

Summit Hotel Properties, Inc.
Form 424B5
March 14, 2013

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Prospectus Supplement
(To Prospectus Dated May 15, 2012)

3,000,000 Shares

7.125% Series C Cumulative Redeemable Preferred Stock

Summit Hotel Properties, Inc. is offering 3,000,000 shares of its 7.125% Series C Cumulative Redeemable Preferred Stock, \$0.01 par value per share, or the Series C Preferred Stock.

Dividends on the Series C Preferred Stock will be payable quarterly in arrears on or about the last day of February, May, August and November of each year. The dividend rate is 7.125% per annum of the \$25.00 liquidation preference, which is equivalent to \$1.78125 per share of Series C Preferred Stock. The first dividend on the Series C Preferred Stock sold in this offering will be paid on May 31, 2013 and will be in the amount of \$0.35625 per share.

Generally, we may not redeem the Series C Preferred Stock until March 20, 2018. On and after March 20, 2018, we may, at our option, redeem the Series C Preferred Stock, in whole or from time to time in part, by paying \$25.00 per share, plus any accrued and unpaid dividends to, but not including, the date of redemption. In addition, upon the occurrence of a Change of Control (as defined herein), as a result of which our common stock and the common securities of the acquiring or surviving entity (or American Depositary Receipts, or ADRs, representing such common securities) are not listed on the New York Stock Exchange, or NYSE, the NYSE MKT LLC, or the NYSE MKT, or the NASDAQ Stock Market, or NASDAQ, or listed or quoted on a successor exchange or quotation system, we may, at our option, redeem the Series C Preferred Stock, in whole or in part within 120 days after the first date on which such Change of Control occurred, by paying \$25.00 per share, plus any accrued and unpaid dividends to, but not including, the date of redemption. To the extent we exercise our redemption right relating to the Series C Preferred Stock, the holders of Series C Preferred Stock will not be permitted to exercise the conversion right described below in respect of their shares called for redemption. The Series C Preferred Stock has no maturity date and will remain outstanding indefinitely unless redeemed by us or converted in connection with a Change of Control by the holders of Series C Preferred Stock.

Upon the occurrence of a Change of Control, as a result of which our common stock and the common securities of the acquiring or surviving entity (or ADRs representing such common securities) are not listed on the NYSE, the NYSE MKT or NASDAQ, or listed or quoted on a successor exchange or quotation system, each holder of Series C Preferred Stock will have the right (subject to our right to redeem the Series C Preferred Stock in whole or in part, as described above, prior to the Change of Control Conversion Date (as defined herein)) to convert some or all of the Series C Preferred Stock held by such holder on the Change of Control Conversion Date into a number of shares of our common stock per share of Series C Preferred Stock to be converted equal to the lesser of:

the quotient obtained by dividing (i) the sum of the \$25.00 liquidation preference plus the amount of any accrued and unpaid dividends to, but not including, the Change of Control Conversion Date (unless the Change of Control Conversion Date is after a record date for a Series C Preferred Stock dividend payment and prior to the corresponding Series C Preferred Stock dividend payment date, in which case no additional amount for such accrued and unpaid dividend will be included in this sum) by (ii) the Common Stock Price (as defined herein); and

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5.1440, or the Share Cap, subject to certain adjustments;

subject, in each case, to provisions for the receipt of alternative consideration as described in this prospectus.

The Series C Preferred Stock is subject to certain restrictions on ownership designed to preserve our qualification as a real estate investment trust, or REIT, for federal income tax purposes. See "Description of Common and Preferred Stock Restrictions on Ownership and Transfer" in the accompanying prospectus and "Description of the Series C Preferred Stock Restrictions on Ownership and Transfer."

We intend to file an application to list the Series C Preferred Stock on the NYSE under the symbol "INNPrC." Our common stock is traded on the NYSE under the symbol "INN."

Investing in the Series C Preferred Stock involves risk. See "Risk Factors" beginning on page S-11 of this prospectus supplement and in Item 1A of Part I of our Annual Report on Form 10-K for the year ended December 31, 2012.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

	Per Share	Total
Public offering price	\$ 25.0000	\$ 75,000,000
Underwriting discounts and commissions	\$ 0.7875	\$ 2,362,500
Proceeds, before expenses, to us	\$ 24.2125	\$ 72,637,500

The underwriters may also purchase up to 400,000 additional shares of Series C Preferred Stock from us, at the public offering price, less the underwriting discount, within 30 days from the date of this prospectus supplement solely to cover over-allotments, if any.

RAYMOND JAMES

BAIRD

RBC CAPITAL MARKETS

**DEUTSCHE BANK SECURITIES
JMP SECURITIES**

**KEYBANC CAPITAL MARKETS
MLV & CO.**

The date of this prospectus supplement is March 13, 2013

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You should rely only on the information contained in or incorporated by reference in this prospectus supplement and the accompanying prospectus. We have not authorized anyone to provide you with different information. We are not making an offer of these securities in any state where the offer is not permitted. You should not assume that the information contained in this prospectus supplement and the accompanying prospectus is accurate as of any date other than the date on the front of this prospectus supplement.

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ABOUT THIS PROSPECTUS

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of the offering and certain other matters relating to us and also adds to or updates information contained in the accompanying prospectus and the documents incorporated by reference into the accompanying prospectus. The second part is the accompanying prospectus, which gives more general information, some of which may not apply to this offering. Any statement herein or in a document incorporated or deemed to be incorporated herein by reference shall be deemed to be modified or superseded for purposes of this prospectus supplement and the accompanying prospectus to the extent that a statement contained in any subsequently filed document, which also is incorporated or deemed to be incorporated by reference herein, modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this prospectus supplement or the accompanying prospectus.

In this prospectus supplement and the accompanying prospectus, except where the context suggests otherwise, the terms: (i) "we," "our," "us," "our company" and the "company" refer to Summit Hotel Properties, Inc., a Maryland corporation, and its subsidiaries on a consolidated basis; and (ii) "our operating partnership" means Summit Hotel OP, LP, a Delaware limited partnership for which one of our wholly owned subsidiaries serves as the general partner. Each of Summit Hotel TRS, Inc., a Delaware corporation, which we refer to in this prospectus supplement as "Summit TRS," and Summit Hotel TRS II, Inc., a Delaware corporation, which we refer to in this prospectus as "Summit TRS II," is a taxable REIT subsidiary, or TRS, and we refer to Summit TRS, Summit TRS II and any other TRSs that we may form in the future as "our TRSs." We refer to the wholly owned subsidiaries of our TRSs that lease our hotels from our operating partnership or subsidiaries of our operating partnership as "our TRS lessees."

All brand and trade names, logos or trademarks contained, or referred to, in this prospectus supplement and the prospectus it accompanies, as well as any document incorporated by reference in this prospectus supplement and the prospectus it accompanies, are the properties of their respective owners. These references shall not in any way be construed as participation by, or endorsement of, the offering of any of our securities by any of our franchisors or managers.

"Residence Inn by Marriott," "Courtyard by Marriott," "SpringHill Suites by Marriott," "Fairfield Inn by Marriott" and "TownePlace Suites by Marriott" are registered trademarks of Marriott International, Inc. or one of its affiliates. All references to "Marriott" mean Marriott International, Inc. and all of its affiliates and subsidiaries, and their respective officers, directors, agents, employees, accountants and attorneys.

None of Marriott, Hilton Worldwide, Inc., or Hilton, InterContinental Hotels Group, or IHG, Hyatt Hotels Corporation, or Hyatt, Country Inns & Suites by Carlson, Inc., or Carlson, Starwood Hotels and Resorts Worldwide, Inc., or Starwood, or AmericInn International, LLC, or AmericInn, is responsible for the content of this prospectus supplement and the prospectus it accompanies, as well as the information incorporated by reference in this prospectus supplement and the prospectus it accompanies, whether relating to hotel information, operating information, financial information, its relationship with us or otherwise. None of Marriott, Hilton, IHG, Hyatt, Carlson, Starwood or AmericInn is involved in any way, whether as an "issuer" or "underwriter" or otherwise, in the offering by us of the securities covered by this prospectus supplement and the prospectus it accompanies. None of Marriott, Hilton, IHG, Hyatt, Carlson, Starwood or AmericInn has expressed any approval or disapproval regarding the offering of securities pursuant to this prospectus supplement and the prospectus it accompanies and the grant of any franchise or other rights to us shall not be construed as any expression of approval or disapproval. None of Marriott, Hilton, IHG, Hyatt, Carlson, Starwood or AmericInn has assumed any liability in connection with the offering of securities contemplated by this prospectus supplement and the prospectus it accompanies.

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FORWARD-LOOKING STATEMENTS

This prospectus supplement and the accompanying prospectus, including the information incorporated by reference herein and therein, contain forward-looking statements within the meaning of the federal securities laws. These statements include statements about our plans, strategies and prospects and involve known and unknown risks that are difficult to predict. Therefore, our actual results, performance or achievements may differ materially from those expressed in or implied by these forward-looking statements. In some cases, you can identify forward-looking statements by the use of words such as "may," "could," "expect," "intend," "plan," "seek," "anticipate," "believe," "estimate," "predict," "forecast," "potential," "continue," "likely," "will," "would" and variations of these terms and similar expressions, or the negative of these terms or similar expressions. You should not place undue reliance on forward-looking statements. Factors that may cause our actual results to differ materially from our current expectations include, but are not limited to:

financing risks, including the risk of leverage and the corresponding risk of default on our mortgage loans and other debt and potential inability to refinance or extend the maturity of existing indebtedness;

national, regional and local economic conditions;

levels of spending in the business, travel and leisure industries, as well as consumer confidence;

declines in occupancy, average daily rate and revenue per available room and other hotel operating metrics;

hostilities, including future terrorist attacks, or fear of hostilities that affect travel;

financial condition of, and our relationships with, our joint venture partners, third-party property managers, franchisors and hospitality joint venture partners;

the degree and nature of our competition;

increased interest rates and operating costs;

risks associated with potential acquisitions, including the ability to ramp up and stabilize newly acquired hotels with limited or no operating history, and dispositions of hotel properties;

availability of and our ability to retain qualified personnel;

our failure to maintain our qualification as a REIT under the Internal Revenue Code of 1986, as amended, or the Code;

changes in our business or investment strategy;

availability, terms and deployment of capital;

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general volatility of the capital markets and the market price of our shares of common stock;

environmental uncertainties and risks related to natural disasters;

changes in real estate and zoning laws and increases in real property tax rates; and

the factors described under the section entitled "Risk Factors" included in this prospectus supplement and in Item 1A of Part I of our Annual Report on Form 10-K for the year ended December 31, 2012, or the 2012 Form 10-K.

These factors are not necessarily all of the important factors that could cause our actual results, performance or achievements to differ materially from those expressed in or implied by any of our forward-looking statements. Other unknown or unpredictable factors, many of which are beyond our control, also could harm our results, performance or achievements.

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All forward-looking statements contained in this prospectus supplement and the accompanying prospectus, including the information incorporated by reference, are expressly qualified in their entirety by the cautionary statements set forth above. Forward-looking statements speak only as of the date they are made, and we do not undertake or assume any obligation to update publicly any of these statements to reflect actual results, new information or future events, changes in assumptions or changes in other factors affecting forward-looking statements, except to the extent required by applicable laws. If we update one or more forward-looking statements, no inference should be drawn that we will make additional updates with respect to those or other forward-looking statements.

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SUMMARY

This summary description of our company and our business highlights selected information contained elsewhere in this prospectus supplement or the accompanying prospectus or the documents incorporated by reference herein or therein. This summary does not contain all of the information that you should consider before buying shares of our common stock. You should carefully read this entire prospectus supplement and the accompanying prospectus, including each of the documents incorporated herein and therein by reference, especially the "Risk Factors" section beginning on page S-11 of this prospectus supplement and in Item 1A of Part I of the 2012 Form 10-K, before making an investment decision.

Our Company

We are a self-managed hotel investment company organized to continue and expand the hotel investment business of our predecessor, Summit Hotel Properties, LLC. We are primarily focused on acquiring and owning premium-branded select-service hotel properties in the upscale and upper midscale segments of the U.S. lodging industry. As of March 12, 2013, we owned 91 hotels with a total of 10,309 guestrooms located in 22 states.

We were organized as a Maryland corporation on June 30, 2010. We completed our initial public offering, or IPO, and our formation transactions, including the merger of our predecessor into our operating partnership, on February 14, 2011. We elected to be taxed as a REIT for federal income tax purposes beginning with our short taxable year ended December 31, 2011. We own our hotels and conduct substantially all of our business through our operating partnership. We, through a wholly owned subsidiary, are the sole general partner of our operating partnership. As of December 31, 2012, we owned approximately 90% of the issued and outstanding common units of partnership interest of our operating partnership, including the sole general partnership interest held by the general partner.

To qualify as a REIT, we cannot operate or manage our hotels. Instead, other than with respect to one hotel that is owned by a wholly owned subsidiary of Summit TRS, we lease our hotels to our TRS lessees, which are wholly owned or held under ground lease or other leasehold interest, directly or indirectly, by our operating partnership. Our TRS lessees engage third-party hotel management companies to operate and manage our hotels.

Our principal executive offices are located at 12600 Hill Country Boulevard, Suite R-100, Austin, Texas 78738, and our telephone number is (512) 538-2315. Our website is www.shpreit.com. The information contained on, or accessible through, our website is not incorporated by reference into and should not be considered a part of this prospectus or any applicable prospectus supplement.

Recent Developments

Completed Hotel Acquisitions

Hyatt Hotel Portfolio (Three Hotels). On January 22, 2013, we purchased from affiliates of Hyatt, a portfolio of three unencumbered hotels for an aggregate purchase price of approximately \$36.1 million. The hotels include a 151-room Hyatt Place hotel in Orlando (Universal), Florida, a 149-room Hyatt Place hotel in Orlando (Convention Center), Florida and a 126-room Hyatt Place hotel in Chicago (Hoffman Estates), Illinois. We funded this acquisition with a portion of the net proceeds from the sale of our common stock in a public offering that we completed on January 14, 2013, or the January 2013 offering. Upon completion of this acquisition, we entered into a management agreement with an affiliate of Hyatt to operate each hotel as a Hyatt Place.

Holiday Inn Express & Suites (San Francisco, California). On February 11, 2013, through a joint venture with an affiliate of IHG, we purchased a 252-room Holiday Inn Express & Suites hotel in San Francisco, California. The purchase price for the San Francisco hotel was approximately \$60.5 million, which included the assumption of \$23.5 million of existing first mortgage debt that bears interest at a

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fixed rate of 6.2% per annum and matures in January 2016. We contributed approximately \$34.6 million in cash, which included approximately \$2.8 million in renovation reserves, to the joint venture in exchange for an 80% interest in the joint venture. We funded this capital contribution with a portion of the net proceeds from the January 2013 offering. Upon completion of the acquisition, we entered into a management agreement with another IHG affiliate to operate the hotel as a Holiday Inn Express. We currently expect the joint venture to spend an aggregate of approximately \$3.0 million for improvements at the hotel within 18 months after closing of the acquisition.

New Orleans Portfolio (Five Hotels). On March 11, 2013, we completed the acquisition of a portfolio of five unencumbered hotels in New Orleans, Louisiana for an aggregate purchase price of approximately \$135 million. The hotels include a 140-room Courtyard by Marriott, a 208-room SpringHill Suites, a 202-room Courtyard by Marriott, a 120-room Residence Inn and a 153-room Courtyard by Marriott. We funded the acquisition with available cash and borrowings under our revolving credit facility. Upon completion of the acquisition, we entered into a management agreement with an affiliate of Marriott to operate the hotels under their current franchise flags. We currently expect to spend an aggregate of approximately \$6.4 million to make improvements to the hotels within 12 months after closing of the acquisition.

Pending Hotel Acquisitions

Holiday Inn Express (Minneapolis, Minnesota). We have entered into a definitive agreement to acquire a 93-room Holiday Inn Express hotel in Minneapolis (Minnetonka), Minnesota from an unaffiliated seller for a purchase price of approximately \$6.9 million, subject to closing prorations and adjustments. We intend to fund the acquisition with available cash and by assuming approximately \$3.8 million of existing first mortgage debt. The existing first mortgage debt has a fixed interest rate of 5.53% per annum and matures in October 2015. We expect to complete the acquisition of this hotel prior to the end of the first quarter of 2013. The acquisition is subject to franchisor and lender approval and the satisfaction of customary closing conditions. Accordingly, we can give no assurance that we will consummate the acquisition on the timeframe contemplated or at all. We intend to enter into a management agreement with a third-party hotel manager to operate the hotel as Holiday Inn Express.

Hilton Garden Inn (Minneapolis, Minnesota). We have entered into a definitive agreement to acquire a 97-room Hilton Garden Inn hotel in Minneapolis (Eden Prairie), Minnesota from an unaffiliated seller for a purchase price of approximately \$10.2 million, subject to closing prorations and adjustments. We intend to fund the acquisition with available cash and by assuming approximately \$6.5 million of existing first mortgage debt. The existing first mortgage debt has a fixed interest rate of 5.57% per annum and matures in January 2016. We expect to complete the acquisition of this hotel prior to the end of the first quarter of 2013. The acquisition is subject to franchisor and lender approval and the satisfaction of customary closing conditions. Accordingly, we can give no assurance that we will consummate the acquisition on the timeframe contemplated or at all. We intend to enter into a management agreement with a third-party hotel manager to operate the hotel as Hilton Garden Inn.

Potential Hotel Acquisitions

We have entered into a series of agreements pursuant to which (i) we agreed to loan up to approximately \$20.3 million to a subsidiary of Hyatt to be used to renovate and convert an independently operated hotel in Minneapolis, Minnesota to a Hyatt Place hotel, (ii) we received a first mortgage lien on this Minneapolis hotel as collateral for the loan and (iii) we have the right to purchase the hotel upon completion of the renovation and conversion to a Hyatt Place hotel for a purchase price that will be determined based upon actual renovation and conversion costs and other factors to be determined, which we estimate will be approximately \$31.0 million (which will include

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forgiveness of the loan as partial purchase price consideration). We funded approximately \$10.3 million of the loan upon execution of the agreements and are required to fund additional draws under the loan monthly upon the request of the borrower, up to the total maximum loan amount of approximately \$20.3 million. Outstanding balances under the loan bear interest at an annual rate of 6.0%. We expect the renovation and conversion of the hotel to be completed in the fourth quarter of 2013, at which time we expect to purchase the hotel. We cannot assure you that we will be able to acquire this hotel in the timeframe contemplated or at all.

In addition to the hotels described above, we continue to see a high degree of transaction activity in our targeted segments of the lodging industry. From the high volume of potential hotel acquisition opportunities we are presented for review, we have identified and are in various stages of reviewing and negotiating a number of additional potential hotel acquisitions. However, even if we are able to negotiate and execute a mutually acceptable definitive and binding purchase and sale agreement with the sellers of a hotel or group of hotels, we still must work to satisfy a number of contractual conditions to closing, including:

our ability to negotiate and execute new management agreements and franchise agreements, or assume the existing agreements, for the properties;

our completion of satisfactory due diligence with respect to the properties;

lender approval of our assumption of existing indebtedness with respect to certain of the properties (if we decide to assume existing indebtedness); and

satisfaction of other customary closing conditions.

Satisfying these conditions can be challenging and require the consent or approval of third parties. As a result we cannot assure you that we will be able to acquire any of the hotels we are currently evaluating.

Enhanced Liquidity

As noted above, on January 14, 2013, we issued and sold 17,250,000 shares of our common stock in an underwritten public offering. We received net proceeds of \$148.1 million, after deducting the underwriting discount and the estimated offering expenses payable by us.

On January 14, 2013, we paid off in full, without the payment of any prepayment fees, two variable rate loans secured by first lien mortgages on a Hyatt Place hotel located in Atlanta, Georgia, a Courtyard by Marriott hotel located in Germantown, Tennessee and a Courtyard by Marriott hotel located in Jackson, Mississippi. These mortgage loans had an aggregate outstanding principal balance of \$22.8 million as of December 31, 2012 and were scheduled to mature on July 1, 2013 and February 1, 2014. We used available cash to fund these repayments.

On January 15, 2013, we sold a 62-room AmericInn & Suites in Lakewood, Colorado for approximately \$2.6 million. On February 15, 2013, we sold a 149-room Hampton Inn in Denver, Colorado for approximately \$5.5 million.

During the first quarter of 2013, we obtained three mortgage loans from an affiliate of KeyBanc Capital Markets, Inc., one of the underwriters of this offering. Each of these mortgage loans amortizes over 30 years.

On January 25, 2013, we closed on a \$29.4 million mortgage loan, which is secured by first mortgage liens on four of the Hyatt hotels we acquired in October 2012, bears interest at a fixed annual rate of 4.46% and matures on February 1, 2023.

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On March 7, 2013, we closed on an approximate \$22.7 million mortgage loan, which is secured by first mortgage liens on three of the Hyatt hotels we acquired in October 2012, bears interest at a fixed annual rate of 4.52% and matures on April 1, 2023.

On March 8, 2013, we closed on a \$22.0 million mortgage loan, which is secured by first mortgage liens on three of the Hyatt hotels we acquired in January 2013, bears interest at a fixed annual rate of 4.3% and matures on April 1, 2023.

After giving effect to the transactions described in this "Enhanced Liquidity" section and the acquisitions of each of the hotels described above under "Completed Hotel Acquisitions," we have approximately \$15.0 million of cash and approximately \$21.4 million of available borrowing capacity under our credit facility. Applying the net proceeds from this offering to repay amounts outstanding under our credit facility as described in "Use of Proceeds" below will further enhance our ability to pursue and complete our pending and potential hotel acquisitions. Furthermore, we anticipate being able to redraw amounts under our credit facility to complete pending and potential hotel acquisitions within 120 days after the closing of this offering. However, we cannot assure you that we will be able to complete any of these acquisitions within that timeframe or at all.

ATM Program

On February 27, 2013, we entered into separate sales agreements with each of Robert W. Baird & Co. Incorporated, RBC Capital Markets, LLC, Deutsche Bank Securities Inc., JMP Securities LLC and MLV & Co. LLC, each as a sales agent, pursuant to which we may sell up to \$75 million in shares of our common stock in at-the-market offerings from time to time. Each sales agent is acting as an underwriter of this offering.

Redemptions of Common Units

On January 2, 2013, we redeemed 1,974,669 common units of our operating partnership, which limited partners of our operating partnership had tendered for redemption on November 5, 2012, for an equivalent number of shares of our common stock. Since then, limited partners of our operating partnership (other than us) have tendered for redemption a total of 249,846 common units, which we intend to redeem for an equivalent number of shares of our common stock on or about April 1, 2013. As of December 31, 2012, after giving effect to the redemption of a total of 2,224,515 common units and the issuance by our operating partnership of 17,250,000 common units in connection with the January 2013 offering, we owned approximately 94% of the issued and outstanding common units of partnership interest in our operating partnership, including the sole general partnership interest held by the general partner.

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The Offering

Issuer	Summit Hotel Properties, Inc.
Securities offered by us	3,000,000 shares of Series C Preferred Stock (or 3,400,000 shares if the underwriters exercise in full their over-allotment option). We reserve the right to reopen this series and issue additional shares of Series C Preferred Stock either through public or private sales at any time.
Ranking	<p>The Series C Preferred Stock will, with respect to distribution rights and rights upon our liquidation, dissolution or winding up, rank:</p> <p>senior to our common stock and any class or series of our capital stock expressly designated as ranking junior to the Series C Preferred Stock as to distribution rights and rights upon our liquidation, dissolution or winding up ("Junior Stock") ;</p> <p>on a parity with our 9.25% Series A Cumulative Redeemable Preferred Stock, \$0.01 par value per share, or the Series A Preferred Stock, our 7.875% Series B Cumulative Redeemable Preferred Stock, \$0.01 par value per share, or the Series B Preferred Stock, and any class or series of our capital stock expressly designated as ranking on a parity with the Series C Preferred Stock as to distribution rights and rights upon our liquidation, dissolution or winding up ("Parity Stock"); and</p> <p>junior to any class or series of our capital stock expressly designated as ranking senior to the Series C Preferred Stock as to distribution rights and rights upon our liquidation, dissolution or winding up.</p> <p>For purposes of this prospectus supplement, the term "capital stock" does not include convertible or exchangeable debt securities which rank senior to the Series C Preferred Stock prior to conversion or exchange.</p>
Dividends	<p>Holders of Series C Preferred Stock will be entitled to receive cumulative cash dividends on the Series C Preferred Stock at the rate of 7.125% per annum of the \$25.00 per share liquidation preference, which is equivalent to \$1.78125 per annum per share. Dividends on the Series C Preferred Stock will be payable quarterly in arrears on or about the last day of February, May, August and November of each year. The first dividend on the Series C Preferred Stock sold in this offering will be paid on May 31, 2013 and will be in the amount of \$0.35625 per share.</p>

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No maturity	The Series C Preferred Stock has no maturity date, and we are not required to redeem the Series C Preferred Stock. In addition, we are not required to set aside funds to redeem the Series C Preferred Stock. Accordingly, the shares of Series C Preferred Stock will remain outstanding indefinitely unless we decide to redeem them or, under circumstances where the holders of Series C Preferred Stock have a conversion right, such holders decide to convert their shares.
Optional redemption	We may not redeem the Series C Preferred Stock prior to March 20, 2018, except as described below under "Special Optional Redemption" and in limited circumstances relating to maintaining our qualification as a REIT. On and after March 20, 2018, we may, at our option, redeem the Series C Preferred Stock, in whole, at any time, or in part, from time to time, by paying \$25.00 per share, plus any accrued and unpaid dividends (whether or not declared) to, but not including, the date of redemption.
Special optional redemption	<p>In the event of a Change of Control (as defined below), we may, at our option, exercise our special optional redemption right to redeem the Series C Preferred Stock, in whole or in part within 120 days after the first date on which such Change of Control occurred, by paying \$25.00 per share, plus any accrued and unpaid dividends (whether or not declared) to, but not including, the date of redemption. To the extent that we exercise our redemption right relating to the Series C Preferred Stock, the holders of Series C Preferred Stock will not be permitted to exercise the conversion right described below in respect of their shares called for redemption.</p> <p>A "Change of Control" is when, after the original issuance of the Series C Preferred Stock, the following have occurred and are continuing:</p> <p>the acquisition by any person, including any syndicate or group deemed to be a "person" under Section 13(d)(3) of the Securities Exchange Act of 1934, as amended, or the Exchange Act, of beneficial ownership, directly or indirectly, through a purchase, merger or other acquisition transaction or series of purchases, mergers or other acquisition transactions of shares of our capital stock entitling that person to exercise more than 50% of the total voting power of all shares of our capital stock entitled to vote generally in elections of directors (except that such person will be deemed to have beneficial ownership of all securities that such person has the right to acquire, whether such right is currently exercisable or is exercisable only upon the occurrence of a subsequent condition); and</p>

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following the closing of any transaction referred to in the bullet point above, neither we nor the acquiring or surviving entity has a class of common securities (or ADRs representing such common securities) listed on the NYSE, the NYSE MKT or NASDAQ, or listed or quoted on an exchange or quotation system that is a successor to the NYSE, the NYSE MKT or NASDAQ.

Conversion rights

Except to the extent that we have elected to exercise our optional redemption right or our special optional redemption right by providing a notice of redemption prior to the Change of Control Conversion Date, upon the occurrence of a Change of Control, each holder of Series C Preferred Stock will have the right to convert some or all of the Series C Preferred Stock held by such holder on the Change of Control Conversion Date into a number of shares of our common stock per share of Series C Preferred Stock to be converted equal to the lesser of:

the quotient obtained by dividing (i) the sum of the \$25.00 liquidation preference plus the amount of any accrued and unpaid dividends to, but not including, the Change of Control Conversion Date (unless the Change of Control Conversion Date is after a record date for a Series C Preferred Stock dividend payment and prior to the corresponding Series C Preferred Stock dividend payment date, in which case no additional amount for such accrued and unpaid dividend will be included in this sum) by (ii) the Common Stock Price; and

5.1440 (i.e., the Share Cap), subject to certain adjustments;

subject, in each case, to provisions for the receipt of alternative consideration upon conversion as described in this prospectus.

If we have provided a redemption notice with respect to some or all of the Series C Preferred Stock, holders of any Series C Preferred Stock that we have called for redemption will not be permitted to exercise their Change of Control Conversion Right in respect of any of their shares of Series C Preferred Stock that have been called for redemption, and any Series C Preferred Stock subsequently called for redemption that has been tendered for conversion will be redeemed on the applicable date of redemption instead of converted on the Change of Control Conversion Date.

For definitions of "Change of Control Conversion Right," "Change of Control Conversion Date" and "Common Stock Price" and for a description of the adjustments and provisions for the receipt of alternative consideration that may be applicable to the Change of Control Conversion Right, see "Description of the Series C Preferred Stock Conversion Rights."

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Except as provided above in connection with a Change of Control, the Series C Preferred Stock is not convertible into or exchangeable for any other securities or property.

Liquidation preference

In the event of our liquidation, dissolution or winding up, the holders of Series C Preferred Stock will be entitled to be paid out of our assets legally available for distribution to our stockholders a liquidation preference in cash or property, at fair market value as determined by our Board of Directors, of \$25.00 per share, plus any accrued and unpaid dividends (whether or not declared) to, but not including, the date of the payment. Holders of Series C Preferred Stock will be entitled to receive this liquidating distribution before we distribute any assets to holders of our common stock and any other class or series of Junior Stock.

Voting rights

Holders of Series C Preferred Stock generally will have no voting rights. However, if we do not pay dividends on the Series C Preferred Stock for six quarterly periods, whether or not consecutive, the holders of Series C Preferred Stock, voting as a single class with the holders of our Parity Stock having similar voting rights, including the Series A Preferred Stock and the Series B Preferred Stock, will be entitled to vote for the election of two additional directors to serve on our Board of Directors until we pay all dividends which we owe on the Series C Preferred Stock. The affirmative vote of the holders of at least two-thirds of the outstanding shares of Series C Preferred Stock, voting as a single class with the holders of any other class or series of our preferred stock upon which like voting rights have been conferred and are exercisable (currently our Series A Preferred Stock and Series B Preferred Stock), is required for us to authorize, create or increase the number of shares of any class or series of our capital stock expressly designated as ranking senior to the Series C Preferred Stock as to distribution rights and rights upon our liquidation, dissolution or winding up. In addition, the affirmative vote of at least two-thirds of the outstanding shares of Series C Preferred Stock (voting as a separate class) is required to amend our charter (including the articles supplementary designating the Series C Preferred Stock) in a manner that materially and adversely affects the rights of the holders of Series C Preferred Stock.

Among other things, we may, without any vote of the holders of Series C Preferred Stock, issue additional shares of Series C Preferred Stock and we may authorize and issue additional shares of any class or series of our Junior Stock or our Parity Stock, including the Series A Preferred Stock and the Series B Preferred Stock.

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Information rights	During any period in which we are not subject to the reporting requirements of Section 13 or Section 15(d) of the Exchange Act and any Series C Preferred Stock is outstanding, we will (i) transmit by mail or other permissible means under the Exchange Act to all holders of Series C Preferred Stock as their names and addresses appear in our record books and without cost to such holders, copies of the Annual Report on Form 10-K and Quarterly Reports on Form 10-Q that we would have been required to file with the SEC pursuant to Section 13 or Section 15(d) of the Exchange Act if we were subject thereto (other than any exhibits that would have been required) and (ii) within 15 days following written request, supply copies of such reports to any prospective holder of the Series C Preferred Stock. We will mail (or otherwise provide) the reports to the holders of Series C Preferred Stock within 15 days after the respective dates by which we would have been required to file such reports with the SEC if we were subject to Section 13 or Section 15(d) of the Exchange Act.
Proposed NYSE symbol	We intend to file an application to list the Series C Preferred Stock on the NYSE under the symbol "INNPrC." If the application is approved, we expect trading to commence within 30 days after the initial delivery of the Series C Preferred Stock.
Restrictions on ownership and transfer	Our charter, subject to certain exceptions, prohibits any person from directly or indirectly owning more than 9.8% by value or number of shares, whichever is more restrictive, of the outstanding shares of any class or series of our capital stock, including the Series C Preferred Stock. These provisions may limit the ability of the holders of Series C Preferred Stock to convert their Series C Preferred Stock into our common stock. Our Board of Directors may, in its sole discretion, exempt a person from the 9.8% ownership limit under certain circumstances. See "Description of the Series C Preferred Stock Restrictions on Ownership and Transfer" and "Description of Common and Preferred Stock Restrictions on Ownership and Transfer" in the accompanying prospectus.
Use of proceeds	We estimate that the net proceeds from this offering will be approximately \$72.4 million (or approximately \$82.1 million if the underwriters exercise in full their over-allotment option to purchase additional shares) after deducting underwriting discounts and commissions and the estimated expenses of this offering payable by us. We will contribute all of the net proceeds to our operating partnership in exchange for 3,000,000 Series C Preferred Units (3,400,000 Series C Preferred Units in the event the underwriters exercise in full their over-allotment option). The rights, preferences and privileges of the Series C Preferred Units are substantially equivalent to the terms of the Series C Preferred Stock.

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	Our operating partnership intends to use the net proceeds of this offering to reduce the outstanding balance under our revolving credit facility, and the balance, if any, for general corporate purposes.
Tax consequences	Certain federal income tax consequences of purchasing, owning and disposing of the Series C Preferred Stock are summarized in "Additional Federal Income Tax Considerations" beginning on page S-31 of this prospectus supplement and "Material Federal Income Tax Considerations" beginning on page 24 of the accompanying prospectus.
Settlement date	Delivery of the shares will be made against payment therefor on or about March 20, 2013.
Transfer agent	The transfer agent for the Series C Preferred Stock will be Wells Fargo Bank, National Association.
Risk factors	Investing in the Series C Preferred Stock involves risks. See "Risk Factors" beginning on page S-11 of this prospectus supplement and in Item 1A of Part I of the 2012 Form 10-K.

Unless otherwise indicated, all information in this prospectus supplement assumes no exercise by the underwriters of their over-allotment option.

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RISK FACTORS

You should carefully consider the risks described below and the risks described under the heading "Risk Factors" in Item 1A of Part I of the 2012 Form 10-K before making an investment decision. The risks and uncertainties described below and in other documents we have filed with the SEC are not the only risks and uncertainties we face. Additional risks and uncertainties not presently known to us or that we currently deem immaterial also may impair our business operations. If certain of the risks described in the risk factors incorporated by reference herein actually occur, our business, results of operations and financial condition could suffer. In that event the trading price of the Series C Preferred Stock could decline, and you may lose all or part of your investment.

Risks Relating to the Series C Preferred Stock and this Offering

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

The Series C Preferred Stock will rank junior to all of our existing and future indebtedness, any classes and series of our capital stock expressly designated as ranking senior to the Series C Preferred Stock as to distribution rights and rights upon our liquidation, dissolution or winding up, and other non-equity claims on us and our assets available to satisfy claims against us, including claims in bankruptcy, liquidation or similar proceedings. Our existing debt includes restrictions on our ability to pay dividends to preferred stockholders, and our future debt may include similar restrictions. Our charter currently authorizes the issuance of up to 100,000,000 shares of preferred stock in one or more classes or series. Prior to this offering, we have issued 2,000,000 shares of Series A Preferred Stock and 3,000,000 shares of Series B Preferred Stock. Subject to limitations prescribed by Maryland law and our charter, our Board of Directors is authorized to issue, from our authorized but unissued shares of capital stock, preferred stock in such classes or series as our Board of Directors may determine and to establish from time to time the number of shares of preferred stock to be included in any such class or series. The issuance of additional shares of Series C Preferred Stock or additional shares of Parity Stock, including the Series A Preferred Stock and the Series B Preferred Stock, would dilute the interests of the holders of Series C Preferred Stock, and the issuance of shares of any class or series of our capital stock expressly designated as ranking senior to the Series C Preferred Stock as to distribution rights and rights upon our liquidation, dissolution or winding up or the incurrence of additional indebtedness could affect our ability to pay dividends on, redeem or pay the liquidation preference on the Series C Preferred Stock. Other than the conversion right afforded to holders of Series C Preferred Stock that may become exercisable in connection with certain changes of control as described in this prospectus supplement under the heading "Description of the Series C Preferred Stock Conversion Rights," none of the provisions relating to the Series C Preferred Stock contain any terms relating to or limiting our indebtedness or affording the holders of Series C Preferred Stock protection in the event of a highly leveraged or other transaction, including a merger or the sale, lease or conveyance of all or substantially all our assets, that might adversely affect the holders of Series C Preferred Stock, so long as the rights of the holders of Series C Preferred Stock are not materially and adversely affected.

The Series C Preferred Stock has not been rated.

We have not sought to obtain a rating for the Series C Preferred Stock. No assurance can be given, however, that one or more rating agencies might not independently determine to issue such a rating or that such a rating, if issued, would not adversely affect the market price of the Series C Preferred Stock. In addition, we may elect in the future to obtain a rating of the Series C Preferred Stock, which could adversely impact the market price of the Series C Preferred Stock. Ratings only reflect the views of the rating agency or agencies issuing the ratings and such ratings could be revised

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downward or withdrawn entirely at the discretion of the issuing rating agency if in its judgment circumstances so warrant. Any such downward revision or withdrawal of a rating could have an adverse effect on the market price of the Series C Preferred Stock.

As a holder of Series C Preferred Stock, you will have extremely limited voting rights.

Your voting rights as a holder of Series C Preferred Stock will be limited. Our shares of common stock are the only class of our securities that carry full voting rights. Voting rights for holders of Series C Preferred Stock exist primarily with respect to the ability to elect, together with holders of our Parity Stock having similar voting rights, including holders of Series A Preferred Stock and holders of Series B Preferred Stock, two additional directors to our Board of Directors in the event that six quarterly dividends (whether or not consecutive) payable on the Series C Preferred Stock are in arrears, and with respect to voting on amendments to our charter or articles supplementary relating to the Series C Preferred Stock that materially and adversely affect the rights of the holders of Series C Preferred Stock or create additional classes or series of our capital stock expressly designated as ranking senior to the Series C Preferred Stock as to distribution rights and rights upon our liquidation, dissolution or winding up. Other than the limited circumstances described in this prospectus supplement, holders of Series C Preferred Stock will not have any voting rights. See "Description of the Series C Preferred Stock Voting Rights."

Our cash available for dividends may not be sufficient to pay dividends on the Series C Preferred Stock at expected levels, and we cannot assure you of our ability to pay dividends in the future. We may use borrowed funds or funds from other sources to pay dividends, which may adversely impact our operations.

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

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

Upon the occurrence of a Change of Control, as a result of which our common stock and the common securities of the acquiring or surviving entity (or ADRs representing such common securities) are not listed on the NYSE, the NYSE MKT or NASDAQ, or listed or quoted on an exchange or quotation system that is a successor to the NYSE, the NYSE MKT or NASDAQ, holders of Series C Preferred Stock will have the right to convert some or all of their Series C Preferred Stock into our common stock (or equivalent value of alternative consideration). Notwithstanding that we generally may not redeem the Series C Preferred Stock prior to March 20, 2018, we have a special optional redemption right to redeem the Series C Preferred Stock in the event of a Change of Control, and holders of Series C Preferred Stock will not have the right to convert any shares that we have elected to redeem prior to the Change of Control Conversion Date. See "Description of the Series C Preferred Stock Conversion Rights" and "Description of the Series C Preferred Stock Redemption." Upon such a conversion, the holders will be limited to a maximum number of shares of our common stock equal to the Share Cap multiplied by the number of Series C Preferred Stock converted. If the Common Stock Price (as defined in "Description of the Series C Preferred Stock Conversion Rights") is less than \$4.86 (which is approximately 50% of the per-share closing sale price of our common stock on March 12, 2013), subject to adjustment, each holder will receive a maximum of 5.1440 shares of our common stock per share of Series C Preferred Stock, which may result in a holder receiving value that is less than the liquidation preference of the Series C Preferred Stock. In addition, those features of the Series C Preferred Stock may have the effect of inhibiting a third party from making an acquisition proposal for our company or of delaying, deferring or preventing a change of control of our company under circumstances that otherwise could provide the holders of our common stock and Series C Preferred Stock with the opportunity to realize a premium over the then-current market price or that stockholders may otherwise believe is in their best interests.

There is no established trading market for the Series C Preferred Stock and listing on the NYSE does not guarantee a market for the Series C Preferred Stock.

The Series C Preferred Stock is a new issue of securities with no established trading market. We intend to file an application to list the Series C Preferred Stock on the NYSE, but there can be no assurance that the NYSE will approve the Series C Preferred Stock for listing.

Even if the NYSE approves the Series C Preferred Stock for listing, there is no guarantee the Series C Preferred Stock will remain listed on the NYSE or any other nationally recognized exchange. If the Series C Preferred Stock is delisted from the NYSE or another nationally recognized exchange, we could face significant material adverse consequences, including:

a limited availability of market quotations for the Series C Preferred Stock;

reduced liquidity with respect to the Series C Preferred Stock;

a determination that the Series C Preferred Stock is "penny stock," which will require brokers trading in the Series C Preferred Stock to adhere to more stringent rules, possibly resulting in a reduced level of trading activity in the secondary trading market for the Series C Preferred Stock; and

a decreased ability to issue additional securities or obtain additional financing in the future.

Moreover, even if the NYSE approves the Series C Preferred Stock for listing, an active trading market on the NYSE for the Series C Preferred Stock may not develop or, if it does develop, may not

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last, in which case the market price of the Series C Preferred Stock could be materially and adversely affected.

We have been advised by the underwriters that they intend to make a market in the Series C Preferred Stock, but they are not obligated to do so and may discontinue market-making at any time without notice.

The market price and trading volume of the Series C Preferred Stock may fluctuate significantly and be volatile due to numerous circumstances beyond our control

The Series C Preferred Stock is a new issue of securities with no established trading market. We intend to file an application to list the Series C Preferred Stock on the NYSE, but there can be no assurance that the NYSE will approve the Series C Preferred Stock for listing. If the NYSE approves the Series C Preferred Stock for listing and if an active trading market does develop on the NYSE, the Series C Preferred Stock may trade at prices lower than the public offering price, and the market price of the Series C Preferred Stock would depend on many factors, including, but not limited to:

prevailing interest rates;

the market for similar securities;

general economic and financial market conditions;

our issuance, as well as the issuance by our subsidiaries, of additional preferred equity or debt securities; and

our financial condition, cash flows, liquidity, results of operations, funds from operations and prospects.

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

Future offerings of debt securities or shares of our capital stock expressly designated as ranking senior to the Series C Preferred Stock as to distribution rights and rights upon our liquidation, dissolution or winding up may adversely affect the market price of the Series C Preferred Stock.

If we decide to issue debt securities or shares of our capital stock expressly designated as ranking senior to the Series C Preferred Stock as to distribution rights and rights upon our liquidation, dissolution or winding up in the future, it is possible that these securities will be governed by an indenture or other instrument containing covenants restricting our operating flexibility. Additionally, any convertible or exchangeable debt securities that we issue in the future may have rights, preferences and privileges more favorable than those of the Series C Preferred Stock and may result in dilution to owners of the Series C Preferred Stock. We and, indirectly, our stockholders, will bear the cost of issuing and servicing such securities. Because our decision to issue debt securities or shares of our capital stock expressly designated as ranking senior to the Series C Preferred Stock as to distribution rights and rights upon our liquidation, dissolution or winding up in any future offering will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing or nature of our future offerings. Thus holders of the Series C Preferred Stock will bear the risk of our future offerings reducing the market price of the Series C Preferred Stock and diluting the value of their share holdings in us.

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USE OF PROCEEDS

We estimate that the net proceeds we will receive from this offering will be approximately \$72.4 million (or approximately \$82.1 million in the event the underwriters exercise in full their over-allotment option), after deducting the underwriting discounts and commissions and estimated offering expenses payable by us. We will contribute all of the net proceeds to our operating partnership in exchange for 3,000,000 Series C Preferred Units (3,400,000 Series C Preferred Units in the event the underwriters exercise in full their over-allotment option). The rights, preferences and privileges of the Series C Preferred Units are substantially equivalent to the terms of the Series C Preferred Stock.

Our operating partnershi