12/31/11 and 5.25% at 12/31/10)	2/1/2014	8,551,430	8,646,361
Bank of Cascades	o	)	Fixed (4.66%)	9/30/2021	12,557,412	12,623,347
Compass Bank	p	)	Variable (4.5% at 12/31/11 and 4.5% at 12/31/10)	5/17/2018	16,083,173	16,492,293
Goldman Sachs	q	)	Fixed (5.67%)	7/6/2016	14,644,044	-
Deutsche Bank	r	)	Variable (3.8% at 12/31/11)	4/29/2014	11,426,469	-
	Total mortgages and notes payable				217,103,728	420,437,207

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

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

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

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

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

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

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

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

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

Explanation of Responses:

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

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

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

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

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

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

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

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

Explanation of Responses:

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

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

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

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

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

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

Explanation of Responses:

SUMMIT HOTEL PROPERTIES, INC., SUMMIT HOTEL OP, LP, AND SUMMIT HOTEL PROPERTIES, LLC (PREDECESSOR)
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As previously reported, we utilized a portion of the net proceeds from the IPO and concurrent private placement to pay down outstanding mortgage indebtedness. During the three months ended March 31, 2011, we utilized approximately $227.2 million of such net proceeds to reduce outstanding mortgage indebtedness and pay associated costs, as follows:

approximately $89.3 million to repay in full a loan from Fortress Credit Corp., including approximately $2.1 million of exit fees, interest and legal fees;

approximately $78.2 million to repay in full a loan originally made by Lehman Brothers Bank, including approximately $1.4 million to pay an extinguishment premium and other transaction costs;

approximately $21.4 million to repay in full two loans from Marshall & Isley Bank; and

approximately $38.3 million to repay in full two loans from First National Bank of Omaha.

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

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

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

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

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NOTE 12 - DISCONTINUED OPERATIONS

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

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

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

NOTE 13 - NONCONTROLLING INTERESTS

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

Units may be adjusted upon the occurrence of certain events such as share dividends, share subdivisions or combinations.

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

NOTE 14 - EQUITY

Common Shares

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

Preferred Shares

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

NOTE 15 - BENEFIT PLANS

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

NOTE 16 - EQUITY-BASED COMPENSATION

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

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

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

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

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

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

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

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

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

SUMMIT HOTEL PROPERTIES, INC., SUMMIT HOTEL OP, LP, AND SUMMIT HOTEL PROPERTIES, LLC (PREDECESSOR)
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NOTE 17 - EARNINGS (LOSS) PER SHARE

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

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

NOTE 18 - COMMITMENTS AND CONTINGENCIES

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

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

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

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

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

NOTE 19 - INCOME TAXES

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

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

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

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

	Summit Hotel Properties, Inc.	Summit Hotel Properties, LLC (Predecessor)		
	Period 2/14/11 through 12/31/11	Period 1/1/11 through 2/13/11	2010	2009
Current:				
Federal	$-	$-	$-	$-
State and local	(129,163)	339,034	202,163	-

Deferred:				
Federal (34%)	(1,866,447)	-	-	-
State and local (6%)	(329,373)	-	-	-
	$(2,324,983)	$339,034	$202,163	$-

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

SUMMIT HOTEL PROPERTIES, INC., SUMMIT HOTEL OP, LP, AND SUMMIT HOTEL PROPERTIES, LLC (PREDECESSOR)
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For Federal income tax purposes, the cash distributions paid to the Company's common shareholders and preferred shareholders may be characterized as ordinary income, return of capital (generally non-taxable) or capital gains.

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

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

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

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

NOTE 20 - SUBSEQUENT EVENTS

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

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

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

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SUMMIT HOTEL PROPERTIES, INC., SUMMIT HOTEL OP, LP, AND SUMMIT HOTEL PROPERTIES, LLC (PREDECESSOR)
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NOTE 21 - SELECTED QUARTERLY FINANCIAL DATA (UNAUDITED)

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

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

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

Summit Hotel Properties, LLC (Predecessor)
Three Months Ended

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

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

			Initial Cost			Total Cost					
Location	Franchise	Year Acquired/ Constructed	Land	Building & Improvements	Cost Capitalized Subsequent to Acquisition	Land	Building & Improvements	Total	Accumulated Depreciation	Total Cost Net of Accumulated Depreciation	Mo D
Atlanta, GA	Hyatt Place	2006	$1,154	$9,605	$2,970	$1,154	$12,575	$13,729	$(3,769)	$9,960	$8,5
Baton Rouge, LA	DoubleTree	2008	1,100	14,063	800	1,100	14,863	15,963	(2,728)	13,235	10
Baton Rouge, LA	Fairfield Inn by Marriott	2004	345	3,057	638	345	3,695	4,040	(1,271)	2,769	-
Baton Rouge, LA	SpringHill Suites by Marriott	2004	448	3,729	696	448	4,425	4,873	(1,565)	3,308	-
Baton Rouge, LA	TownePlace Suites	2004	259	3,743	659	259	4,402	4,661	(1,677)	2,984	-
Bellevue, WA	Fairfield Inn by Marriott	2004	2,705	12,944	1,890	2,705	15,447	18,152	(3,406)	14,746	-
Bloomington, MN	SpringHill Suites by Marriott	2007	1,658	14,071	669	1,658	14,740	16,398	(3,088)	13,310	2,2
Bloomington, MN	Hampton Inn	2007	1,658	14,596	45	1,658	14,641	16,299	(3,220)	13,079	12
Boise, ID	Fairfield Inn by Marriott	2004	564	2,874	323	564	3,197	3,761	(998)	2,763	-
Boise, ID	Hampton Inn	2004	597	3,295	1,311	1,335	3,868	5,203	(1,242)	3,961	-
Boise, ID	Holiday Inn Express	2005	1,038	2,422	238	780	2,918	3,698	(1,051)	2,647	2,3
Boise, ID	Holiday Inn	2007	1,934	10,968	422	1,299	12,025	13,324	(4,063)	9,261	7,0
Charleston, WV	Country Inn & Suites	2004	1,042	3,489	441	1,042	3,930	4,972	(1,275)	3,697	-
Charleston, WV	Holiday Inn Express	2004	907	2,903	2,130	907	5,033	5,940	(840)	5,100	-
Denver, CO	Fairfield Inn by Marriott	2004	1,566	6,783	2,072	1,566	9,457	11,023	(1,932)	9,091	-
Denver, CO	SpringHill Suites by Marriott	2007	1,076	11,079	24	1,076	11,103	12,179	(2,493)	9,686	8,3
Denver, CO		2004	1,125	3,678	850	1,125	4,528	5,653	(1,992)	3,661	4,8

	Hampton Inn											
Duluth, GA	Holiday Inn	2011	-	7,000	97	-	7,097	7,097	(211	)	6,886	-
Duluth, GA	Hilton Garden Inn	2011	2,200	11,150	34	2,200	11,184	13,384	(268	)	13,116	-
El Paso, TX	Courtyard by Marriott	2011	1,640	10,710	20	1,640	10,730	12,370	(172	)	12,198	-
El Paso, TX	Hampton Inn	2005	2,055	10,745	1,313	2,055	12,058	14,113	(4,092	)	10,021	7,3
Emporia, KS	Fairfield Inn by Marriott	2004	320	2,436	238	320	2,674	2,994	(883	)	2,111	-
Emporia, KS	Holiday Inn Express	2004	292	2,840	464	292	3,304	3,596	(1,004	)	2,592	-
Flagstaff, AZ	Courtyard by Marriott	2009	3,353	20,785	13	3,353	20,798	24,151	(2,443	)	21,708	16
Flagstaff, AZ	SpringHill Suites by Marriott	2008	1,398	9,352	4,852	1,398	14,204	15,602	(2,675	)	12,927	-
Ft. Collins, CO	Hampton Inn	2004	738	4,363	287	738	4,650	5,388	(1,424	)	3,964	-
Ft. Collins, CO	Hilton Garden Inn	2007	1,300	11,804	64	1,300	11,868	13,168	(3,475	)	9,693	7,6
Ft. Myers, FL	Hyatt Place	2009	3,608	16,583	2	3,608	16,585	20,193	(2,555	)	17,638	-
Ft. Smith, AR	AmericInn	2004	-	3,718	676	-	4,394	4,394	(1,173	)	3,221	2,7
Ft. Smith, AR	Aspen Hotel	2004	223	3,189	546	223	3,735	3,958	(1,603	)	2,355	1,5
Ft. Smith, AR	Hampton Inn	2005	-	12,401	882	-	13,283	13,283	(3,471	)	9,812	8,2
Ft. Wayne, IN	Hampton Inn	2006	786	6,564	756	786	7,320	8,106	(2,009	)	6,097	4,6
Ft. Wayne, IN	Residence Inn by Marriott	2006	914	6,736	711	914	7,447	8,361	(1,973	)	6,388	-
Ft. Worth, TX	Hampton Inn	2007	1,500	8,184	48	1,500	8,232	9,732	(2,115	)	7,617	5,5
Ft. Worth, TX	Aspen Hotel	2004	553	2,698	1,007	553	3,705	4,258	(1,079	)	3,179	-
Germantown, TN	Courtyard by Marriott	2005	1,860	5,448	1,360	1,860	6,808	8,668	(2,049	)	6,619	6,5
Germantown, TN	Fairfield Inn by Marriott	2005	767	2,700	529	767	3,229	3,996	(998	)	2,998	2,2
Germantown, TN	Residence Inn by Marriott	2005	1,083	5,200	763	1,083	5,963	7,046	(1,699	)	5,347	3,4
Glendale, CO	Staybridge Suites	2011	2,100	7,900	719	2,100	8,619	10,719	(324	)	10,395	-
Jackson, MS		2005	1,301	7,322	2,306	1,301	9,628	10,929	(1,947	)	8,982	8,5

	Courtyard by Marriott											
Jackson, MS	Staybridge Suites	2007	698	8,454	208	698	8,662	9,360	(1,564	)	7,796	-
Jacksonville, FL	Aloft	2009	1,700	15,775	10	1,700	15,785	17,485	(2,251	)	15,234	-
Lakewood, CO	Fairfield Inn by Marriott	2004	521	2,433	264	521	2,697	3,218	(919	)	2,299	-
Lakewood, CO	AmericInn	2004	547	2,416	412	547	2,828	3,375	(769	)	2,606	-
Las Colinas, TX	Hyatt Place	2007	781	5,729	1,709	781	7,438	8,219	(2,638	)	5,581	-
Las Colinas, TX	Holiday Inn Express	2007	912	6,689	1,599	898	8,302	9,200	(2,613	)	6,587	-
Lewisville, TX	Fairfield Inn by Marriott	2004	465	2,954	482	465	3,436	3,901	(1,169	)	2,732	2,1
Lithia Springs, GA	SpringHill Suites by Marriott	2004	480	3,572	618	480	4,190	4,670	(1,523	)	3,147	-
Little Rock, AR	SpringHill Suites by Marriott	2004	879	3,431	570	879	4,001	4,880	(1,475	)	3,405	-
Medford, OR	Hampton Inn	2004	1,230	4,788	476	1,230	5,264	6,494	(1,620	)	4,874	-
Memphis, TN	Courtyard by Marriott	2005	686	5,814	87	546	6,041	6,587	(1,798	)	4,789	4,0
Missoula, MT	AmericInn	2004	690	2,672	294	690	2,966	3,656	(791	)	2,865	1,9
Missoula, MT	Courtyard by Marriott	2005	650	5,785	138	650	5,923	6,573	(2,063	)	4,510	4,7
Nashville, TN	SpringHill Suites by Marriott	2004	777	3,576	539	777	4,115	4,892	(1,526	)	3,366	-
Portland, OR	Hyatt Place	2009	-	16,713	5	-	16,718	16,718	(2,296	)	14,422	6,3
Portland, OR	Residence Inn by Marriott	2009	-	16,409	1	-	16,410	16,410	(2,135	)	14,275	12
Provo, UT	Hampton Inn	2004	909	2,862	596	909	3,458	4,367	(946	)	3,421	-
Ridgeland, MS	Homewood Suites	2011	1,314	6,036	125	1,314	6,161	7,475	(171	)	7,304	-
Ridgeland, MS	Residence Inn by Marriott	2007	1,050	10,040	15	1,050	10,055	11,105	(2,770	)	8,335	6,0
Salina, KS	AmericInn	2004	984	1,650	374	984	2,024	3,008	(559	)	2,449	-
Salina, KS	Fairfield Inn by Marriott	2004	499	1,744	243	499	1,987	2,486	(702	)	1,784	-
		2008	2,497	12,833	383	2,497	13,216	15,713	(2,563	)	13,150	10

San Antonio, TX	Country Inn & Suites										
Sandy, UT	Holiday Inn Express	2004	720	1,768	996	720	2,764	3,484	(1,210)	2,274	2,4
Scottsdale, AZ	Courtyard by Marriott	2004	3,225	10,152	2,784	3,225	12,936	16,161	(3,009)	13,152	8,1
Scottsdale, AZ	SpringHill Suites by Marriott	2004	2,195	7,120	2,364	2,195	9,608	11,803	(2,114)	9,689	5,0
Spokane, WA	Fairfield Inn by Marriott	2004	1,637	3,669	2,302	1,637	5,971	7,608	(1,321)	6,287	-
Twin Falls, ID	AmericInn	2004	822	7,473	1,128	822	8,601	9,423	(2,530)	6,893	-
Twin Falls, ID	Holiday Inn Express	2009	1,212	7,464	7	1,212	7,471	8,683	(1,460)	7,223	5,7
Twin Falls, ID	Hampton Inn	2004	710	3,482	90	710	3,572	4,282	(1,325)	2,957	-
Vernon Hills, IL	Holiday Inn Express	2005	1,198	6,099	1,137	1,198	7,236	8,434	(2,086)	6,348	4,6
Land Parcels			19,911	-	384	20,295	-	20,295	-	20,295	-
			$97,066	$492,729	$54,205	$97,141	$548,198	$646,339	$(126,168)	$519,171	$20
											11
											$21

(1) Property is collateral for the Company's secured revolving credit facility.

(2) In addition to the DoubleTree in Baton Rouge LA, SpringHill Suites in Denver CO and Country Inn & Suites in San Antonio TX; the Fairfield Inn in Boise ID, Aloft in Jacksonville FL and Hyatt Place in Las Colinas TX are additional collateral for the GE Capital Corp loans.

(3) In addition to the eight original properties, the SpringHill Suites in Flagstaff AZ and Staybridge Suites in Jackson MS are additional collateral for the ING Investment loan.

(4) In addition to the Holiday Inn in Boise ID; the Springhill Suites in Lithia Springs GA is additional collateral for the MetaBank loan.

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

	ASSET BASIS		Total	
(a)	Balance at January 1, 2009	$	521,255,330	
	Additions to land, buildings and improvements		67,841,533	
	Disposition of land, buildings and improvements		(6,989,153	)
	Impairment loss		(7,505,836	)
	Balance at December 31, 2009	$	574,601,874	
	Additions to land, buildings and improvements		2,769,879	
	Disposition of land, buildings and improvements		(88,790	)
	Impairment loss		(6,475,684	)
	Balance at December 31, 2010	$	570,807,279	
	Additions to land, buildings and improvements		79,901,100	
	Disposition of land, buildings and improvements		(5,369,383	)
	Balance at December 31, 2011	$	645,338,996	
	ACCUMULATED DEPRECIATION		Total	
(b)	Balance at January 1, 2009	$	59,361,060	
	Depreciation for the period ended December 31, 2009		21,902,729	
	Depreciation on assets sold or disposed		(1,655,836	)
	Balance at December 31, 2009	$	79,607,953	
	Depreciation for the period ended December 31, 2010		25,234,526	
	Depreciation on assets sold or disposed		(45,977	)
	Balance at December 31, 2010	$	104,796,502	
	Depreciation for the period ended December 31, 2011		26,740,666	
	Depreciation on assets sold or disposed		(5,369,383	)
	Balance at December 31, 2011	$	126,167,785	

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

(d) Depreciation is computed based upon the following useful lives:

Buildings and improvements 27-40 years
Furniture and equipment 2-15 years

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

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