UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2015

OR

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

For the transition period ended _____ to _____

Commission file number 001-36594

Xenia Hotels & Resorts, Inc.

(Exact Name of Registrant as Specified in Its Charter)

Maryland	**20-0141677**
(State of Incorporation)	**(I.R.S. Employer Identification No.)**
200 S. Orange Avenue Suite 1200, Orlando, Florida	**32801**
(Address of Principal Executive Offices)	**(Zip Code)**

(407) 317-6950

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☑ Yes ☐ No

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	Accelerated filer	Non-accelerated filer	Smaller reporting company
☐	☐	☑	☐

(Do not check if a smaller reporting company)

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

As of November 12, 2015 , there were 111,671,372 shares of the registrant’s common stock outstanding.

XENIA HOTELS & RESORTS, INC.
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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

XENIA HOTELS & RESORTS, INC.
Combined Condensed Consolidated Balance Sheets
As of September 30, 2015 and December 31, 2014
(Dollar amounts in thousands, except per share data)

	September 30, 2015	December 31, 2014
Assets	**(Unaudited)**	
Investment properties:		
Land	$ 372,698	319,624
Building and other improvements	2,845,901	2,589,288
Construction in progress	40,362	39,736
Total	$ 3,258,961	2,948,648
Less: accumulated depreciation	(565,643)	(463,342)
Net investment properties	$ 2,693,318	2,485,306
Cash and cash equivalents	99,430	163,053
Restricted cash and escrows	83,141	87,296
Accounts and rents receivable, net of allowance of $271 and $251, respectively	33,658	24,407
Intangible assets, net of accumulated amortization of $16,146 and $15,143, respectively	61,759	64,541
Deferred tax asset	1,853	2,393
Other assets	43,446	28,204
Assets held for sale	95,335	100,551
Total assets (including $71,660 and $41,054, respectively, related to consolidated variable interest entities)	$ 3,111,940	$ 2,955,751
Liabilities		
Debt	$ 1,186,342	1,232,012
Accounts payable and accrued expenses	94,797	90,848
Distributions payable	25,684	—
Other liabilities	37,023	43,530
Liabilities associated with assets held for sale	67,358	68,440
Total liabilities (including $46,323 and $27,679, respectively, related to consolidated variable interest entities)	1,411,204	1,434,830
Commitments and contingencies		
Stockholders' equity		
Preferred stock, $0.01 par value (liquidation preference of $1,000), 50,000,000 shares authorized and 0 issued or outstanding as of September 30, 2015 and 0 shares authorized, issued or outstanding as of December 31, 2014	$ —	—
Common stock, $0.01 par value, 500,000,000 shares authorized, 111,671,372 issued and outstanding as of September 30, 2015 and 100,000 shares authorized, 1,000 issued and outstanding as of December 31, 2014	1,117	—
Additional paid in capital	1,993,067	1,781,427
Distributions in excess of retained earnings	(305,005)	(264,161)
Total Company stockholders' equity	$ 1,689,179	$ 1,517,266
Non-controlling interests	11,557	3,655
Total equity	$ 1,700,736	$ 1,520,921
Total liabilities and equity	$ 3,111,940	$ 2,955,751

See accompanying notes to the combined condensed consolidated financial statements.

XENIA HOTELS & RESORTS, INC.
Combined Condensed Consolidated Statements of Operations
For the Three and Nine Months Ended September 30, 2015 and 2014
(unaudited)
(Dollar amounts in thousands, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Revenues:				
Rooms revenues	$ 175,872	$ 164,261	$ 501,754	$ 481,001
Food and beverage revenues	58,500	52,039	185,707	171,379
Other revenues	14,081	14,791	40,089	44,349
Total revenues	$ 248,453	$ 231,091	$ 727,550	$ 696,729
Expenses:				
Rooms expenses	38,841	36,155	111,378	105,777
Food and beverage expenses	41,308	37,501	122,806	117,250
Other direct expenses	4,625	6,606	13,256	21,191
Other indirect expenses	58,311	54,351	167,758	160,049
Management and franchise fees	12,605	13,198	37,674	39,788
Total hotel operating expenses	155,690	147,811	452,872	444,055
Depreciation and amortization	37,818	35,835	110,094	106,231
Real estate taxes, personal property taxes and insurance	12,985	11,107	36,984	32,666
Ground lease expense	1,272	1,558	3,869	4,096
General and administrative expenses	5,396	10,512	19,443	24,266
Business management fees	—	—	—	1,474
Acquisition transaction costs	4,510	18	5,396	1,150
Pre-opening expenses	825	—	825	—
Provision for asset impairment	—	1,667	—	4,665
Separation and other start-up related expenses	426	—	26,887	—
Total expenses	$ 218,922	$ 208,508	$ 656,370	$ 618,603
Operating income	$ 29,531	$ 22,583	$ 71,180	$ 78,126
Gain (loss) on sale of investment property	—	(96)	—	865
Other income (expense)	672	60	3,389	185
Interest expense	(12,496)	(14,374)	(38,726)	(43,532)
Loss on extinguishment of debt	—	(113)	(283)	(1,183)
Equity in losses and gain on consolidation of unconsolidated entity, net	—	—	—	4,216
Income before income taxes	$ 17,707	$ 8,060	$ 35,560	$ 38,677
Income tax benefit (expense)	140	(1,862)	(8,344)	(5,787)
Net income from continuing operations	$ 17,847	$ 6,198	$ 27,216	$ 32,890
Net income (loss) from discontinued operations	—	3,297	(489)	1,810
Net income	$ 17,847	$ 9,495	$ 26,727	$ 34,700
Less: Net loss attributable to non-controlling interests	251	—	248	—
Net income attributable to the Company	$ 18,098	$ 9,495	$ 26,975	$ 34,700
Distributions to preferred stockholders	(4)	—	(12)	—
Net income attributable to common stockholders	$ 18,094	$ 9,495	$ 26,963	$ 34,700

XENIA HOTELS & RESORTS, INC.
Combined Condensed Consolidated Statements of Operations - Continued
For the Three and Nine Months Ended September 30, 2015 and 2014
(unaudited)
(Dollar amounts in thousands, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Basic and diluted earnings per share				
Income from continuing operations available to common stockholders	$ 0.16	$ 0.05	$ 0.24	$ 0.29
Income from discontinued operations available to common stockholders	$ —	$ 0.03	$ —	$ 0.02
Net income per share available to common stockholders	$ 0.16	$ 0.08	$ 0.24	$ 0.31
Weighted average number of common shares (basic)	111,694,773	113,397,997	112,096,957	113,397,997
Weighted average number of common shares (diluted)	111,885,350	113,397,997	112,258,505	113,397,997

See accompanying notes to the combined condensed consolidated financial statements.

XENIA HOTELS & RESORTS, INC.
Combined Condensed Consolidated Statements of Changes in Equity
For the Nine Months Ended September 30, 2015
(unaudited)
(Dollar amounts in thousands, except per share data)

	Preferred Stock		Common Stock				Non-controlling Interests			
	Shares	Amount	Shares	Amount	Additional paid in capital	Distributions in excess of retained earnings	Operating Partnership	Consolidated Joint Venture	Total Non-controlling Interests	Total
Balance at January 1, 2015	—	$ —	1,000	$ —	$ 1,781,427	$ (264,161)	$ —	$ 3,655	$ 3,655	$ 1,520,921
Net income	—	—	—	—	—	26,975	7	(255)	(248)	26,727
Issuance of preferred shares, net of issuance costs	125	—	—	—	102	—	—	—	—	102
Contributions from InvenTrust Properties Corp., net	—	—	—	—	249,073		—	—	—	249,073
Issuance of common shares in connection with separation from InvenTrust Properties Corp.	—	—	113,396,997	1,134	(1,134)	—	—	—	—	—
Repurchase of common shares, net	—	—	(1,759,344)	(17)	(36,929)	—	—	—	—	(36,946)
Dividends, common shares / units ($0.61)	—	—	—	—	—	(67,807)	(68)	—	(68)	(67,875)
Dividends, preferred shares ($92.36)	—	—	—	—	—	(12)	—	—	—	(12)
Share-based compensation	—	—	32,719	—	665	—	1,585	—	1,585	2,250
Redemption of preferred stock	(125)	—	—	—	(137)		—	—	—	(137)
Contributions from non-controlling interests	—	—	—	—	—	—	—	6,633	6,633	6,633
Balance at September 30, 2015	—	$ —	111,671,372	$ 1,117	$ 1,993,067	$ (305,005)	$ 1,524	$ 10,033	$ 11,557	$ 1,700,736

See accompanying notes to the combined condensed consolidated financial statements.

XENIA HOTELS & RESORTS, INC.
Combined Condensed Consolidated Statements of Cash Flows
For the Nine Months Ended September 30, 2015 and 2014
(unaudited)
(Dollar amounts in thousands)

	Nine Months Ended September 30,	
	2015	**2014**
Cash flows from operating activities:		
Net income	$ 26,727	$ 34,700
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	107,427	139,276
Amortization of above and below market leases and other lease tangibles	2,769	3,517
Amortization of debt premiums, discounts, and financing costs	2,872	3,405
Loss on extinguishment of debt	283	1,196
Gain on sale of investment property, net	—	(865)
Provision for asset impairment	—	4,665
Equity in losses and gain on consolidation of entity, net	—	(4,216)
Share-based compensation expense	4,774	—
Other non-cash adjustments	36	—
Changes in assets and liabilities:		
Accounts and rents receivable	(9,088)	(11,759)
Deferred costs and other assets	8,208	8,490
Accounts payable and accrued expenses	2,909	11,736
Other liabilities	(5,227)	1,438
Prepayment penalties and defeasance	—	(1,061)
Net cash flows provided by operating activities	$ 141,690	$ 190,522
Cash flows from investing activities:		
Purchase of investment properties	(245,000)	(171,991)
Acquired goodwill, intangible assets, and intangible liabilities	—	(11,837)
Capital expenditures and tenant improvements	(40,941)	(26,421)
Investment in development projects	(30,842)	(15,298)
Proceeds from sale of investment properties	—	24,630
Consolidation of joint venture	—	(2,944)
Distributions from unconsolidated entities	—	(30)
Restricted cash and escrows	4,155	(21,515)
Deposits for acquisition of hotel properties	(20,000)	—
Other assets	1,039	10,075
Net cash flows used in investing activities	$ (331,589)	$ (215,331)
Cash flows from financing activities:		
Distribution to InvenTrust Properties Corp.	(23,505)	(1,395,208)
Contribution from InvenTrust Properties Corp.	176,805	1,440,938
Proceeds from mortgage debt and notes payable	19,628	75,224
Payoffs of mortgage debt	(81,468)	(40,643)
Principal payments of mortgage debt	(6,707)	(10,140)
Payment of loan fees and deposits	(2,926)	(1,633)
Proceeds from revolving line of credit draws	127,000	—
Payments on revolving line of credit	(10,000)	—
Contributions from non-controlling interests	6,633	1,518
Proceeds from issuance of preferred shares, net of offering costs	102	—
Redemption of preferred shares	(137)	—
Repurchase of common shares	(36,946)	—
Dividends, common shares	(42,191)	—
Dividends, preferred shares	(12)	—
Payments for contingent consideration	—	(7,891)

Net cash flows provided by financing activities	$ 126,276	$ 62,165
Net (decrease) increase in cash and cash equivalents	(63,623)	37,356
Cash and cash equivalents, at beginning of year	163,053	89,169
Cash and cash equivalents, at September 30, 2015 and 2014	$ 99,430	$ 126,525

See accompanying notes to the combined condensed consolidated financial statements.

XENIA HOTELS & RESORTS, INC.
Supplemental Cash Flow
For the Nine Months Ended September 30, 2015 and 2014
(unaudited)
(Dollar amounts in thousands)

	Nine Months Ended September 30,	
	2015	**2014**
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ 35,383	$ 65,287
Supplemental schedule of non-cash investing and financing activities:		
Consolidation of assets of joint venture	$ —	$ 21,833
Liabilities assumed at consolidation of joint venture	—	446
Assumption of mortgage debt of joint venture	—	11,967
Accrued capital expenditures	4,005	2,424
Assumption of allocated unsecured line of credit facility by InvenTrust Properties Corp.	(96,020)	(106,094)
Non-cash net distributions to InvenTrust Properties Corp.	282	—
Distributions payable	25,684	—

See accompanying notes to the combined condensed consolidated financial statements.

1. Organization

Xenia Hotels & Resorts, Inc. (the "Company" or "Xenia") is a Maryland corporation that invests primarily in premium full service, lifestyle and urban upscale hotels. Prior to February 3, 2015, Xenia was a wholly owned subsidiary of InvenTrust Properties Corp. ("InvenTrust" formerly known as Inland American Real Estate Trust, Inc.), its former parent.

On February 3, 2015, Xenia was spun off from InvenTrust through a taxable pro rata distribution by InvenTrust of 95% of the outstanding common stock, $0.01 par value per share (the "Common Stock"), of Xenia to holders of record of InvenTrust's common stock as of the close of business on January 20, 2015 (the "Record Date"). Each holder of record of InvenTrust's common stock received one share of Common Stock for every eight shares of InvenTrust's common stock held at the close of business on the Record Date (the "Distribution"). In lieu of fractional shares, stockholders of InvenTrust received cash. On February 4, 2015, Xenia's Common Stock began trading on the New York Stock Exchange ("NYSE") under the ticker symbol "XHR." As a result of the Distribution, the Company became a stand-alone, publicly-traded company. Xenia intends to qualify as a real estate investment trust ("REIT") for federal income tax purposes.

Substantially all of the Company's assets are held by, and all the operations are conducted through XHR LP (the "Operating Partnership"). XHR GP, Inc. is the sole general partner of XHR LP. XHR GP, Inc. is wholly owned by the Company. At September 30, 2015 , the Company owned 99.5% of the common limited partnership units issued by the Operating Partnership ("common units"). The remaining 0.5% of the common units are owned by the other limited partners. To qualify as a REIT, the Company cannot operate or manage its hotels. Therefore, the Operating Partnership and its subsidiaries lease the hotel properties to XHR Holding Inc. (collectively with its subsidiaries, "XHR Holding"), the Company's taxable REIT subsidiary ("TRS"), which engages third-party eligible independent operators to manage the hotels.

The accompanying combined condensed consolidated financial statements include the accounts of the Company, the Operating Partnership, XHR Holding, as well as all wholly owned subsidiaries and consolidated joint venture investments. The Company's subsidiaries and joint ventures generally consist of limited liability companies ("LLCs"), limited partnerships ("LPs") and the TRS. The effects of all significant inter-company transactions have been eliminated.

As of September 30, 2015 , the Company owned 50 lodging properties, 49 of which were wholly owned, with a total of 13,104 rooms, and a 75% ownership interest in one property under development.

2. Summary of Significant Accounting Policies

The unaudited interim combined condensed consolidated financial statements and related notes have been prepared on accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP") and in conformity with the rules and regulations of the Securities and Exchange Commission ("SEC") applicable to financial information. Certain information and footnote disclosures normally included in financial statements prepared in accordance with GAAP have been omitted in accordance with the rules and regulations of the SEC. The unaudited financial statements include normal recurring adjustments, which the Company considers necessary for the fair presentation of the combined condensed consolidated balance sheets, combined condensed consolidated statements of operations, combined condensed consolidated statements of changes in equity and combined condensed consolidated statements of cash flows for the periods presented. The unaudited combined condensed consolidated financial statements should be read in conjunction with the combined consolidated financial statements and notes thereto as of and for the year ended December 31, 2014 , included in the Company's Annual Report on Form 10-K filed with the SEC on March 27, 2015. Operating results for the three and nine months ended September 30, 2015 are not necessarily indicative of actual operating results for the entire year.

Basis of Presentation

As described in Note 1, on February 3, 2015, Xenia was spun off from InvenTrust. Prior to the separation, the Company effectuated certain reorganization transactions which were designed to consolidate the ownership of its hotels into its operating partnership, consolidate its TRS lessees in its TRS, facilitate its separation from InvenTrust, and enable the Company to qualify as a REIT for federal income tax purposes. The accompanying combined condensed consolidated financial statements prior to the spin-off have been "carved out" of InvenTrust's consolidated financial statements and reflect significant assumptions and allocations. The combined condensed consolidated financial statements reflect the operations of the Company after giving effect to the reorganization transactions, the disposition of other hotels previously owned by the Company, and the spin-off, and

include allocations of costs from certain corporate and shared functions provided to the Company by InvenTrust, as well as costs associated with participation by certain of the Company's executives in InvenTrust's benefit plans. Corporate costs directly associated with the Company's principal executive offices, personnel and other administrative costs are reflected as general and administrative expenses on the combined condensed consolidated statements of operations. Additionally, prior to the spin-off, InvenTrust allocated to the Company a portion of its corporate overhead costs based upon the Company's percentage share of the average invested assets of InvenTrust, which is reflected in general and administrative expenses. Based on these presentation matters, these financials may not be comparable to prior periods.

As InvenTrust was managing various asset portfolios, the extent of services and benefits a portfolio received was based on the size of its assets. Therefore, using average invested assets to allocate costs was a reasonable reflection of the services and other benefits received by the Company and complied with applicable accounting guidance. However, actual costs may have differed from allocated costs if the Company had operated as a stand-alone entity during such period and those differences may have been material.

Each property maintains its own books and financial records and each entity's assets are not available to satisfy the liabilities of other affiliated entities, except as otherwise disclosed in Note 7.

Use of Estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities, and revenues and expenses. These estimates are prepared using management's best judgment, after considering past, current and expected economic conditions. Actual results could differ from these estimates.

Involuntary Conversion of Assets

On August 24, 2014, Napa, California experienced a 6.0 magnitude earthquake that impacted two of the Company's lodging properties. The Company recorded involuntary losses of $9.0 million, which represents the book value of the properties and equipment written off for the property damage. As it was probable that the Company would receive insurance proceeds to compensate for the property damages, the Company also recorded an offsetting insurance recovery receivable of $9.0 million. Related to this receivable, the Company has received $9.6 million, of which $0.3 million and $0.6 million was in excess of the receivable related to both of the properties for the three and nine months ended September 30, 2015 and was recorded as a gain included in other income on the combined condensed consolidated statement of operations. As of September 30, 2015 , there was no remaining receivable related to property damage insurance recoveries.

The Company will not record an insurance recovery receivable for business interruption losses until the amount for such recoveries is known and the amount is realizable. The business interruption insurance recovery for the three and nine months ended September 30, 2015 was $0.5 million and $4.2 million , respectively, and is included in other income on the combined condensed consolidated statement of operations.

Income Taxes

The Company intends to elect to be taxed as, and operate in a manner that will allow the Company to qualify as, a REIT for federal income tax purposes. So long as the Company qualifies for taxation as a REIT, it generally will not be subject to federal income tax on taxable income that is currently distributed to its stockholders. A REIT is subject to a number of organizational and operational requirements, including a requirement that it currently distribute at least 90% of its REIT taxable income (subject to certain adjustments) to its stockholders. If the Company fails to qualify as a REIT in any taxable year, without the benefit of certain relief provisions, the Company will be subject to federal, state and local income tax on its taxable income at regular corporate tax rates and will not be eligible to re-elect REIT status during the four years following the failure. Even if the Company qualifies for taxation as a REIT, the Company may be subject to certain state and local taxes on its income, property or net worth and federal income and excise taxes on its undistributed income.

To qualify as a REIT, the Company cannot operate or manage its hotels. Accordingly, the Company, through its Operating Partnership, leases all of its hotels to subsidiaries of its TRS. The TRS is subject to federal, state and local income tax at regular corporate rates. Lease revenues at REIT subsidiaries or landlords and lease expense from the TRS lessees are eliminated in consolidation for financial statement purposes.

The Company accounts for income taxes using the asset and liability method under which deferred tax assets and liabilities are recognized for the estimated future tax consequences attributed to differences between the financial statement carrying amounts

of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using enacted tax rates in effect for the year in which those temporary differences are expected to be recovered or settled.

Deferred tax assets are recognized only to the extent that it is more likely than not that they will be realized based on consideration of available evidence, including future reversal of existing taxable temporary differences, future projected taxable income and tax-planning strategies. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. The Company's analysis in determining the deferred tax asset valuation allowance involves management judgment and assumptions.

Income tax expense in the combined condensed consolidated financial statements for the period from January 1, 2015 through February 3, 2015 and for three and nine months ended September 30, 2014 was calculated on a "carve-out" basis from InvenTrust.

Share-Based Compensation

The Company has adopted a share-based incentive plan that provides for the grant of stock options, stock awards, restricted stock units, performance units and other equity-based awards. Share-based compensation is measured at the estimated fair value of the award on the date of grant, adjusted for forfeitures, and recognized as an expense on a straight-line basis over the longest vesting period for each grant for the entire award. The determination of fair value of these awards is subjective and involves significant estimates and assumptions including expected volatility of the Company's shares, expected dividend yield, expected term and assumptions of whether certain of these awards will achieve parity with other operating partnership units or achieve performance thresholds. Share-based compensation is included in general and administrative expenses in the accompanying combined condensed consolidated statements of operations and capitalized in building and other improvements in the combined condensed consolidated balance sheets for certain employees that manage property developments, renovations and capital improvements.

Non-controlling Interests

The Company's combined condensed consolidated financial statements include entities in which the Company has a controlling financial interest. Non-controlling interest is the portion of equity in a subsidiary not attributable, directly or indirectly, to a consolidating parent. Such non-controlling interests are reported on the combined condensed consolidated balance sheets within equity, separately from the Company's equity. On the combined condensed consolidated statements of operations, revenues, expenses and net income or loss from less-than-wholly-owned subsidiaries are reported at the consolidated amounts, including both the amounts attributable to the Company and non-controlling interests. Income or loss is allocated to non-controlling interests based on their weighted average ownership percentage for the applicable period. The combined condensed consolidated statement of equity includes beginning balances, activity for the period and ending balances for stockholders' equity, non-controlling interests and total equity.

However, if the Company's non-controlling interests are redeemable for cash or other assets at the option of the holder, not solely within the control of the issuer, they must be classified outside of permanent equity. The Company makes this determination based on terms in applicable agreements, specifically in relation to redemption provisions. Additionally, with respect to non-controlling interests for which the Company has a choice to settle the contract by delivery of its own shares, the Company evaluates whether the Company controls the actions or events necessary to issue the maximum number of shares that could be required to be delivered under share settlement of the contract. As of September 30, 2015 , all share-based payments awards are included in permanent equity.

As of September 30, 2015 , the consolidated results of the Company include the following ownership interests held by owners other than the Company: (i) the common units in the Operating Partnership held by certain of the Company's executive officers and Board of Directors, and (ii) the outside ownership interest in our two joint ventures.

Earnings Per Share

Basic earnings per share ("EPS") is computed by dividing the net income available to common stockholders by the weighted-average number of common shares outstanding for the period, excluding the weighted average number of unvested shared-based compensation awards outstanding during the period. Diluted EPS is calculated by dividing net income available to common stockholders, by the weighted average number of common shares outstanding during the period plus the effect of any dilutive securities. Any anti-dilutive securities are excluded from the diluted earnings per-share calculation.

Reclassifications

Reclassifications have been made to the prior year's combined condensed consolidated financial statements to conform to the current year's presentation.

Recently Issued Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, Revenue from Contracts with Customers, which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The ASU will replace most existing revenue recognition guidance in GAAP when it becomes effective, although it will not affect the accounting for rental related revenues. The new standard is effective for the Company on January 1, 2018, pursuant to ASU No. 2015-09 which deferred the adoption date by one year . Early adoption is permitted. The Company is evaluating the effect that ASU No. 2014-09 will have on its combined condensed consolidated financial statements and related disclosures. The Company has not yet selected a transition method nor has it determined the effect of the standard on its ongoing financial reporting.

In February 2015, the FASB issued ASU No. 2015-02, Amendments to the Consolidation Analysis. The ASU amends the consolidation guidance for variable interest entities ("VIEs") and general partners' investments in limited partnerships and modifies the evaluation of whether limited partnerships and similar legal entities are VIEs or voting interest entities. The ASU is effective for interim and annual reporting periods beginning after December 15, 2015, with early adoption permitted. The Company is currently evaluating the effect of the ASU on the Company's combined condensed consolidated financial statements and related disclosures, but believes it will not have a material impact on its financial statements.

In April 2015, the FASB issued ASU No. 2015-03, Interest—Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs. The new standard requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. The standard is effective for annual reporting periods beginning after December 15, 2015, with early adoption of the standard permitted, and should be applied retrospectively to all periods. Upon adoption of the standard, the Company will reclassify deferred financing costs from other assets to be shown net of debt in the liabilities section of the Company's balance sheet.

In September 2015, the FASB issued ASU No. 2015-16, Simplifying the Accounting for Measurement-Period Adjustments, which eliminates the requirement for an acquirer in a business combination to account for measurement-period adjustments retrospectively. Instead, acquirers must recognize measurement-period adjustments during the period in which they determine the amounts, including the effect on earnings of any amounts that would have been recorded in previous periods if the accounting had been completed at the acquisition date. This update is effective for interim and annual periods beginning after December 15, 2015, with early adoption permitted. The implementation of this update is not expected to have a material impact on our combined condensed consolidated financial statements.

3. Acquired Properties

In July 2015, the Company entered into a purchase agreement to acquire the Hotel Commonwealth in Boston, Massachusetts for a purchase price of $ 136 million , excluding closing costs. The Company currently expects to close on this hotel in early 2016, which is contingent upon the seller completing the hotel expansion. As of September 30, 2015, the Company had a non-refundable deposit of $ 20 million , which is included in other assets on the combined condensed consolidated balance sheet.

Also in July 2015, the Company acquired three hotels for a total purchase price of $245 million , excluding closing costs of $ 4.5 million , which were expensed and included in acquisitions costs on the combined condensed consolidated statement of operations for the three and nine months ended September 30, 2015 . The sources of funding for the acquisition were cash on hand and borrowings under the Company's unsecured credit facility.

The following is a summary of the hotel acquisitions for the nine months ended September 30, 2015 :

Property	Location	Rooms	Management Company
Canary Santa Barbara	Santa Barbara, CA	97	Kimpton Hotel & Restaurant Group, LLC
Hotel Palomar Philadelphia	Philadelphia, PA	230	Kimpton Hotel & Restaurant Group, LLC
RiverPlace Hotel	Portland, OR	84	Kimpton Hotel & Restaurant Group, LLC

The Company records identifiable assets, liabilities, and goodwill acquired in a business combination at fair value using significant other observable inputs (Level 2) including available market information and appropriate valuation methodologies available. The following reflects the purchase price allocation for the three hotels acquired during the nine months ended September 30, 2015 (in thousands) :

	September 30, 2015
Land	$ 49,743
Building and improvements	172,928
Furniture, fixtures, and equipment	21,907
Intangibles and other assets	422
Total purchase price	$ 245,000

As part of the acquisition of the three hotels, the Company also assumed a net working capital liability of approximately $0.5 million related to the hotels. For the properties acquired during the nine months ended September 30, 2015 , total revenues and net income from the date of acquisition through September 30, 2015 are included in the accompanying combined condensed consolidated statements of operations for the three and nine months ended (in thousands) :

	September 30, 2015
Revenue	$ 11,421
Net income (excluding acquisition costs)	$ 3,146

The following unaudited condensed pro forma financial information presents the results of operations as if the 2015 acquisitions had taken place on January 1, 2014. The unaudited pro forma financial information is not necessarily indicative of what actual results of operations of the Company would have been assuming the 2015 acquisitions had taken place on January 1, 2014, nor does it purport to represent the results of operations for future periods. The unaudited condensed proforma financial information is as follows (in thousands, except per share and per share data):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Revenue	$ 251,269	$ 244,434	$ 754,599	$ 731,938
Net income attributable to common stockholders [1]	$ 19,454	$ 10,046	$ 40,570	$ 32,722
Net income per share attributable to common stockholders - basic and diluted	$ 0.17	$ 0.09	$ 0.36	$ 0.29
Weighted average number of common shares - basic	111,694,773	113,397,997	112,096,957	113,397,997
Weighted average number of common shares - diluted	111,885,350	113,397,997	112,258,505	113,397,997

(1) The pro forma results above exclude acquisition costs of $ 4.5 million .

During the nine months ended September 30, 2014 , the Company acquired one lodging property for a purchase price of $183 million. The following is a summary of the acquisition for the nine months ended September 30, 2014 (in thousands):

Property	Location	Acquisition Date	Rooms	Purchase Price
Aston Waikiki Beach Resort	Honolulu, Hawaii	2/28/2014	645	$183,000

The following table summarizes the allocation of purchase price for the acquisition of the Aston Waikiki Beach Resort during the nine months ended September 30, 2014 (in thousands):

		September 30, 2014
Building	$	144,076
Furniture, fixtures, and equipment		27,087
Total fixed assets	$	171,163
Below market ground lease		9,516
Net other assets and liabilities		2,321
Total purchase price	$	183,000

As part of the acquisition, the Company also assumed net working capital assets related to the hotel of approximately $0.8 million . For the property acquired during the nine months ended September 30, 2014, the Company recorded revenue of $13.2 million and net income of $1.6 million, not including related expensed acquisition costs. During the nine months ended September 30, 2014, the Company incurred $1.1 million of acquisition costs. The acquired property was included in the Company's results of operations from the date of its acquisition.

4. Disposed Properties

In September 2015, the Company entered into a purchase and sale agreement to dispose of the Hyatt Regency Orange County hotel for a purchase price of $137 million . The operating results of the hotel are included in the Company's combined condensed consolidated financial statements as part of continuing operations in accordance with ASU No. 2014-08, Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity ("ASU No. 2014-08"), as it did not represent a strategic shift or have a major effect on the Company's results of operations. The assets and liabilities of the hotel are included in assets and liabilities associated with assets held for sale at their respective net book values on the accompanying combined condensed consolidated balance sheets as of September 30, 2015 and December 31, 2014 .

Additionally, during the nine months ended September 30, 2015 , one land parcel, valued at $1.2 million , was transferred to InvenTrust on January 15, 2015 and was included in net contributions from InvenTrust in the accompanying combined condensed consolidated statement of changes in equity.

The Company disposed of 55 hotel properties during 2014. The operating results of three hotel properties, including the Crowne Plaza Charleston Airport - Convention Center, DoubleTree Suites Atlanta Galleria, and Holiday Inn Secaucus Meadowlands, are included in the Company's combined condensed consolidated financial statements as part of continuing operations in accordance with ASU No. 2014-08, as they did not represent a strategic shift or have a major effect on the Company's results of operations.

The remaining 52 lodging properties were sold by InvenTrust on November 17, 2014 (the "Suburban Select Service Portfolio"), which were properties previously overseen by the Company. This disposition represented a strategic shift and had a major effect on the Company's results of operations. Accordingly, the results of operations of these 52 lodging properties are presented as discontinued operations in the combined condensed consolidated financial statements for the three and nine months ended September 30, 2015 and 2014 pursuant to ASU 2014-08.

As discontinued operations, the components are presented below and include the results of operations for the respective periods that the Company owned such assets or was involved with the operations of such ventures during the three and nine months ended September 30, 2015 and 2014 (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Revenues	$ —	$ 67,090	$ —	$ 190,178
Depreciation and amortization expense	—	11,398	—	36,724
Other expenses	—	44,507	511	127,925
Operating (loss) income from discontinued operations	—	11,185	(511)	25,529
Interest expense	—	(7,888)	—	(23,719)
Gain on sale of properties	—	—	22	—
Net income (loss) from discontinued operations	$ —	$ 3,297	$ (489)	$ 1,810

Net cash provided by operating activities from the properties classified as discontinued operations for the nine months ended September 30, 2014 was $45.5 million. Net cash used for investing activities by the properties classified as discontinued operations for the nine months ended September 30, 2014 was $12.9 million, consisting primarily of capital expenditures. Net cash used in financing activities by the properties classified as discontinued operations at September 30, 2014 was $32.6 million , consisting primarily of repayments of mortgage debt and net distributions to InvenTrust.

5. Investment in Partially Owned Entities

Consolidated Entities

During 2013, the Company entered into two joint ventures for each to develop a lodging property, the Grand Bohemian Hotel Charleston and the Grand Bohemian Hotel Mountain Brook, respectively. The Company has ownership interests of 75% in each joint venture. These entities are considered VIE's as defined in FASB Accounting Standards Codification ("ASC") 810, Consolidation, because the entities do not have enough equity to finance their activities without additional subordinated financial support. The Company determined that it has the power to direct the activities of the VIE's that most significantly impact the VIE's economic performance, as well as the obligation to absorb losses of the VIE's that could potentially be significant to the Company, or the right to receive benefits from the VIE's that could potentially be significant to the Company. As such, the Company has a controlling financial interest and is considered the primary beneficiary of each of these entities. Therefore, these entities are consolidated by the Company.

The following are the liabilities of the consolidated VIE's, which are non-recourse to the Company, and the assets that can be used to settle those obligations (in thousands):

	September 30, 2015	December 31, 2014
Net investment properties	$ 70,196	$ 39,736
Other assets	1,464	1,318
Total assets	$ 71,660	$ 41,054
Mortgages, notes and margins payable	(40,842)	(21,214)
Other liabilities	(5,481)	(6,465)
Total liabilities	$ (46,323)	$ (27,679)
Net assets	$ 25,337	$ 13,375

In August 2015, the Grand Bohemian Hotel Charleston began operations as a 50 room luxury boutique hotel. All operations of the hotel for the three months ended September 30, 2015 were consolidated in the accompanying combined condensed consolidated statement of operations. The total development cost of the property is $32 million .

On October 21, 2015, the Grand Bohemian Hotel Mountain Brook began operations as a 100 room luxury boutique hotel. The total development cost of the property is expected to be approximately $45 million .

Under the terms of the two joint venture agreements, the Company's total capital investment in these two development properties is limited to $7.2 million and $9.6 million for the Grand Bohemian Hotel Charleston and the Grand Bohemian Hotel Mountain Brook, respectively, and as of September 30, 2015 a total of $0.8 million is the remaining amount to be invested by the Company.

Unconsolidated Entities

Prior to February 21, 2014, the Company owned an interest in one unconsolidated partnership entity. On February 21, 2014, the Company bought out its partner's interest in this entity and began consolidating this investment in its financial statements. In connection with this acquisition, the Company recorded the assets and liabilities of the entity at fair value resulting in a gain of $4.5 million . Prior to the entity being wholly owned, the equity method of accounting was used to account for this investment and the Company’s share of net income or loss was reflected in the combined condensed consolidated financial statements as equity (losses) and gain on consolidation of unconsolidated entity. In November 2014, this property was sold as part of the Suburban Select Service Portfolio, and as of September 30, 2015 , the Company does no t have any remaining investments in unconsolidated entities.

The summarized results of operations of the Company's investment prior to the purchase of the remaining interest in the joint venture for the nine months ended September 30, 2014 are presented below (in thousands):

Statement of Operations:	January 1 - February 20, 2014
Revenues	$ 932
Expenses:	
Interest expense and loan cost amortization	43
Depreciation and amortization	129
Operating expenses, ground rent and general and administrative expenses	802
Termination fee	325
Total expenses	1,299
Net loss	$ (367)
Company's share of net loss	$ (293)

6. Transactions with Related Parties

The following table summarizes the Company’s related party transactions (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
General and administrative allocation (a)	$ —	$ 7,691	$ 1,135	$ 17,798
Business management fee (b)	—	—	—	1,474
Loan placement fees (c)	—	—	—	68
Transition services fees (d)	12	—	514	—

(a) General and administrative allocations include costs from certain corporate and shared functions provided to the Company by InvenTrust, as well as costs associated with participation by certain of the Company's executives in InvenTrust's benefit plans. InvenTrust allocated to the Company a portion of its corporate overhead costs which was based upon the Company's percentage share of the average invested assets of InvenTrust. As InvenTrust was managing various asset portfolios, the extent of services and benefits a portfolio received was based on the size of its assets. Therefore, using average invested assets to allocate costs was a reasonable reflection of the services and other benefits received by the Company and complied with applicable accounting guidance. However, actual costs may have differed from allocated costs if the Company had operated as a stand-alone entity during such period and those differences may have been material. For the three and nine months ended September 30, 2014 , the general and administrative allocation related to the Suburban Select Service Portfolio was $1.8 million and $4.1 million , respectively, and was included in

discontinued operations on the combined condensed consolidated statement of operations. Following the time of the spin-off, the Company was not allocated any further general and administrative expenses.

(b) During the first quarter of 2014, InvenTrust paid a business management fee to its external manager, Inland American Business Manager and Advisor, Inc. (the "Business Manager") based on the average invested assets. The Company was allocated a portion of the business management fee based upon its percentage share of the average invested assets of InvenTrust. On March 12, 2014, InvenTrust entered into a series of agreements and amendments to existing agreements with affiliates of The Inland Group, Inc. pursuant to which InvenTrust began the process of becoming entirely self-managed (collectively, the "Self-Management Transactions"). In connection with the Self-Management Transactions, InvenTrust agreed with the Business Manager to terminate its management agreement with the Business Manager. The Self-Management Transactions resulted in a final business management fee incurred in January 2014. As a result, the Company was not allocated a business management fee after January 2014.

(c) The Company paid a related party of InvenTrust 0.2% of the principal amount of each loan placed for the Company. Such costs were capitalized as loan fees and amortized over the respective loan term. As a result of the spin-off, the Company will no longer be allocated any loan placement fees.

(d) In connection with the Company's separation from InvenTrust, the Company entered into a transition services agreement with InvenTrust under which InvenTrust has agreed to provide certain transition services to the Company, including services related to information technology systems, financial reporting and accounting and legal services. The expiration date varied by service provided and the agreement terminates on the earlier of March 31, 2016 or the termination of the last service provided under it. In June 2015, the Company terminated all fee-based services provided under the transition services agreement effective July 31, 2015, and thereafter, no additional fees are expected to be incurred for services provided by InvenTrust.

As of September 30, 2015 and December 31, 2014 , the Company owed $4.5 million and $12.7 million , respectively, to InvenTrust which is included in other liabilities in the combined condensed consolidated balance sheets. As of September 30, 2015 , the amount due to InvenTrust was for purchases of furniture, fixtures and equipment funded by InvenTrust and for other taxes paid by InvenTrust on behalf of the Company. As of December 31, 2014 , the amount due to InvenTrust was related to transaction and separation costs associated with the spin-off.

7. Debt

Mortgages Payable

Mortgage loans outstanding as of September 30, 2015 and December 31, 2014 were $1,132 million and $1,201 million and had a weighted average interest rate of 3.93% and 3.96% per annum, respectively. Mortgage premiums and discounts was a net $0.8 million and $1.7 million as of September 30, 2015 and December 31, 2014 , respectively. The following table shows scheduled debt maturities for the next five years and thereafter (in thousands):

	As of September 30, 2015 (1)	Weighted average interest rate
2016	$ 355,685	5.09%
2017	194,975	5.18%
2018	196,944	2.95%
2019	326,700	2.66%
2020	57,837	3.03%
Total mortgages	1,132,141	3.93%
Total mortgage premiums and discounts, net	(805)	
Senior unsecured credit facility (maturing in 2019)	117,000	1.85%
Total	$ 1,248,336	3.73%

(1) Includes the Hyatt Regency Orange County mortgage of $62 million that is included in liabilities associated with assets held for sale on the combined condensed consolidated balance sheet as of September 30, 2015. The sale closed in October 2015 and proceeds from the sale were used to repay the outstanding balance of the related mortgage.

On February 27, 2015, one mortgage was extended to 2016, on March 2, 2015, one mortgage was paid off in the amount of $26.3 million , and on June 19, 2015, one mortgage was paid off in the amount of $55.2 million . Of the total outstanding debt, approximately $23.2 million is recourse to the Company. Certain loans have options to extend the maturity dates if exercised by the Company, subject to being compliant with certain covenants and the prepayment of an extension fee. We expect to repay refinance or extend our maturing debt as it becomes due. See Note 14 for discussion of debt transactions, which occurred subsequent to September 30, 2015 .

Some of the mortgage loans require compliance with certain covenants, such as debt service coverage ratios, investment restrictions and distribution limitations. As of September 30, 2015 , the Company was in compliance with all such covenants.

Senior Unsecured Credit Facility

Prior to the consummation of the spin-off transaction, the Company was allocated $96.0 million of InvenTrust's revolving credit facility. Effective February 3, 2015, this allocation was terminated and the Company entered into a new $400 million senior unsecured credit facility with a syndicate of banks. The new revolving credit facility includes an uncommitted accordion feature which, subject to certain conditions, allows the Company to increase the aggregate availability by up to an additional $350 million. Borrowings under the revolving credit facility bear interest based on LIBOR plus a margin ranging from 1.50% to 2.45% (or, at the Company's election upon achievement of an investment grade rating from Moody’s Investor Services, Inc. or Standard & Poor’s Rating Services, interest based on LIBOR plus a margin ranging from 0.875% to 1.50%). In addition, until such election, the Company expects to pay an unused commitment fee of up to 0.30% of the unused portion of the credit facility based on the average daily unused portion of the credit facility; thereafter, the Company expects to pay a facility fee ranging between 0.125% and 0.35% based on the Company's debt rating.

As of September 30, 2015 , the outstanding balance on the senior unsecured facility was $117 million and during the three and nine months ended September 30, 2015 the Company incurred unused fees of approximately $0.2 million and $0.7 million , respectively. As of November 12, 2015 , there was no outstanding balance on the senior unsecured credit facility.

8. Fair Value Measurements

In accordance with FASB ASC 820, Fair Value Measurement and Disclosures, the Company defines fair value based on the price that would be received upon sale of an asset or the exit price that would be paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company uses a fair value hierarchy that prioritizes observable and unobservable inputs used to measure fair value. The fair value hierarchy consists of three broad levels, which are described below:

- Level 1 - Quoted prices for identical assets or liabilities in active markets that the entity has the ability to access.
- Level 2 - Observable inputs, other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
- Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

The Company has estimated the fair value of its financial and non-financial instruments using available market information and valuation methodologies it believes to be appropriate for these purposes. Considerable judgment and a high degree of subjectivity are involved in developing these estimates and, accordingly, they are not necessarily indicative of amounts that would be realized upon disposition.

Non-Recurring Measurements

Investment Properties

During the nine months ended September 30, 2014 , the Company identified two hotel properties which had a reduction in their

expected holding period and reviewed the probability of the assets' disposition. The Company recorded an impairment of investment properties of $4.7 million for the nine months ended September 30, 2014 based on the estimated fair value using letters of intent, purchase contracts and average selling costs. The properties were subsequently sold in August and November 2014. No impairments were recorded for the three and nine months ended September 30, 2015 .

The following table summarizes activity for the Company's assets measured at fair value on a non-recurring basis as of September 30, 2015 and 2014 , respectively (in thousands):

	Fair Value at Measurement Date Using	
	September 30, 2015	September 30, 2014
	Significant Unobservable Inputs (Level 3)	Significant Unobservable Inputs (Level 3)
Investment property	$ —	$ 17,900
Total	$ —	$ 17,900

Financial Instruments Not Measured at Fair Value

The table below represents the fair value of financial instruments presented at carrying values in the combined condensed consolidated financial statements as of September 30, 2015 and December 31, 2014 (in thousands):

	September 30, 2015		December 31, 2014	
	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
Mortgages payable	$ 1,131,336	$ 1,159,121	$ 1,200,688	$ 1,194,237
Unsecured credit facility	$ 117,000	$ 117,000	$ 96,020	$ 96,020
Total	$ 1,248,336	$ 1,276,121	$ 1,296,708	$ 1,290,257

The Company estimates the fair value of its mortgages payable using a weighted average effective interest rate of 2.64% and 3.96% per annum as of September 30, 2015 and December 31, 2014 , respectively. The fair value estimate of the unsecured credit facility approximates the carrying value. The assumptions reflect the terms currently available on similar borrowing terms to borrowers with credit profiles similar to the Company's. The Company has determined that its debt instrument valuations are classified in Level 2 of the fair value hierarchy.

9. Income Taxes

The Company intends to elect to be taxed as, and operate in a manner that will allow the Company to qualify as, a REIT under the Internal Revenue Code of 1986. To qualify as a REIT, the Company cannot operate or manage its hotels. Accordingly, the Company, through its Operating Partnership, leases all of its hotels to subsidiaries of its TRS. The TRS is subject to federal, state and local income tax at regular corporate rates. Lease revenue at the REIT landlord subsidiaries and lease expense at the TRS lessees are eliminated in consolidation for financial statement purposes.

During the three and nine months ended September 30, 2015 , the Company recognized income tax benefit of $0.1 million and expense of $8.3 million, respectively, of which $1.9 million of the expense for the nine months ended September 30, 2015 related to taxes on a one-time gain on the transfer of a hotel resulting in a more optimal structure in connection with the Company's intention to elect to be taxed as a REIT. The Company's effective tax rate differed from the federal statutory rate predominately due to the dividends paid deduction, state income taxes, and changes to valuation allowances. During the three and nine months ended September 30, 2014 , the Company recognized $1.9 million and $5.8 million income tax expense which was calculated on a "carve-out" basis from InvenTrust.

10. Stockholders' Equity

Preferred Shares

The Company is authorized to issue up to 50 million shares of preferred stock, $0.01 par value per share. On January 5, 2015, the Company issued 125 shares of preferred stock of the Company, designated as 12.5% Series A Cumulative Non-Voting Preferred Stock, $0.01 par value per share, with a liquidation preference of $1,000 per share (the "Series A Preferred Stock"), in a private placement to approximately 125 investors who qualify as "accredited investors" (as that term is defined in Rule 501(a) of Regulation D of the Securities Act of 1933, as amended (the "Securities Act")) for an aggregate purchase price of $125 thousand.

On September 30, 2015, the Company redeemed its 125 outstanding shares of the Series A Preferred Stock and the Operating Partnership redeemed its 125 outstanding units of the Series A Preferred Units, for $1,100 per share/unit plus accrued and unpaid dividends of $31.25 per share/unit, including a $100.00 redemption premium, for an aggregate per share/unit redemption of $1,131.25 . Dividends on the Series A Preferred Stock ceased accruing on September 30, 2015. Following the redemption, in accordance with the Company's charter, the Board of Directors of the Company reclassified the unissued shares of the Company's Series A Preferred Stock as authorized but unissued shares of Preferred Stock without designation as to series.

Common Shares

The Company is authorized to issue up to 500 million shares of its Common Stock, $0.01 par value per share. On February 3, 2015, the Company spun off from InvenTrust, its former parent, through a taxable pro rata distribution by InvenTrust of 95% of the Common Stock as of the close of business on January 20, 2015. Each holder of record of InvenTrust's common stock received one share of Common Stock for every eight shares of InvenTrust's common stock held at the close of business on the Record Date. In lieu of fractional shares, stockholders of InvenTrust received cash. On February 4, 2015, Xenia's Common Stock began trading on the NYSE under the ticker symbol "XHR." As a result of the Distribution, the Company became a stand-alone, publicly-traded company.

On February 4, 2015, in conjunction with the listing of the Company's common stock on the NYSE, the Company commenced a modified "Dutch Auction" self-tender offer (the "Tender Offer") to purchase for cash up to $125 million in value of shares of the Company's Common Stock at a price not greater than $21.00 nor less than $19.00 per share, net to the seller in cash, less any applicable withholding of taxes and without interest. The Tender Offer expired on March 5, 2015. As a result of the Tender Offer, the Company accepted for purchase 1,759,344 shares of its Common Stock at a purchase price of $21.00 per share, for an aggregate purchase price of $36.9 million (excluding fees and expenses relating to the Tender Offer), which was funded from cash on hand. The 1,759,344 shares of Common Stock accepted for purchase in the Tender Offer represented approximately 1.6% of the Company's Common Stock outstanding as of February 3, 2015, the last day prior to the commencement of the Tender Offer. Stockholders who properly tendered and did not properly withdraw shares of Common Stock in the Tender Offer at or below the final purchase price of $21.00 per share had all of their tendered shares of Common Stock purchased by the Company at $21.00 per share.

As of September 30, 2015 , the Company had 111,671,372 shares of Common Stock outstanding.

Distributions

Common Stock

The Company paid the following dividends on common Stock during the nine months ended September 30, 2015 :

Dividend per Share/Unit [1]	For the Quarter Ended	Record Date	Payable Date
$0.15 [2]	March 31, 2015	March 31, 2015	April 15, 2015
$0.23	June 30, 2015	June 30, 2015	July 15, 2015
$0.23	September 30, 2015	September 30, 2015	October 15, 2015

(1) Amounts are rounded to the nearest whole cent for presentation purposes

(2) Represents the Company's anticipated regular quarterly dividend of $0.23 per share, prorated for the period from February 3, 2015 through March 31, 2015.

Preferred Stock

The Company paid the following dividends on its 12.5% Series A preferred stock during the nine months ended September 30, 2015 :

Dividend per Share	For the Period	Record Date	Payable Date
$61.11 (1)	June 30, 2015	June 15, 2015	June 30, 2015
$31.25 (2)	September 30, 2015	September 30, 2015	September 30, 2015

(1) Represents the Company's anticipated regular semi-annual dividend of $62.50 per share, prorated for the period from February 5, 2015 through June 30, 2015.

(2) Represents the Company's anticipated regular semi-annual dividend of $62.50 per share prorated for the period from July 1, 2015 through September 30, 2015. This dividend was paid in connection with the redemption of the Series A Preferred Stock on September 30, 2015, and constitutes accrued but unpaid dividends on the Series A Preferred Stock as of the redemption date.

Non-controlling Interest of Common Units in Operating Partnership

As of September 30, 2015 , the Operating Partnership had 521,450 long-term incentive partnership units (“LTIP units”) outstanding, representing a 0.5% partnership interest held by the limited partners . Of the 521,450 LTIP units outstanding at September 30, 2015 , 23,401 units had vested. Only vested LTIP units may be converted to common units of the Operating Partnership, which in turn can be tendered for redemption as described below in the Share-Based Compensation footnote.

As of September 30, 2015 , the Company accrued $34 thousand in dividends related to the LTIP units, which were paid in October 2015.

11. Earnings Per Share

Basic earnings per common share is calculated by dividing income available to common stockholders by the weighted-average number of common shares outstanding during the period. Diluted earnings per common share is calculated by dividing income available to common stockholders by the weighted-average number of common shares outstanding during the period, plus any shares that could potentially be outstanding during the period. Any anti-dilutive shares have been excluded from the diluted earnings per share calculation. Unvested share-based awards that contain nonforfeitable rights to dividends or dividend equivalents (whether paid or unpaid) are participating securities and are included in the computation of earnings per share pursuant to the two-class method. Accordingly, distributed and undistributed earnings attributable to unvested share-based compensation (participating securities) have been excluded, as applicable, from net income or loss available to common stockholders used in the basic and diluted earnings per share calculations. Net income or loss figures are presented net of non-controlling interests in the earnings per share calculations.

For periods prior to the spin-off, basic and diluted earnings per share was calculated by dividing net income attributable to the Company by the 113.4 million shares of Common Stock outstanding upon the completion of the spin-off (based on a distribution ratio of one share of Common Stock for every eight shares of InvenTrust common stock).

The following table reconciles net income to basic and diluted EPS (in thousands, except share and per share data):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Numerator:				
Net income from continuing operations	$ 17,847	$ 6,198	$ 27,216	$ 32,890
Net loss attributable to non-controlling interests	251	—	248	—
Dividends, preferred shares	(4)	—	(12)	—
Dividends, unvested share-based compensation	(28)	—	(46)	—
Net income from continuing operations available to common stockholders	18,066	6,198	27,406	32,890
Net income (loss) from discontinued operations, net of tax	—	3,297	(489)	1,810
Net income available to common stockholders	$ 18,066	$ 9,495	$ 26,917	$ 34,700
Denominator:				
Weighted average shares outstanding - Basic	111,694,773	113,397,997	112,096,957	113,397,997
Effect of dilutive share-based compensation	190,577	—	161,548	—
Weighted average shares outstanding - Diluted	111,885,350	113,397,997	112,258,505	113,397,997
Basic earnings per share:				
Income from continuing operations	$ 0.16	$ 0.05	$ 0.24	$ 0.29
Income from discontinued operations, net of tax	$ —	$ 0.03	$ —	$ 0.02
Net earnings per share	$ 0.16	$ 0.08	$ 0.24	$ 0.31
Diluted earnings per share:				
Income from continuing operations	$ 0.16	$ 0.05	$ 0.24	$ 0.29
Income (loss) from discontinued operations, net of tax	$ —	$ 0.03	$ —	$ 0.02
Net earnings per share	$ 0.16	$ 0.08	$ 0.24	$ 0.31

12. Share Based Compensation

2014 Share Unit Plan

On September 17, 2014, the board of directors of InvenTrust and the Company's Board of Directors adopted and ratified the Xenia Hotels & Resorts, Inc. 2014 Share Unit Plan (the "2014 Share Unit Plan"). The 2014 Share Unit Plan provided for the grant of notional "share unit" awards to eligible participants. Refer to Exhibit 99.1 of the Company's Registration Statement on Form 10, filed on January 9, 2015, as amended, for additional information regarding the 2014 Share Unit Plan. The 2015 Incentive Award Plan, as defined below, replaced the 2014 Share Unit Plan in connection with the Company's separation from InvenTrust, and the 2014 Share Unit Plan was terminated in connection with the implementation of the 2015 Incentive Award Plan. Awards outstanding under the 2014 Share Unit Plan at the time of its termination will remain outstanding in accordance with their terms, and the terms and conditions of the 2014 Share Unit Plan will continue to govern such awards.

During 2014, InvenTrust and the Company granted share units to certain members of management, the vesting of which was conditioned upon a triggering event, such as a listing or a change in control (the "2014 Share Unit Grants"). A triggering event occurred in February 2015 upon the completion of the spin-off of the Company. As of September 30, 2015 , 172,842 of the 2014 Share Unit Grants were outstanding to certain members of management that vest annually over a three year period and are based on continued employment. Additionally, as of September 30, 2015 , 169,377 of the 2014 Share Unit Grants were outstanding to certain members of management that cliff vest in March 2017 and are based on continued employment. Each 2014 Share Unit Grant is convertible to one unit of Common Stock upon vesting.

2015 Incentive Award Plan

On January 9, 2015, the Company adopted, and InvenTrust as its sole common stockholder approved, the Company's 2015 Incentive Award Plan (the "2015 Incentive Award Plan") effective as of February 2, 2015 (the date prior to the date of the Company's separation from InvenTrust), under which the Company may grant cash and equity incentive awards to eligible service providers in order to attract, motivate and retain the talent for which the Company competes. Refer to Exhibit 99.1 of the Company's Registration Statement on Form 10, filed on January 9, 2015, as amended, for additional information regarding the 2015 Incentive Award Plan. The plan allows for the grant of both share-based awards relating to the Company's common stock and partnership units ("LTIP units") in the Operating Partnership.

In February 2015, the Board of Directors and certain members of management were granted 25,988 fully vested shares of Common Stock which had a weighted average grant date fair value of $20.55 per share.

Share Unit Grants

Between May 5, 2015 and September 30, 2015, the Compensation Committee ("the Compensation Committee") of the Board of Directors of the Company granted share units to certain members of management (the "2015 Share Unit Grants"). The 2015 Share Unit Grants include 67,669 share units that are time-based and vest over a three year period, and 17,032 share units that are performance based. Both the time-based and performance-based units are subject to continued employment and have a weighted average grant date fair value of $20.18 per share.

Of the performance-based 2015 Share Unit Grants, twenty-five percent (25%) are designated as absolute total stockholder return ("TSR") units (the "Absolute TSR Share Units"), and vest based on varying levels of the Company's TSR over the defined performance period. The other seventy-five percent (75%) of the performance-based 2015 Share Unit Grants are designated as relative TSR share units (the "Relative TSR Share Units") and vest based on the ranking of the Company's TSR as compared to its defined peer group over the defined performance period.

LTIP Unit Grants

LTIP Units are a class of limited partnership units in the Operating Partnership. Initially the LTIP Units do not have full parity with common units of the Operating Partnership with respect to liquidating distributions. However, upon the occurrence of certain events described in the Operating Partnership's partnership agreement, the LTIP Units can over time achieve full parity with the common units for all purposes. If such parity is reached, vested LTIP Units may be converted into an equal number of common units on a one for one basis at any time at the request of the LTIP Unit holder or the general partner of the Operating Partnership. Common units are redeemable for cash based on the fair market value of an equivalent number of shares of the Company's Common Stock, or, at the election of the Company, an equal number of shares of the Company's Common Stock, each subject to adjustment in the event of stock splits, specified extraordinary distributions or similar events.

In May 2015, the Compensation Committee approved the issuance of 409,874 performance-based LTIP Units (the "Class A LTIP Units") and 88,175 time-based LTIP Units (the "Time-Based LTIP Units") of the Operating Partnership under the 2015 Incentive Award Plan that had a weighted average grant date fair value of $15.93 per unit.

Each award of Time-Based LTIP Units will vest as follows, subject to the executive's continued service through each applicable vesting date: 33% on February 4, 2016, the first anniversary of the vesting commencement date of the award (February 4, 2015), 33% on the second anniversary of the vesting commencement date, and 34% on the third anniversary of the vesting commencement date.

A portion of each award of Class A LTIP Units is designated as a number of "base units." Twenty-five percent (25%) of the base units are designated as absolute TSR base units, and vest based on varying levels of the Company's TSR over the defined performance period. The other seventy-five percent (75%) of the base units are designated as relative TSR base units and vest based on the ranking of the Company's TSR as compared to its defined peer group over the defined performance period.

In June 2015, pursuant to the Company's Director Compensation Program, as amended and restated as of May 29, 2015, the Company approved the issuance of an aggregate of 23,401 fully vested LTIP Units of the Operating Partnership under the 2015 Incentive Award Plan to the Company's seven non-employee directors upon election to our Board of Directors with a weighted average grant date fair value of $22.44 per share.

LTIP Units (other than Class A LTIP Units that have not vested), whether vested or not, receive the same quarterly per-unit distributions as common units in the Operating Partnership, which equal the per-share distributions on the common stock of the Company. Class A LTIP Units that have not vested receive a quarterly per-unit distribution equal to 10% of the distribution paid on common units in the Operating Partnership.

The following is a summary of the non-vested incentive awards under the 2014 Share Unit Plan and the 2015 Incentive Award Plan as of September 30, 2015 :

	2014 Share Unit Plan Share Units	2015 Incentive Award Plan Share Units	2015 Incentive Award Plan LTIP Units [1]	Total
Outstanding as of January 1, 2015	817,640	—	—	817,640
Adjustment for final units at spin-off date	(462,959)	—	—	(462,959)
Granted	—	84,701	521,450	606,151
Vested	(8,977)	—	(23,401)	(32,378)
Expired	—	—	—	—
Forfeited	(3,485)	—	—	(3,485)
Outstanding as of September 30, 2015	342,219	84,701	498,049	924,969
Vested as of September 30, 2015	8,977	—	23,401	32,378
Weighted average fair value of outstanding shares/units	$ 20.19	$ 20.18	$ 16.26	$ 18.06

(1) Includes Time-Based LTIP Units and Class A LTIP Units.

The fair value of the time-based awards is determined based on the closing price of the Company's common stock on the grant date and compensation expense is recognized on a straight-line basis over the vesting period. The grant date fair value of performance awards was determined based on a Monte Carlo simulation method with the following assumptions and compensation expense is recognized on a straight-line basis over the performance period:

Performance Award Grant Date	Percentage of Total Award	Grant Date Fair Value by Component ($ in thousands)	Volatility	Interest Rate	Dividend Yield
May 5, 2015					
Absolute TSR Share Units	25%	$40.5	26.85%	0.09% - 1.05%	4.25%
Relative TSR Share Units	75%	$206.4	26.85%	0.09% - 1.05%	4.25%
Absolute TSR Class A LTIPs	25%	$838.5	26.85%	0.09% - 1.05%	4.25%
Relative TSR Class A LTIPs	75%	$4,274.7	26.85%	0.09% - 1.05%	4.25%

The absolute and relative stockholder returns are market conditions as defined by ASC 718, Compensation Stock Compensation. Market conditions include provisions wherein the vesting condition is met through the achievement of a specific value of the Company's common stock, which is total stockholder return, in this case. Market conditions differ from other performance awards under ASC 718 in that the probability of attaining the condition (and thus vesting in the shares) is reflected in the initial grant date fair value of the award. Accordingly, it is not appropriate to reconsider the probability of vesting in the award subsequent to the initial measurement of the award, nor is it appropriate to reverse any of the expense if the condition is not met.

Therefore, once the expense for these awards is measured, the expense must be recognized over the service period regardless of whether the target is met, or at what level the target is met. Expense may only be reversed if the holder of the instrument forfeits the award by leaving the employment of the Company prior to vesting.

For the three and nine months ended September 30, 2015 , the Company recognized approximately zero and $1.1 million , respectively, of share-based compensation expense related to vested stock and LTIP Unit payments under the 2014 Share Unit Plan and the 2015 Incentive Award Plan, of which approximately $1.1 million for nine months ended September 30, 2015 was provided to the Board of Directors and approximately $9 thousand was provided to certain of the Company's officers. No share-based compensation related to vested stock or LTIP Unit payments was provided to executives during the three months ended September 30, 2015 .

In addition, in connection with the 2014 Share Unit Plan and the 2015 Incentive Award Plan, during the three and nine months ended September 30, 2015 the Company recognized approximately $1.4 million and $4.0 million , respectively, in compensation expense (net of forfeitures) related to share units, Class A LTIP Units and Time-Based LTIP Units provided to certain of its executive officers, other officers and members of management and capitalized approximately $94 thousand and $264 thousand , respectively, related to restricted stock units provided to certain other officers and members of management that oversee development and capital projects on behalf of the Company. Additionally, this includes a cumulative catch up for compensation expenses related to the fourth quarter of 2014 because the effectiveness of the grants was subject to the completion of the spin-off of the Company from InvenTrust, which occurred on February 3, 2015. As of September 30, 2015 , there was $11.8 million of total unrecognized compensation costs related to non-vested restricted share units, Class A LTIP Units and Time Based LTIP Units issued under the 2014 Share Unit Plan and the 2015 Incentive Award Plan, which are expected to be recognized over a remaining weighted-average period of 9 additional quarters.

13. Commitments and Contingencies

Certain leases and operating agreements require the Company to reserve funds relating to replacements and renewals of the hotels' furniture, fixtures and equipment. As of September 30, 2015 and December 31, 2014 , the Company had a balance of $74.4 million and $76.3 million , respectively, in reserves for such future improvements. This amount is included in restricted cash and escrows on the combined condensed consolidated balance sheet as of September 30, 2015 .

The Company is subject, from time to time, to various legal proceedings and claims that arise in the ordinary course of business. While the resolution of these matters cannot be predicted with certainty, management believes, based on currently available information, that the final outcome of such matters will not have a material adverse effect on the financial statements of the Company.

In addition, in connection with the Company's separation from InvenTrust, on August 8, 2014, the Company entered into an Indemnity Agreement, as amended, with InvenTrust pursuant to which InvenTrust has agreed to the fullest extent allowed by law or government regulation, to absolutely, irrevocably and unconditionally indemnify, defend and hold harmless the Company and its subsidiaries, directors, officers, agents, representatives and employees (in each case, in such person’s respective capacity as such) and their respective heirs, executors, administrators, successors and assignees from and against all losses, including but not limited to "actions" (as defined in the Indemnity Agreement), arising from: (1) the non-public, formal, fact-finding investigation by the SEC as described in InvenTrust's public filings with the SEC (the "SEC Investigation"); (2) the three related demands (including the Derivative Lawsuit described below) received by InvenTrust ("Derivative Demands") from stockholders to conduct investigations regarding claims similar to the matters that are subject to the SEC Investigation and as described in InvenTrust' public filings with the SEC; (3) the derivative lawsuit filed on March 21, 2013 on behalf of InvenTrust by counsel for stockholders who made the first Derivative Demand (the "Derivative Lawsuit"); and (4) the investigation by the Special Litigation Committee of the board of directors of InvenTrust. In each case, regardless of when or where the loss took place, or whether any such loss, claim, accident, occurrence, event or happening is known or unknown, and regardless of whether such loss, claim, accident, occurrence, event or happening giving rise to the loss existed prior to, on or after February 3, 2015, the separation date or relates to, arises out of or results from actions, inactions, events, omissions, conditions, facts or circumstances occurring or existing prior to, on or after February 3, 2015, the separation date.

On March 25, 2015, InvenTrust announced that the SEC had informed InvenTrust that the SEC had concluded its formal, non-public investigation of matters related to InvenTrust. The SEC informed InvenTrust that, based on the information received to date, it did not intend to recommend any enforcement action against InvenTrust.

14. Subsequent Events

Debt

On October 22, 2015, the Company executed a $175 million unsecured term loan with an interest rate of LIBOR plus the applicable rate, as defined per the respective agreement, maturing in February 2021. Simultaneously with the closing of the $175 million unsecured term loan, the Company entered into swap agreements to fix LIBOR at 1.29% for the entire term of the loan. A portion of the proceeds from the $175 million unsecured term loan was used to pay off the outstanding balance on the unsecured revolving credit facility and the remaining proceeds were used to pay off one property level mortgage with a principal balance of $53 million .

Additionally on this date, the Company executed a $125 million term loan with an interest rate of LIBOR plus the applicable rate, as defined per the respective agreement, maturing in October 2022. The $125 million unsecured term loan will be funded in early 2016 in connection with the previously announced acquisition of the Hotel Commonwealth.

On October 27, 2015, the Company closed on the sale of the Hyatt Regency Orange County hotel for a purchase price of $137 million . In connection with this sale, the Company paid off its property level mortgage with an outstanding balance of $61.9 million . Also in October 2015 the Company refinanced a mortgage for one hotel with a principal balance of $30.3 million . The new loan is for $63.0 million , has a term of 10 years and carries a fixed annual interest rate of 4.48% .

In November 2015, the Company paid off three additional hotel level mortgages in the amount of $104.6 million . Further, the Company also obtained $7.5 million in incremental proceeds under the terms of another existing mortgage loan in November 2015.

In connection with repaying these loans, the Company incurred prepayment fees of approximately $5.1 million in the fourth quarter of 2015.

Stockholder's Equity

On September 30, 2015, the Company redeemed all 125 outstanding shares of its Series A Preferred Stock for $1,100 per share plus accrued and unpaid dividends of $31.25 per share, including a $100.00 per share redemption premium, for an aggregate per share redemption price of $1,131.25 . Following the redemption, in accordance with the Company’s charter, the Board of Directors of the Company reclassified the redeemed shares of the Company’s Series A Preferred Stock as authorized but unissued shares of Preferred Stock without designation as to series. In connection therewith, on November 10, 2015, the Company filed Articles Supplementary and Articles of Restatement(the “Revised Articles”) to the Company’s charter with the State Department of Assessments & Taxation of Maryland. The only change made to the existing charter of the Company in the Revised Articles was to reflect the reclassification of the Series A Preferred Stock as Preferred Stock without designation as described above. This description of the Revised Articles does not purport to be complete and is subject, and qualified in its entirety by reference, to the full texts of the Revised Articles, which are attached hereto as Exhibits 3.1 and 3.2.

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

Certain statements in this Quarterly Report on Form 10-Q, other than purely historical information, are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). These statements include statements about Xenia's plans, objectives, strategies, financial performance and outlook, trends, the amount and timing of future cash distributions, prospects or future events and involve known and unknown risks that are difficult to predict. As a result, our actual financial results, performance, achievements or prospects may differ materially from those expressed 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," "guidance," "predict," "potential," "continue," "likely," "will," "would," "illustrative" and variations of these terms and similar expressions, or the negative of these terms or similar expressions. Such forward-looking statements are necessarily based upon estimates and assumptions that, while considered reasonable by Xenia and its management based on their knowledge and understanding of the business and industry, are inherently uncertain. These statements are not guarantees of future performance, and stockholders should not place undue reliance on forward-looking statements. There are a number of risks, uncertainties and other important factors, many of which are beyond our control, that could cause our actual results to differ materially from the forward-looking statements contained in this Quarterly Report on Form 10-Q. Such risks, uncertainties and other important factors include, among others: the risks, uncertainties and factors set forth in our filings with the U.S. Securities and Exchange Commission, including our Annual Report on Form 10-K, as may be updated elsewhere in this report; and other Quarterly Reports on Form 10-Q that we have filed or will file with the SEC; business, financial and operating risks inherent to real estate investments and the lodging industry; seasonal and cyclical volatility in the lodging industry; macroeconomic and other factors beyond our control that can adversely affect and reduce demand for hotel rooms; contraction in the global economy or low levels of economic growth; levels of spending in business and leisure segments as well as consumer confidence; declines in occupancy and average daily rate; fluctuations in the supply and demand for hotel rooms; changes in the competitive environment in lodging industry and the markets where we own hotels; events beyond our control, such as war, terrorist attacks, travel-related health concerns and natural disasters; our reliance on third-party hotel management companies to operate and manage our hotels; our ability to maintain good relationships with our third-party hotel management companies and franchisers; our failure to maintain brand operating standards; our ability to maintain our brand licenses at our hotels; relationships with labor unions and changes in labor laws; loss of our senior management team or key personnel; our ability to identify and consummate acquisitions of additional hotels; our ability to integrate and successfully operate any hotel properties acquired in the future and the risks associates with these hotel properties; the impact of hotel renovations, repositioning, redevelopments and re-branding activities; our ability to access capital for renovations and acquisitions on terms and at times that are acceptable to us; the fixed cost nature of hotel ownership; our ability to service our debt; changes in interest rates and operating costs; compliance with regulatory regimes and local laws; uninsured or under insured losses, including those relating to natural disasters or terrorism; changes in distribution channels, such as through internet travel intermediaries; our status as an emerging growth company; the amount of debt that we currently have or may incur in the future; provisions in our debt agreements that may restrict the operation of our business; our separation from InvenTrust, our former parent, and our ability to operate as a stand-alone public company; potential business conflicts of interests with InvenTrust; our organizational and governance structure; our status as a real estate investment trust (a "REIT"); our taxable REIT subsidiary ("TRS") lessee structure; the cost of compliance with and liabilities under environmental, health and safety laws; adverse litigation judgments or settlements; changes in real estate and zoning laws and increase in real property tax rates; changes in federal, state or local tax law, including legislative, administrative, regulatory or other actions affecting REITs; changes in governmental regulations or interpretations thereof; and estimates relating to our ability to make distributions to our stockholders in the future.

These factors are not necessarily all of the important factors that could cause our actual financial results, performance, achievements or prospects to differ materially from those expressed in or implied by any of our forward-looking statements. Other unknown or unpredictable factors also could harm our results. All forward-looking statements attributable to us or persons acting on our behalf 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 forward-looking 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.

The following discussion and analysis should be read in conjunction with the Company's Combined Condensed Consolidated Financial Statements and accompanying notes, which appear elsewhere in this Quarterly Report on Form 10-Q.

Overview

Xenia Hotels & Resorts, Inc. ("we", "us", "our", "Xenia" or the "Company") is a self-advised and self-administered REIT that invests primarily in premium full service, lifestyle and urban upscale hotels, with a focus on the Top 25 Markets as well as key leisure destinations in the United States. A premium full service hotel refers to a hotel defined as "upper upscale" or "luxury" by STR Inc. ("STR"). A lifestyle hotel refers to an innovative hotel with a focus on providing a unique and individualized guest experience in a smaller footprint by combining traditional hotel services with modern technologies and placing an emphasis on local influence. An urban upscale hotel refers to a hotel located in an urban or similar high-density commercial area, such as a central business district, and defined as "upscale" or "upper midscale" by STR. As of September 30, 2015 , we owned 50 hotels, 49 of which are wholly owned, comprising 13,104 rooms, across 21 states and the District of Columbia, and had a majority interest in one hotel under development. Our hotels are primarily operated by industry leaders such as Marriott ®, Hilton ®, Hyatt ®, Starwood ®, Kimpton ®, Aston ®, Fairmont ® and Loews ®, as well as leading independent management companies.

We plan to grow our business through a differentiated acquisition strategy, aggressive asset management and capital investment in our properties. We primarily target markets and sub-markets with particular positive characteristics, such as multiple demand generators, favorable supply and demand dynamics and attractive projected room revenue per available room ("RevPAR") growth. We believe our focus on a broader range of markets allows us to evaluate a greater number of acquisition opportunities and thereby be highly selective in our pursuit of only those opportunities which best fit our investment criteria. We own and pursue hotels in the upscale, upper upscale and luxury segments that are affiliated with premium, leading brands, as we believe that these segments yield attractive risk adjusted returns. Within these segments, we focus on hotels that will provide guests with a distinctive lodging experience, tailored to reflect local market environments rather than hotels that are heavily dependent on conventions and group business.

We also seek properties that exhibit an opportunity for us to enhance operating performance through aggressive asset management and targeted capital investment. While we do not operate our hotel properties, our asset management team and our executive management team monitor and work cooperatively with our hotel managers by conducting regular revenue, sales, and financial performance reviews and also perform in-depth on-site reviews focused on ongoing operating margin improvement initiatives. We interact frequently with our management companies and on-site management personnel, including conducting regular meetings with key executives of our management companies and brands. Through these efforts, we seek to improve property efficiencies, lower costs, maximize revenues, and enhance property operating margins which we expect will enhance returns to our stockholders.

Basis of Presentation

On February 3, 2015, Xenia was spun off from InvenTrust. Prior to the separation, we effectuated certain reorganization transactions which were designed to consolidate the ownership of our hotels into our operating partnership; consolidate our TRS lessees in our TRS; facilitate our separation from InvenTrust; and enable us to qualify as a REIT for federal income tax purposes. The accompanying combined condensed consolidated financial statements prior to the spin-off have been "carved out" of InvenTrust’s consolidated financial statements and reflect significant assumptions and allocations. The combined condensed consolidated financial statements reflect our operations after giving effect to the reorganization transactions, the disposition of other hotels previously owned by us, and the spin-off, and include allocations of costs from certain corporate and shared functions provided to us by InvenTrust, as well as costs associated with participation by certain of our executives in InvenTrust’s benefit plans. Corporate costs directly associated with our principal executive offices, personnel and other administrative costs are reflected as general and administrative expenses on the combined condensed consolidated statements of operations. Additionally, prior to the spin-off, InvenTrust allocated to us a portion of its corporate overhead costs based upon our percentage share of the average invested assets of InvenTrust, which is reflected in general and administrative expenses. Based on these presentation matters, these financials may not be comparable to prior periods. In addition, certain reclassifications were made for presentation of lodging related activities on the combined condensed consolidated statements of operations for the three and nine months ended September 30, 2015 .

We and InvenTrust intend to make a joint election under section 336(e) of the Internal Revenue Code of 1986, as amended, with respect to the spin-off of Xenia from InvenTrust on February 3, 2015. InvenTrust agreed to make that election if requested by us, and we have notified InvenTrust that the election should be made. As a result of that election, our tax basis in our assets will be stepped up to their fair market value as of the date of the spin-off. The increased tax basis in our assets will increase the depreciation deductions we are allowed to claim, which will decrease the portion of our distributions that will be taxable as dividend income to our stockholders. We and InvenTrust will make the section 336(e) election on our federal income tax returns for the taxable year that includes the spin-off.

Our Revenues and Expenses

Our revenue is primarily derived from hotel operations, including room revenue, food and beverage revenue and other operating department revenue, which consists of parking, telephone, other guest services and tenant leases.

Our operating costs and expenses consist of the costs to provide hotel services, including room expense, food and beverage expense, management fees and other indirect and direct operating expenses. Room expense includes housekeeping wages and associated payroll taxes, reservation systems, room supplies, laundry services and front desk costs.

Food and beverage expense primarily includes the cost of food, beverages and associated labor. Other direct and indirect hotel expenses include labor and other costs associated with the other operating department revenue, as well as labor and other costs associated with general and administrative departments, sales and marketing, and repairs and maintenance and utility costs. Our hotels are managed by independent, third-party management companies under long-term agreements under which the management companies typically earn base and incentive management fees based on the levels of revenues and profitability of each individual hotel.

Key Indicators of Operating Performance

We measure hotel results of operations and the operating performance of our business by evaluating financial and non-financial metrics such as RevPAR; average daily rate ("ADR"); occupancy rate ("occupancy" or "OCC"); earnings before interest, income taxes, depreciation and amortization ("EBITDA") and Adjusted EBITDA ("Adjusted EBITDA"); and funds from operations ("FFO") and Adjusted FFO ("Adjusted FFO"). We evaluate individual hotel and company-wide performance with comparisons to budgets, prior periods and competing properties. ADR, occupancy and RevPAR may be impacted by macroeconomic factors as well as regional and local economies and events. See "Non-GAAP Financial Measures" for further discussion of the Company's use, definitions and limitations of EBITDA and FFO and Adjusted EBITDA and Adjusted FFO.

Results of Operations

Overview

As of September 30, 2015, we owned 50 operating hotels, including one owned through a consolidated joint venture (Grand Bohemian Hotel Charleston, which was completed and opened to the public on August 27, 2015), and one hotel development that was owned through another consolidated joint venture (Grand Bohemian Hotel Mountain Brook, which was completed and opened to the public on October 22, 2015). At September 30, 2014, we owned 49 operating hotels, including two hotel developments owned by two consolidated joint ventures.

Properties that we acquire are included in our condensed consolidated statements beginning on the date of acquisition. The Canary Santa Barbara, Hotel Palomar Philadelphia and RiverPlace Hotel were acquired in July 2015 and the Aston Waikiki Beach Resort was acquired in February 2014.

Likewise, sold properties are excluded from our combined condensed consolidated statements of operations as part of continuing operations from the date they are sold in accordance with ASU No. 2014-08 as they did not represent a strategic shift or have a major effect on results of operations. The following three other hotels were disposed of in 2014: Crowne Plaza Charleston (May 2014), Doubletree Suites Atlanta Galleria (August 2014), and Holiday Inn Secaucus (December 2014).

Additionally, on November 17, 2014, InvenTrust sold the Suburban Select Service Portfolio for an aggregate gross disposition price of $1.1 billion. Prior to the sale transaction, we oversaw the Suburban Select Service Portfolio. This sale reflected a strategic shift pursuant to ASU No. 2014-08 and had a major impact on our consolidated financial statements; therefore the operations of these 52 hotels are reflected as discontinued operations in the combined condensed consolidated statements of operations for the three and nine months ended September 30, 2015 and 2014.

Operating Information

The following table sets forth certain operating information for the three and nine months ended September 30, 2015 and 2014:

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2015	2014	Variance	2015	2014	Variance
Number of properties (1) (2)	50	48	4.2%	50	49	2.0%
Number of rooms	13,104	12,958	1.1%	13,104	13,124	(0.2)%
Occupancy (1) (2)	79.0%	78.8%	0.3%	77.6%	78.0%	(0.5)%
ADR (1) (2)	$ 186.37	$ 175.66	6.1%	$ 185.77	$ 175.38	5.9%
RevPAR (1) (2)	$ 147.31	$ 138.47	6.4%	$ 144.11	$ 136.74	5.4%
Hotel operating income (in thousands) (3)	$ 92,763	$ 83,280	11.4%	$ 274,678	$ 252,674	8.7%

(1) For hotels acquired during the applicable period, only includes operating statistics since the date of acquisition.

(2) Includes the consolidated operating results of the Grand Bohemian Hotel Charleston that opened on August 27, 2015.

(3) Hotel operating income represents the difference between total revenues and total hotel operating expenses.

The following table shows the geographic diversification of our hotel properties as of September 30, 2015 (1):

Region (2)	Number of Hotels	Number of Rooms
South Atlantic		
(Florida, Georgia, Maryland, South Carolina, Virginia, West Virginia, Washington D.C.)	16	3,319
West South Central		
(Louisiana, Texas)	9	3,339
Pacific		
(California, Hawaii, Oregon)	9	3,247
Mountain		
(Arizona, Colorado, Utah)	5	1,016
Other		
(Alabama, Illinois, Iowa, Kentucky, Massachusetts, Missouri, Pennsylvania)	11	2,183
Total	50	13,104

(1) The table excludes our one hotel under development.

(2) Represents the diversification of our hotel properties as defined by STR.

The following table sets forth certain operating information for our 50 and 49 hotel properties by geographic diversification for the three and nine months ended September 30, 2015 and 2014 (1):

	Three Months Ended September 30,						Nine Months Ended September 30,					
	2015 (3)			2014 (3)			2015 (3)			2014 (3)		
Region (2)	OCC	ADR	RevPAR	OCC	ADR	RevPAR	OCC	ADR	RevPAR	OCC	ADR	RevPAR
South Atlantic	79.3%	$167.81	$133.07	79.0%	$163.87	$129.54	79.2%	$178.08	$141.13	79.0%	$167.52	$132.39
West South Central	67.3%	$175.21	$117.87	70.2%	$171.50	$120.46	72.4%	$187.06	$135.42	73.6%	$182.88	$134.51
Pacific	88.4%	$216.31	$191.16	85.1%	$195.74	$166.49	80.9%	$202.53	$163.77	82.5%	$187.34	$154.62
Mountain	79.8%	$182.36	$145.60	80.8%	$172.48	$139.33	81.2%	$178.44	$144.88	81.2%	$167.87	$136.27
Other	82.6%	$181.55	$150.03	82.1%	$170.79	$140.17	76.5%	$173.18	$132.52	75.3%	$163.19	$122.96
Total	79.0%	$186.37	$147.31	78.8%	$175.66	$138.47	77.6%	$185.77	$144.11	78.0%	$175.38	$136.74

(1) Includes only hotels in our portfolio, excluding our one hotel under development, as of the end of the applicable period. For hotels acquired during the period, operating results and statistics are only included since the respective date of acquisition.

(2) Represents our diversification of our hotel properties as defined by STR.

(3) Full year 2014 was negatively impacted by the August 2014 earthquake in Northern California, which resulted in damage at two of our hotels, the Marriott Napa Valley Hotel & Spa and the Andaz Napa. The Marriott sustained limited damage and fully re-opened in October 2014. The Andaz partially re-opened in December 2014 with a total of 17,106 room nights out of order in the second half of 2014, and another 682 nights out of order in January 2015.

Operating Information Comparison

Revenues

Revenues consists of room, food and beverage, and other revenues from our hotels, as follows (in thousands):

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2015	2014	Increase / (Decrease)	Variance	2015	2014	Increase / (Decrease)	Variance
Number of properties	50	48	2	4.2%	50	49	1	2.0%
Revenues:								
Room revenues	$ 175,872	$ 164,261	$ 11,611	7.1%	$ 501,754	$ 481,001	$ 20,753	4.3%
Food and beverage revenues	58,500	52,039	6,461	12.4%	185,707	$ 171,379	$ 14,328	8.4%
Other revenues	14,081	14,791	(710)	(4.8)%	40,089	$ 44,349	$ (4,260)	(9.6)%
Total revenues	$ 248,453	$ 231,091	$ 17,362	7.5%	$ 727,550	$ 696,729	$ 30,821	4.4%

Room revenues

Room revenues increased by $11.6 million , or 7.1% , to $175.9 million for the three months ended September 30, 2015 from $164.3 million for the three months ended September 30, 2014 , of which $5.0 million was attributable to a 4.0% improvement in RevPAR for our 44 comparable hotels that were owned during the three months ended September 30, 2015 and 2014. Additional increases of $2.7 million were attributable to two of our hotels that were negatively impacted during the third quarter of 2014 by the Napa Earthquake and $7.8 million attributable to the three hotels acquired during July 2015: Canary Santa Barbara, Hotel Palomar Philadelphia, and RiverPlace Hotel. These net increases for the three months ended September 30, 2015 , were offset by a decrease in revenue of $2.7 million related to two properties disposed of in 2014. In the first quarter of 2015, we transitioned to the Eleventh Revised Edition of the Uniform System of Accounts for the Lodging Industry ("USALI"), which resulted in $1.2 million of resort fees being recorded in other revenues rather than room revenues, of which $1.0 million was attributable to the Aston Waikiki Beach Resort.

Room revenues increased by $20.8 million , or 4.3% , to $501.8 million for the nine months ended September 30, 2015 from $481.0 million for the nine months ended September 30, 2014 , of which $3.0 million was contributed by Aston Waikiki Beach Resort acquired in February 2014 and $7.8 million was contributed by the three hotels acquired during July 2015. An increase of $23.3 million was contributed by our remaining 46 comparable hotels that were owned during the nine months ended September 30, 2015 and 2014, attributable to a 5.4% improvement in RevPAR offset by a reduction in revenue of $10.5 million related to three properties disposed of in 2014. Our transition to the Eleventh Revised Edition of USALI resulted in $2.8 million of resort fees being recorded in other revenues rather than room revenues, of which $2.3 million was attributable to the Aston Waikiki Beach Resort.

Food and beverage revenues

Food and beverage revenues increased by $6.5 million , or 12.4% , to $58.5 million for the three months ended September 30, 2015 from $52.0 million for the three months ended September 30, 2014 , of which $1.8 million of the increase was attributable to reclassifications of revenues historically included in other revenues, $2.3 million was attributable to the three hotels acquired in July 2015 and net increases of $2.8 million were attributable to our remaining hotel portfolio due to higher banquet food and beverage and ancillary revenues, as well as, continued strong performance in other food and beverage outlets. These increases were offset by decreases of $0.4 million related to two properties disposed of in 2014.

Food and beverage revenues increased by $14.3 million , or 8.4% , to $185.7 million for the nine months ended September 30, 2015 from $171.4 million for the nine months ended September 30, 2014 , of which $5.8 million of the increase was attributable to reclassifications of revenues historically included in other revenues, $2.3 million was attributable to the three hotels acquired in July 2015 and net increases of $7.8 million were attributable to our remaining hotel portfolio due to higher banquet food and beverage and ancillary revenues, as well as, continued strong performance in other food and beverage outlets. These increases for the nine months ended September 30, 2015 , were offset by decreases of $1.6 million related to three properties disposed of in 2014.

Other revenues

Other revenues decreased by $0.7 million , or 4.8% , to $14.1 million for the three months ended September 30, 2015 from $14.8 million for the three months ended September 30, 2014 , of which $1.8 million was attributed to the reclassifications of revenues historically included in other revenues to food and beverage revenue and $0.6 million was attributable to our remaining portfolio. These decreases were offset by increases of $1.2 million in resort fees that were previously included in room revenues for the three months ended September 30, 2014 as a result of the transition to the Eleventh Revised Edition of USALI in the first quarter of 2015, which was primarily contributed by the Aston Waikiki Beach Resort, and $0.5 million related to the three hotels acquired in July 2015.

Other revenues decreased by $4.3 million , or 9.6% , to $40.1 million for the nine months ended September 30, 2015 from $44.3 million for the nine months ended September 30, 2014 , of which $5.8 million was attributed to the reclassifications of revenues historically included in other revenues to food and beverage revenue, $0.7 million due to a reduction in guarantee income recorded from the manager of one hotel, and a net decrease of $4.9 million related to our remaining portfolio and the three properties disposed of in 2014. These decreases were offset by increases of $2.8 of resort fees that were previously included in room revenues for the nine months ended September 30, 2014 as a result of the transition to the Eleventh Revised Edition of USALI in the first quarter of 2015, which were primarily contributed by the Aston Waikiki Beach Resort acquired in February 2014 and from $4.3 million contributed by the three hotels acquired in July 2015 and the Aston Waikiki Beach Resort.

Hotel Operating Expenses

Hotel operating expenses consist of the following (in thousands):

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2015	2014	Increase / (Decrease)	Variance	2015	2014	Increase / (Decrease)	Variance
Number of properties	50	48	2	4.2%	50	49	1	2.0%
Hotel operating expenses:								
Room expenses	$ 38,841	$ 36,155	$ 2,686	7.4%	$ 111,378	$ 105,777	$ 5,601	5.3%
Food and beverage expenses	41,308	37,501	3,807	10.2%	122,806	117,250	5,556	4.7%
Other direct expenses	4,625	6,606	(1,981)	(30.0)%	13,256	21,191	(7,935)	(37.4)%
Other indirect expenses	58,311	54,351	3,960	7.3%	167,758	160,049	7,709	4.8%
Management and franchise fees	12,605	13,198	(593)	(4.5)%	37,674	39,788	(2,114)	(5.3)%
Total hotel operating expenses	**$ 155,690**	**$ 147,811**	**$ 7,879**	**5.3%**	**$ 452,872**	**$ 444,055**	**$ 8,817**	**2.0%**

Total hotel operating expenses

Total hotel operating expenses increased $7.9 million , or 5.3% , to $155.7 million for the three months ended September 30, 2015 from $147.8 million for the three months ended September 30, 2014 , of which $6.5 million was contributed by the three hotels acquired in July 2015 and a net $3.8 million was contributed by our 47 remaining hotel properties. Room expense, food and beverage expense and other operating department costs fluctuate based on various factors, including occupancy, labor costs, utilities and insurance costs. These increases were offset by decreases attributed to the sale of two hotels in 2014 totaling $2.4 million.

Total hotel operating expenses increased $8.8 million , or 2.0% , to $452.9 million for the nine months ended September 30, 2015 from $444.1 million for the nine months ended September 30, 2014 , of which $3.6 million of the increase was contributed by the Aston Waikiki Beach Resort acquired in February 2014, $6.5 million was contributed by the three hotels acquired in July 2015 and a net $8.1 million was contributed by our remaining properties. These increases were offset by a $9.4 million decrease in total hotel operating expenses attributable to the three hotels sold in 2014.

Other direct expenses decreased $2.0 million , or 30.0% , to $4.6 million for the three months ended September 30, 2015 and $7.9 million , or 37.4% , to $13.3 million for the nine months ended September 30, 2015 , respectively, from $6.6 million and $21.2 million f or the three and nine months ended September 30, 2014 , respectively, which was attributable to reclassifications between other hotel related expenses to reflect presentation going forward of such costs.

Corporate and Other Expenses

Corporate and other expenses consist of the following (in thousands):

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2015	2014	Increase / (Decrease)	Variance	2015	2014	Increase / (Decrease)	Variance
Depreciation and amortization	$ 37,818	$ 35,835	$ 1,983	5.5%	$ 110,094	$ 106,231	$ 3,863	3.6 %
Real estate taxes, personal property taxes and insurance	12,985	11,107	1,878	16.9%	36,984	32,666	4,318	13.2 %
Ground lease expense	1,272	1,558	(286)	(18.4)%	3,869	4,096	(227)	(5.5)%
General and administrative expenses	5,396	10,512	(5,116)	(48.7)%	19,443	24,266	(4,823)	(19.9)%
Business management fees	—	—	—	—	—	1,474	(1,474)	(100.0)%
Acquisition transaction costs	4,510	18	4,492	24,955.6%	5,396	1,150	4,246	369.2 %
Pre-opening expenses	825	—	825	—	825	—	825	—
Provision for asset impairment	—	1,667	(1,667)	(100.0)%	—	4,665	(4,665)	(100.0)%
Separation and other start-up related expenses	426	$ —	426	—	26,887	$ —	26,887	—
Total corporate and other expenses	**$ 63,232**	**$ 60,697**	**$ 2,535**	**4.2%**	**$ 203,498**	**$ 174,548**	**$ 28,950**	**16.6%**

Depreciation and amortization

Depreciation and amortization expense increased $3.9 million , or 3.6% , to $110.1 million for the nine months ended September 30, 2015 from $106.2 million for the nine months ended September 30, 2014 , of which $3.2 million of the increase was contributed by the Aston Waikiki Beach Resort acquired in February 2014 and the three hotels acquired in July 2015. The remaining $1.5 million increase is the result of capital expenditures to improve our properties offset by decreases of $0.8 million for three properties sold in 2014.

Real estate taxes, personal property taxes and insurance

Real estate taxes, personal property taxes and insurance expense increased $4.3 million , or 13.2% , to $37.0 million for the nine months ended September 30, 2015 from $32.7 million for the nine months ended September 30, 2014 . Real estate taxes and personal property taxes increased across the portfolio due to increased assessed property values or tax rates at certain properties, partially offset by refunds from prior year real estate tax appeals.

Ground lease expense

Ground lease expense decreased $0.2 million , or 5.5% , to $3.9 million for the nine months ended September 30, 2015 from $4.1 million for the nine months ended September 30, 2014 , comprised on an increase of $0.4 million attributable to the Aston Waikiki Beach Resort acquired in February 2014 offset by decreases of $0.7 million for a property sold in 2014.

General and administrative expenses

General and administrative expenses decreased $5.1 million , or 48.7% , to $5.4 million for the three months ended September 30, 2015 from $10.5 million for the three months ended September 30, 2014 . For the three months ended September 30, 2014 , general and administrative expenses included an allocation of costs by InvenTrust for certain corporate services and other expenses in the amount of $5.9 million . The allocation included costs related to corporate overhead expenses, such as payroll costs for certain of InvenTrust's employees (accounting, finance, tax, treasury, and legal). Additional net decreases of $0.5 million for other operating costs related to salaries and professional fees during the three months ended September 30, 2015 were offset by an increase of $1.3 million attributable to non-cash stock compensation to our Board of Directors, executive officers and certain members of management.

General and administrative expenses decreased $4.8 million , or 19.9% , to $19.4 million for the nine months ended September 30, 2015 from $24.3 million for the nine months ended September 30, 2014 . This was due to InvenTrust allocations for $13.7 million for nine months ended September 30, 2014 , offset by an increase of $3.0 million in bonus expense, $4.8 million attributable to non-cash stock compensation to our Board of Directors, executive officers and certain members of management, and net increases of $1.1 million in other operating costs related to salaries and professional fees during the nine months ended September 30, 2015 .

Business management fee

Business management fee expense decreased $1.5 million to $0 for the nine months ended September 30, 2015 compared to the nine months ended September 30, 2014 . On March 12, 2014, InvenTrust executed the Self-Management Transactions. In connection with the Self-Management Transactions, InvenTrust agreed with the Business Manager to terminate the management agreement with the Business Manager, hire all of the Business Manager’s employees and acquire the assets or rights necessary to conduct the functions previously performed for InvenTrust by the Business Manager. The Self-Management Transactions resulted in a final business management fee incurred in January 2014.

Acquisition transaction costs

Acquisition transaction costs were $5.4 million during the nine months ended September 30, 2015 . Typically, acquisition transaction costs consist of legal fees, other professional fees, transfer taxes and other direct costs associated with our pursuit of hotel investments. As a result, these costs vary with our level of ongoing acquisition activity. The primary increase during the nine months ended September 30, 2015 was attributable to the three hotels acquired in July 2015.

Pre-opening expense

Pre-opening expenses were $0.8 million during the nine months ended September 30, 2015 , which related to opening costs for our two joint venture development projects, the Grand Bohemian Hotel Charleston and the Grand Bohemian Hotel Mountain Brook, which opened to the public in August and October 2015, respectively.

Provision for asset impairment

During the nine months ended September 30, 2014 , a provision for asset impairment of $4.7 million was recorded on one hotel which was identified to have a reduction in the expected holding period and was written down to its estimated fair market value and was subsequently sold in August 2014. There were no asset impairments recorded for the nine months ended September 30, 2015 .

Separation and other start-up related expenses

The $ 0.4 million and $26.9 million in separation and other start-up related expenses for the three and nine months ended September 30, 2015 , respectively, relates to fees paid to unrelated third parties attributable to one-time costs incurred related to our spin-off from InvenTrust, the listing of our Common Stock on the NYSE, costs related to the Tender Offer and other start-up costs incurred while transitioning to a stand-alone, publicly-traded company.

Results of Non-Operating Income and Expenses

Hotel non-operating income and expenses consist of the following (in thousands):

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2015	2014	Increase / (Decrease)	Variance	2015	2014	Increase / (Decrease)	Variance
Non-operating income and expenses:								
Gain (loss) on sale of investment properties	$ —	$ (96)	$ 96	100.0 %	$ —	$ 865	$ (865)	(100.0)%
Other income (expense)	672	60	612	1,020.0 %	$ 3,389	$ 185	3,204	1,731.9 %
Interest expense	(12,496)	(14,374)	(1,878)	(13.1)%	(38,726)	(43,532)	(4,806)	(11.0)%
Loss on extinguishment of debt	—	(113)	(113)	(100.0)%	(283)	(1,183)	(900)	(76.1)%
Equity in losses and gain on consolidation of unconsolidated entity, net	—	—	—	—	—	4,216	(4,216)	(100.0)%
Income tax benefit (expense)	140	(1,862)	(2,002)	(107.5)%	(8,344)	(5,787)	2,557	44.2 %
Net income (loss) from discontinued operations	$ —	$ 3,297	(3,297)	(100.0)%	$ (489)	$ 1,810	$ (2,299)	(127.0)%

Gain (loss) on sale of investment property

Gain (loss) on sale of investment property for the three and nine months ended September 30, 2014 was related to the sale of two hotels in May and August of 2014 that were included in continuing operations. There were no sales during the nine months ended September 30, 2015 .

Other income (expense)

Other income increased $3.2 million , or 1,731.9% , for the nine months ended September 30, 2015 , which was primarily attributable to the involuntary loss and business interruption insurance recovery income of $2.5 million, which is net of hotel related expenses.

Interest expense

Interest expense decreased $1.9 million , or 13.1% , to $12.5 million for the three months ended September 30, 2015 from $14.4 million for the three months ended September 30, 2014 and $4.8 million , or 11.0% , to $38.7 million for the nine months ended September 30, 2015 from $43.5 million for the nine months ended September 30, 2014 . This was primarily the result of lower debt balances from mortgages and the repayment of two mortgage loans during the nine months ended September 30, 2015 . In addition, as of September 30, 2015 , the Company was no longer responsible for its $96.0 million allocation of InvenTrust's unsecured credit facility.

Equity in losses and gain on consolidation of unconsolidated entity, net

Equity in losses and gain on consolidation of unconsolidated entity, net decreased $4.2 million , or 100.0% , for the nine months ended September 30, 2015 compared to the nine months ended September 30, 2014 . During the nine months ended September 30, 2014 , the Company bought out its partner's interest in an unconsolidated entity that owned one hotel property, and began consolidating the operating results of the hotel resulting in a gain of $4.5 million upon consolidation of the related assets and liabilities, which was offset by $0.3 million representing the Company's share of equity in losses prior to the buyout of the remaining partner's interest. The respective hotel property was later sold as part of the Suburban Select Service Portfolio. We have no investments in unconsolidated entities as of September 30, 2015 .

Income tax benefit (expense)

Income tax expense decreased $2.0 million , or 107.5% , to an income tax benefit of $0.1 million for the three months ended September 30, 2015 from the $1.9 million expense allocated from InvenTrust for the three months ended September 30, 2014 , a result of an increase in percentage rents from its TRS leases through the end of the year as hotel gross revenues exceed higher revenue break points in the leases resulting in a reduction of taxable income at the Company's TRS.

Income tax expense increased $2.6 million , or 44.2% , to $8.3 million for the nine months ended September 30, 2015 from $5.8 million allocated from InvenTrust for the nine months ended September 30, 2014 , which includes taxes on a one-time taxable gain of $1.9 million on the transfer of a hotel to a more optimal ownership structure in connection with the Company's intention to elect to be taxed as a REIT. Management expects that taxable income in the second half of 2015 will be lower than in the first half of the year as a result of the $1.9 million non-recurring tax and as result of an increase in percentage rents from its TRS leases through the end of the year as hotel gross revenues exceed higher revenue break points in the leases resulting in a reduction of taxable income at the Company's TRS.

Net income (loss) from discontinued operations

Net income (loss) from discontinued operations decreased $3.3 million , or 100.0% , for the three months ended September 30, 2015 and $2.3 million , or 127.0% , for the nine months ended September 30, 2015 . During the three and nine months ended September 30, 2014 , there were 52 properties reflected in discontinued operations. Effective January 1, 2014, we elected to early adopt ASU 2014-08. Under the new guidance, only disposals representing a strategic shift that had (or will have) a major effect on the entity's results and operations would qualify as discontinued operations. On September 17, 2014, InvenTrust entered into a definitive asset purchase agreement to sell the Suburban Select Service Portfolio, which was sold on November 17, 2014. Prior to the sale transaction, we oversaw the Suburban Select Service Portfolio. We believe this sale represented a strategic shift away from suburban select service hotels that had a major effect on our results and operations, and qualified as discontinued operations under ASU No. 2014-08. The operations of these hotels are reflected as discontinued operations on the combined condensed consolidated statements of operations for the three and nine months ended September 30, 2015 and September 30, 2014 .

Liquidity and Capital Resources

We expect to meet our short-term liquidity requirements from cash on hand, cash flow from operations, borrowings under our unsecured revolving credit facility and the ability to refinance or extend our maturing debt as it becomes due. The objectives of our cash management policy are to maintain the availability of liquidity and minimize operational costs. Further, we have an investment policy that is focused on the preservation of capital and maximizing the return on new and existing investments.

On a long term basis, our objectives are to maximize revenue and profits generated by our existing properties and acquired hotels, to further enhance the value of our portfolio and produce an attractive current yield, as well as, to generate sustainable and predictable cash flow from our operations to distribute to our stockholders. To the extent we are able to successfully improve the performance of our portfolio, we believe this will result in increased operating cash flows. Additionally, we may meet our long-term liquidity requirements through additional borrowings, the issuance of equity and debt securities, and/or proceeds from the sales of hotels.

We may, from time to time, seek to retire or purchase additional amounts of our outstanding equity through cash purchases and/or exchanges for other securities in open market purchases, privately negotiated transactions or otherwise, including pursuant to a Rule 10b5-1 plan. Such repurchases or exchanges, if any, will depend on prevailing market conditions, our liquidity requirements, contractual restrictions and other factors. The amounts involved may be material.

As of September 30, 2015 , we had $99.4 million of consolidated cash and cash equivalents and $83.1 million of restricted cash and escrows. The restricted cash as of September 30, 2015 primarily consists of cash held in restricted escrows of $8.7 million for real estate taxes and insurance, and $74.4 million related to lodging furniture, fixtures and equipment reserves as required per the terms of our management and franchise agreements.

Credit facility

Effective February 3, 2015, we entered into a $400 million unsecured revolving credit facility with a syndicate of banks. The revolving credit facility includes an uncommitted accordion feature which, subject to certain conditions, allows us to increase the aggregate availability by up to an additional $350 million. As of September 30, 2015 , we had $117 million outstanding under the revolving credit facility, which was repaid in October 2015 with proceeds from the sale of the Hyatt Regency Orange County.

Interest is paid on the periodic advances under the unsecured revolving credit facility at varying rates, based upon either LIBOR or the alternate base rate, plus an additional margin amount. The interest rate depends upon our leverage ratio pursuant to the provisions of the credit facility agreement. Our credit facility requires an unused commitment fee of 0.30% on the unused portion of the available borrowing amount, which totaled approximately $0.2 million and $0.7 million for the three and nine months ended September 30, 2015 , respectively. The facility also contains customary covenants and restrictions for similar

type facilities and, as of September 30, 2015 , we were in compliance with these requirements.

Term Loans and Mortgages

Subsequent to September 30, 2015 , we executed a 63 month and a seven year term loan for $125 million and $175 million, respectively, entered into various interest rate hedge agreements, and repaid and refinanced several of our hotel mortgages. See Note 14 in the combined condensed consolidated financial statements included herein for further information.

Sources and Uses of Cash

Our principal sources of cash are cash flows from operations and borrowings under debt financings including draws on our credit facility. We may also obtain cash in the future from various types of equity offerings or the sale of our hotels. Our principal uses of cash are asset acquisitions, routine debt service and debt repayments, capital investments, operating costs, corporate expenses and dividends. We may also elect to use cash to buy back our common stock in the future.

Comparison of the Nine Months Ended September 30, 2015 to the Nine Months Ended September 30, 2014

The table below presents summary cash flow information for the combined condensed consolidated statements of cash flows (in thousands):

	Nine Months Ended September 30,	
	2015	**2014**
Net cash flows provided by operating activities	$ 141,690	$ 190,522
Net cash flows used in investing activities	(331,589)	(215,331)
Net cash flows provided by financing activities	126,276	62,165
(Decrease) increase in cash and cash equivalents	(63,623)	37,356
Cash and cash equivalents, at beginning of period	163,053	89,169
Cash and cash equivalents, at end of period	$ 99,430	$ 126,525

Operating

- Cash provided by operating activities was $141.7 million and $190.5 million for the nine months ended September 30, 2015 and 2014 , respectively. Cash provided by operating activities for the nine months ended September 30, 2015 decreased due to (i) non-recurring general and administrative expenses of $ 26.9 million for one-time costs related to the listing of our common stock on the NYSE, such as legal, audit fees and other professional fees, costs related to the Tender Offer, and costs related to becoming a stand-alone public company and (ii) lost operating cash flows of $45.5 million from the sale of the Suburban Select Service Portfolio, which was partially offset by an increase in cash flows from our hotel portfolio including cash flows generated by the Aston Waikiki Beach Resort acquired in 2014 and the three hotels acquired in July 2015.

Investing

- Cash used in investing activities was $331.6 million and $215.3 million for the nine months ended September 30, 2015 , and 2014 , respectively. Cash used in investing activities for the nine months ended September 30, 2015 was primarily due to (i) $40.9 million in capital improvements at our hotel properties (ii) $30.8 million of additional investments in our joint ventures, and (iii) the acquisition of three hotels for $245 million . Cash used in investing activities during the nine months ended September 30, 2014 were primarily from the purchase of the Aston Waikiki Beach Resort for $183.8 million in February 2014, $26.4 million in capital improvements of our hotels and $15.3 million of investments in joint ventures to develop two hotels offset by $24.6 million in proceeds from the sale of three hotels.

Financing

- Cash provided by financing activities was $126.3 million and $62.2 million for the nine months ended September 30, 2015 , and 2014 , respectively. Cash provided by financing activities for the nine months ended September 30, 2015 was primarily comprised of (i) a net contribution of $153.3 million from InvenTrust, (ii) net borrowings on our revolving line of credit of $117 million, and (iii) proceeds from mortgage debt of $19.6 million , which was partially offset by (i) cash used for mortgage principal payments of $6.7 million , (ii) the payoff of $81.5 million in mortgage loans, (iii) $36.9 million used to repurchase common shares in the Tender Offer, and (iv) the payment of $42.2 million in dividends to common stockholders . Cash provided by financing activities for the nine months ended September 30, 2014 , was primarily due to a net contribution of $45.7 million from InvenTrust and proceeds from mortgage debt and notes payable of $75.2 million , partially offset by repayments of mortgage debt of $50.8 million .

Capital Expenditures and Reserve Funds

We maintain each of our properties in good repair and condition and in conformity with applicable laws and regulations, franchise agreements and management agreements. Routine capital expenditures are administered by the property management companies. However, we have approval rights over the capital expenditures as part of the annual budget process for each of our properties. From time to time, certain of our hotels may be undergoing renovations as a result of our decision to upgrade portions of the hotels, such as guest rooms, public space, meeting space and/or restaurants, in order to better compete with other hotels in our markets. In addition, upon the acquisition of a hotel we often are required to complete a property improvement plan in order to bring the hotel up to the respective brand standards. If permitted by the terms of the management agreement, funding for a renovation will first come from the furniture, fixtures and equipment reserves. We are obligated to maintain reserve funds with respect to certain agreements with our hotel management companies, franchisors and lenders to provide funds, generally 3% to 5% of hotel revenues, sufficient to cover the cost of certain capital improvements to the hotels and to periodically replace and update furniture, fixtures and equipment. Certain of the agreements require that we reserve this cash in separate accounts. To the extent that the furniture, fixtures and equipment reserves are not available or adequate to cover the cost of the renovation, we may fund a portion of the renovation with cash on hand, borrowings from our unsecured revolving credit facility and/or other sources of available liquidity. As of September 30, 2015 and December 31, 2014 , we held a total of $74.4 million and $76.3 million, respectively, of furniture, fixtures and equipment reserves. We have been and will continue to be prudent with respect to our capital spending, taking into account our cash flows from operations.

During the nine months ended September 30, 2015 , we made total capital expenditures of $40.9 million , including $2.7 million for Napa hotel earthquake repairs. Our total capital expenditures in 2014 were $47.3 million, including $7.1 million for Napa earthquake repairs. For 2015, we anticipate total capital expenditures of approximately $45 million to $50 million , excluding capital expenditures related to earthquake damage remediation at two of our Napa hotel properties.

Off-Balance Sheet Arrangements

As of September 30, 2015 , we have no off-balance sheet arrangements.

Non-GAAP Financial Measures

We consider the following non-GAAP financial measures useful to investors as key supplemental measures of our operating performance: EBITDA, Adjusted EBITDA, FFO and Adjusted FFO. These non-GAAP financial measures should be considered along with, but not as alternatives to, net income or loss, operating profit, cash from operations, or any other operating performance measure as prescribed per GAAP.

EBITDA and Adjusted EBITDA

EBITDA is a commonly used measure of performance in many industries and is defined as net income or loss (calculated in accordance with GAAP) excluding interest expense, provision for income taxes (including income taxes applicable to sale of assets) and depreciation and amortization. We consider EBITDA useful to an investor regarding our results of operations, in evaluating and facilitating comparisons of our operating performance between periods and between REITs by removing the impact of our capital structure (primarily interest expense) and asset base (primarily depreciation and amortization) from our operating results, even though EBITDA does not represent an amount that accrues directly to common stockholders. In addition, EBITDA is used as one measure in determining the value of hotel acquisitions and dispositions and along with FFO and Adjusted FFO, it is used by management in the annual budget process for compensation programs.

We further adjust EBITDA for certain additional items such as hotel property acquisitions and pursuit costs, amortization of share-based compensation, equity investment adjustments, the cumulative effect of changes in accounting principles, impairment of real estate assets, operating results from properties sold and other costs we believe do not represent recurring operations and are not indicative of the performance of our underlying hotel property entities. We believe Adjusted EBITDA provides investors with another financial measure in evaluating and facilitating comparison of operating performance between periods and between REITs that report similar measures.

FFO and Adjusted FFO

We calculate FFO in accordance with standards established by the National Association of Real Estate Investment Trusts (NAREIT), which defines FFO as net income or loss (calculated in accordance with GAAP), excluding real estate-related depreciation, amortization and impairments, gains (losses) from sales of real estate, the cumulative effect of changes in accounting principles, similar adjustments for unconsolidated partnerships and joint ventures, and items classified by GAAP as extraordinary. Historical cost accounting for real estate assets implicitly assumes that the value of real estate assets diminishes predictably over time. Since real estate values instead have historically risen or fallen with market conditions, most industry investors consider presentations of operating results for real estate companies that use historical cost accounting to be insufficient by themselves. We believe that the presentation of FFO provides useful supplemental information to investors regarding our operating performance by excluding the effect of real estate depreciation and amortization, gains (losses) from sales for real estate, impairments of real estate assets, extraordinary items and the portion of these items related to unconsolidated entities, all of which are based on historical cost accounting and which may be of lesser significance in evaluating current performance. We believe that the presentation of FFO can facilitate comparisons of operating performance between periods and between REITs, even though FFO does not represent an amount that accrues directly to common stockholders. Our calculation of FFO may not be comparable to measures calculated by other companies who do not use the NAREIT definition of FFO or do not calculate FFO per diluted share in accordance with NAREIT guidance. Additionally, FFO may not be helpful when comparing us to non-REITs.

We further adjust FFO for certain additional items that are not in NAREIT's definition of FFO such as hotel property acquisition and pursuit costs, amortization of debt origination costs and share-based compensation, operating results from properties that are sold and other expenses we believe do not represent recurring operations. We believe that Adjusted FFO provides investors with useful supplemental information that may facilitate comparisons of ongoing operating performance between periods and between REITs that make similar adjustments to FFO and is beneficial to investors' complete understanding of our operating performance.

The following is a reconciliation of net income to EBITDA and Adjusted EBITDA for the three and nine months ended September 30, 2015 and 2014 (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Net income attributable to the Company	$ 18,098	$ 9,495	$ 26,975	$ 34,700
Adjustments:				
Interest expense	12,496	14,374	38,726	43,532
Interest expense from unconsolidated entity	—	—	—	34
Interest expense from discontinued operations	—	7,888	—	23,719
Income tax expense (benefit)	(140)	1,862	8,344	5,787
Depreciation and amortization related to investment properties	37,818	35,835	110,094	106,231
Depreciation and amortization related to investment in unconsolidated entity	—	(102)	—	—
Depreciation and amortization of discontinued operations	—	11,398	—	36,724
EBITDA	$ 68,272	$ 80,750	$ 184,139	$ 250,727
Reconciliation to Adjusted EBITDA				
Impairment of investment properties	—	1,667	—	4,665
(Gain) loss on sale of investment property	—	96	—	(865)
Loss on extinguishment of debt	—	113	283	1,183
Gain (loss) on consolidation of investment in unconsolidated entity	—	—	—	(4,481)
Acquisition and pursuit costs	4,510	18	5,396	1,150
Amortization of share-based compensation expense	1,326	—	4,774	—
Pre-opening expenses [1]	825	—	825	—
Management termination fees net of guaranty income [2]	212	—	212	—
Gain from excess property insurance recovery	(322)	—	(598)	—
Business interruption proceeds net of hotel related expenses [3]	(379)	—	(2,549)	—
EBITDA adjustment for three hotels sold in 2014 [4]	—	(387)	(85)	(1,823)
EBITDA adjustment for Suburban Select Service Portfolio [5]	—	(22,602)	489	(62,254)
Other non-recurring expenses [6]	426	—	26,887	—
Adjusted EBITDA	$ 74,870	$ 59,655	$ 219,773	$ 188,302

(1) For the three and nine months September 30, 2015 , the pre-opening expenses related to the Grand Bohemian Hotel Charleston and Grand Bohemian Hotel Mountain Brook, which opened in August and October 2015, respectively.

(2) For the three and nine months September 30, 2015 , we terminated management agreements for four properties and entered into new management contracts with a new third-party hotel operator. In connection with the terminations, we paid termination fees of $0.7 million, which was offset by $0.5 million in income from the write off of deferred guaranty funding that was previously received from certain of the managers and was being recognized over the term of the old management contracts.

(3) The business interruption insurance recovery for 2014 for the three and nine months ended September 30, 2015 was $0.4 and $2.5 million, respectively, which is net of $1.6 million of hotel related expenses attributable to those hotels impacted by the August 2014 Napa Earthquake.

(4) The following three hotels were disposed of in 2014: Crowne Plaza Charleston Airport - Convention Center, DoubleTree Suites Atlanta Galleria, and Holiday Inn Secaucus Meadowlands.

(5) On November 17, 2014, InvenTrust sold the Suburban Select Service Portfolio for an aggregate gross disposition price of $1.1 billion. Prior to the sale transaction, the Company oversaw the Suburban Select Service Portfolio. This sale reflected a strategic shift and had a major impact on our consolidated financial statements; therefore the operations of these 52 hotels are reflected as discontinued operations on the combined condensed consolidated statements of operations for the three and nine months ended September 30, 2015 and 2014.

(6) For the three and nine months September 30, 2015 , other non-recurring expenses include one-time costs related to the listing of our common stock on the NYSE, such as legal, audit fees and other professional fees, costs related to the Tender Offer described in Note 10 in the combined condensed consolidated financial statements as of September 30, 2015 and 2014, and other start-up costs incurred while transitioning to a stand-alone, publicly-traded company.

The following is a reconciliation of our GAAP net income to FFO and Adjusted FFO for the three and nine months September 30, 2015 (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Net income attributable to the Company	$ 18,098	$ 9,495	$ 26,975	$ 34,700
Adjustments:				
Depreciation and amortization related to investment properties	37,818	35,835	110,094	106,231
Depreciation and amortization related to investment in unconsolidated entity	—	(102)	—	—
Depreciation and amortization of discontinued operations	—	11,398	—	36,724
Impairment of investment property	—	1,667	—	4,665
(Gain) loss on sale of investment property	—	96	—	(865)
Gain on consolidation of investment in unconsolidated entity	—	—	—	(4,481)
FFO	$ 55,916	$ 58,389	$ 137,069	$ 176,974
Distribution to preferred shareholders	(4)	—	(12)	—
FFO available to common share and unit holders	$ 55,912	$ 58,389	$ 137,057	$ 176,974
Reconciliation to Adjusted FFO				
Loss on extinguishment of debt	$ —	$ 113	$ 283	$ 1,183
Acquisition and pursuit costs	4,510	18	5,396	1,150
Loan related costs [1]	681	991	2,872	3,405
Amortization of share-based compensation expense	1,326	—	4,774	—
Pre-opening expenses	825	—	825	—
Management termination fees net of guaranty income [2]	212	—	212	—
Income tax related to restructuring [3]	—	—	1,900	—
Business interruption proceeds net of hotel related expenses [4]	(379)	—	(2,549)	—
Less FFO adjustment for three hotels sold in 2014 [5]	—	(387)	(85)	(1,575)
Less FFO adjustment for Suburban Select Service Portfolio [6]	—	(14,713)	489	(38,534)
Other non-recurring expenses [7]	426	—	26,887	—
Adjusted FFO	$ 63,513	$ 44,411	$ 178,061	$ 142,603

(1) Loan related costs included amortization of debt discounts, premiums and deferred loan origination costs.

(2) For the three and nine months September 30, 2015 , we terminated management agreements for four properties and entered into new management contracts with a new third-party hotel operator. In connection with the terminations, we paid termination fees of $0.7 million, which was offset by $0.5 million in income from the write off of deferred guaranty funding that was previously received from certain of the managers and was being recognized over the term of the old management contracts.

(3) For the nine months ended September 30, 2015 , the Company recognized income tax expense of $8.3 million, of which $1.9 million related to a gain on the transfer of a hotel between legal entities resulting in a more optimal structure in connection with the Company's intention to elect to be taxed as a REIT.

(4) The business interruption insurance recovery for the three and nine months ended September 30, 2015 was $0.4 and $2.5 million, respectively, which was net of $1.6 million of hotel related expenses attributable to those hotels impacted by the August 2014 Napa Earthquake.

(5) The following three hotels were disposed of in 2014: Crowne Plaza Charleston Airport - Convention Center, DoubleTree Suites Atlanta Galleria, and Holiday Inn Secaucus Meadowlands.

(6) On November 17, 2014, InvenTrust sold the Suburban Select Service Portfolio for an aggregate gross disposition price of $1.1 billion. Prior to the sale transaction, the Company oversaw the Suburban Select Service Portfolio. This sale reflected a strategic shift and had a major impact on our consolidated financial statements; therefore the operations of these 52 hotels are reflected as discontinued operations on the combined condensed consolidated statements of operations for the three and nine months ended September 30, 2015 and 2014.

(7) For the three and nine months ended September 30, 2015 , other non-recurring expenses include one-time costs related to the listing of our common stock on the NYSE, such as legal, audit fees and other professional fees, costs related to the Tender Offer described in Note 10 in the combined condensed consolidated financial statements as of September 30, 2015 and 2014, and other start-up costs incurred while transitioning to a stand-alone, publicly-traded company.

Use and Limitations of Non-GAAP Financial Measures

EBITDA, Adjusted EBITDA, FFO, and Adjusted FFO do not represent cash generated from operating activities under GAAP and should not be considered as alternatives to net income or loss, operating profit, cash flows from operations or any other operating performance measure prescribed by GAAP. Although we present and use EBITDA, Adjusted EBITDA, FFO and Adjusted FFO because we believe they are useful to investors in evaluating and facilitating comparisons of our operating performance between periods and between REITs that report similar measures, the use of these non-GAAP measures has certain limitations as analytical tools. These non-GAAP financial measures are not measures of our liquidity, nor are they indicative of funds available to fund our cash needs, including our ability to fund capital expenditures, contractual commitments, working capital, service debt or make cash distributions. These measurements do not reflect cash expenditures for long-term assets and other items that we have incurred and will incur. These non-GAAP financial measures may include funds that may not be available for management's discretionary use due to functional requirements to conserve funds for capital expenditures, property acquisitions, and other commitments and uncertainties. These non-GAAP financial measures as presented may not be comparable to non-GAAP financial measures as calculated by other real estate companies.

We compensate for these limitations by separately considering the impact of these excluded items to the extent they are material to operating decisions or assessments of our operating performance. Our reconciliations to the most comparable GAAP financial measures, and our combined condensed consolidated statements of operations, include interest expense, and other excluded items, all of which should be considered when evaluating our performance, as well as the usefulness of our non-GAAP financial measures. These non-GAAP financial measures reflect additional ways of viewing our operations that we believe, when viewed with our GAAP results and the reconciliations to the corresponding GAAP financial measures, provide a more complete understanding of factors and trends affecting our business than could be obtained absent this disclosure. We strongly encourage investors to review our financial information in its entirety and not to rely on a single financial measure.

Critical Accounting Policies and Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of our financial statements and the reported amounts of revenues and expenses during the reporting period. Actual amounts may differ significantly from these estimates and assumptions. We evaluate our estimates, assumptions and judgments are reasonable and appropriate on an ongoing basis, based on information that is then available to us as well as our experience and various matters. All of our significant accounting policies, including certain critical accounting policies, are disclosed in our Annual Report on Form 10-K for the year ended December 31, 2014 and Note 2 in the combined condensed consolidated financial statements included herein.

Inflation

We rely on the performance of the hotels to increase revenues to keep pace with inflation. Generally, our hotel operators possess the ability to adjust room rates daily, except for group or corporate rates contractually committed to in advance, although competitive pressures may limit the ability of our operators to raise rates faster than inflation or even at the same rate.

Seasonality

Demand in the lodging industry is affected by recurring seasonal patterns which are greatly influenced by overall economic cycles, the geographic locations of the hotels and the customer mix at the hotels. Generally, our hotels will have lower revenue, operating income and cash flow in the first quarter and higher revenue, operating income and cash flow in the third quarter.

Subsequent Events

Debt

On October 22, 2015, the Company executed a $175 million unsecured term loan with an interest rate of LIBOR plus the applicable rate, as defined per the respective agreement, maturing in February 2021. Simultaneously with the closing of the $175 million unsecured term loan, the Company entered into swap agreements to fix LIBOR at 1.29% for the entire term of the loan. A portion of the proceeds from the $175 million unsecured term loan was used to pay off the outstanding balance on the unsecured revolving credit facility and the remaining proceeds were used to pay off one property level mortgage with a principal balance of $53 million.

Additionally on this date, the Company executed a $125 million term loan with an interest rate of LIBOR plus the applicable rate, as defined per the respective agreement, maturing in October 2022. The $125 million unsecured term loan will be funded in early 2016 in connection with the previously announced acquisition of the Hotel Commonwealth.

On October 27, 2015, the Company closed on the sale of the Hyatt Regency Orange County hotel for a purchase price of $137 million. In connection with this sale, the Company paid off its property level mortgage with an outstanding balance of $61.9 million. Also in October 2015 the Company refinanced a mortgage for one hotel with a principal balance of $30.3 million. The new loan is for $63.0 million, has a term of 10 years and carries a fixed annual interest rate of 4.48%.

In November 2015, the Company paid off three additional hotel level mortgages in the amount of $104.6 million. Further, the Company also obtained $7.5 million in incremental proceeds under the terms of another existing mortgage loan in November 2015.

In connection with repaying these loans, the Company incurred prepayment fees of approximately $5.1 million in the fourth quarter of 2015.

Stockholder's Equity

On September 30, 2015, the Company redeemed all 125 outstanding shares of its Series A Preferred Stock for $1,100 per share plus accrued and unpaid dividends of $31.25 per share, including a $100.00 per share redemption premium, for an aggregate per share redemption price of $1,131.25. Following the redemption, in accordance with the Company's charter, the Board of Directors of the Company reclassified the redeemed shares of the Company's Series A Preferred Stock as authorized but unissued shares of Preferred Stock without designation as to series. In connection therewith, on November 10, 2015, the Company filed Articles Supplementary and Articles of Restatement(the "Revised Articles") to the Company's charter with the State Department of Assessments & Taxation of Maryland. The only change made to the existing charter of the Company in the Revised Articles was to reflect the reclassification of the Series A Preferred Stock as Preferred Stock without designation as described above. This description of the Revised Articles does not purport to be complete and is subject, and qualified in its entirety by reference, to the full texts of the Revised Articles, which are attached hereto as Exhibits 3.1 and 3.2.

New Accounting Pronouncements Not Yet Implemented

See Note 2 to our combined condensed consolidated financial statements included herein for additional information related to recently issued accounting pronouncements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We are subject to market risk associated with changes in interest rates both in terms of variable-rate debt and the price of new fixed-rate debt upon maturity of existing debt and for acquisitions. Our interest rate risk management objectives are to limit the impact of interest rate changes on earnings and cash flows and to lower our overall borrowing costs. If market rates of interest on all of the variable rate debt as of September 30, 2015 permanently increased or decreased by 1%, the increase or decrease in interest expense on the variable rate debt would decrease or increase future earnings and cash flows by approximately $5.6 million per annum. If market rates of interest on all of the variable rate debt as of December 31, 2014 permanently increased or decreased by 1%, the increase or decrease in interest expense on the variable rate debt would decrease or increase future earnings and cash flows by approximately $5.8 million per annum.

With regard to our variable rate financing, we assess interest rate cash flow risk by continually identifying and monitoring changes in interest rate exposures that may adversely impact expected future cash flows and by evaluating hedging opportunities. We maintain risk management control systems to monitor interest rate cash flow risk attributable to both of our outstanding or forecasted debt obligations as well as our potential offsetting hedge positions. The risk management control systems involve the use of analytical techniques, including cash flow sensitivity analysis, to estimate the expected impact of changes in interest rates on our future cash flows.

We monitor interest rate risk using a variety of techniques, including periodically evaluating fixed interest rate quotes on all variable rate debt and the costs associated with converting the debt to fixed rate debt. Also, existing fixed and variable rate loans that are scheduled to mature in the next year or two are evaluated for possible early refinancing or extension due to consideration given to current interest rates. Refer to Note 7 in the combined condensed consolidated financial statements included herein, for our mortgage debt principal amounts and weighted average interest rates by year and expected maturity to evaluate the expected cash flows and sensitivity to interest rate changes.

We may use derivative instruments to hedge exposures to changes in interest rates on loans secured by our properties. To the extent we do, we are exposed to credit risk and market risk. Credit risk is the failure of the counterparty to perform under the terms of the derivative contract. We maintain credit policies with regard to our counterparties that we believe reduce overall credit risk. These policies include evaluating and monitoring our counterparties' financial condition, including their credit ratings, and entering into agreements with counterparties based on established credit limit policies. Market risk is the adverse effect on the value of a financial instrument that results from a change in interest rates. The market risk associated with interest-rate contracts is managed by establishing and monitoring parameters that limit the types and degree of market risk that may be undertaken.

Subsequent to September 30, 2015, we entered into several swap agreements to fix the LIBOR rate on our five year term loan at 1.29% for the entire five year term. See "Subsequent Events" above for additional information.

The following table provides information about our financial instruments that are sensitive to changes in interest rates. For debt obligations outstanding as of September 30, 2015 , the following table presents principal repayments and related weighted-average interest rates by contractual maturity dates (in thousands):

	2016	2017 [2]	2018	2019	2020	Total	Fair Value [3]
Maturing debt [1] :							
Fixed rate debt (mortgage loans)	$321,129	$194,975	$27,775	—	$16,994	$560,873	$584,124
Variable rate debt (mortgage loans)	$34,556	—	$169,169	$326,700	$40,843	$571,268	$574,997
Unsecured credit facility	—	—	—	—	—	$117,000	$117,000
Total	$355,685	$194,975	$196,944	$326,700	$57,837	$1,249,141	$1,276,121
Weighted average interest rate on debt:							

Fixed rate debt (mortgage loans)	5.35%	5.18%	6.46%	—	3.85%	5.30%	2.38%
Variable rate debt (mortgage loans)	2.69%	—	2.38%	2.67%	2.69%	2.46%	2.89%
Unsecured credit facility	—	—	—	—	—	1.85%	1.85%

(1) The debt maturity excludes net mortgage premiums and discounts of $1 million as of September 30, 2015 .

(2) Includes the Hyatt Regency Orange County mortgage of $62 million that is included in liabilities associated with assets held for sale on the combined condensed consolidated balance sheet as of September 30, 2015. The sale closed in October 2015 and proceeds from the sale were used to repay the outstanding balance of the related mortgage.

(3) See Item 7A of our most recent Annual Report on Form 10-K and Note 8 to our combined condensed consolidated financial statements included herein.

Item 4. Controls and Procedures

Disclosure Controls and Procedures. As required by Rules 13a-15(b) and 15d-15(b) under the Exchange Act, our management, including our principal executive officer and our principal financial officer evaluated, as of the end of the period covered by this quarterly report, the effectiveness of our disclosure controls and procedures as defined in Rules 13a-15(e) and Rule 15d-15(e) of the Exchange Act. Based on that evaluation, our principal executive officer and our principal financial officer concluded that our disclosure controls and procedures, as of the end of the period covered by this quarterly report, were effective at a reasonable assurance level for the purpose of ensuring that information required to be disclosed by us in this quarterly report is recorded, processed, summarized and reported within the time periods specified by the rules and forms of the Exchange Act and is accumulated and communicated to management, including our principal executive officer and our principal financial officer as appropriate, to allow timely decisions regarding required disclosures.

Changes in Internal Control Over Financial Reporting. There has been no change in the Company's internal control over financial reporting during the Company's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Part II. OTHER INFORMATION

Item 1. Legal Proceedings

We are involved in various claims and lawsuits arising in the normal course of business, including proceedings involving tort and other general liability claims, workers' compensation and other employee claims and claims related to our ownership of certain hotel properties. Most occurrences involving liability, claims of negligence and employees are covered by insurance with solvent insurance carriers. We recognize a liability when we believe the loss is probable and reasonably estimable. We currently believe that the ultimate outcome of such lawsuits and proceedings will not, individually or in the aggregate, have a material effect on our combined condensed consolidated financial position, results of operations or liquidity.

Item 1A. Risk Factors

There have been no material changes from the risk factors previously disclosed in response to Item 1A. to Part I of our Annual Report on Form 10-K for the fiscal year ended December 31, 2014 .

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

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

On September 30, 2015, the Company redeemed all 125 outstanding shares of its Series A Preferred Stock for $1,100 per share plus accrued and unpaid dividends of $31.25 per share, including a $100.00 per share redemption premium, for an aggregate per share redemption price of $1,131.25. Following the redemption, in accordance with the Company's charter, the Board of Directors of the Company reclassified the redeemed shares of the Company's Series A Preferred Stock as authorized but unissued shares of Preferred Stock without designation as to series. In connection therewith, on November 10, 2015, the Company filed Articles Supplementary and Articles of Restatement (the "Revised Articles") to the Company's charter with the State Department of Assessments & Taxation of Maryland. The only change made to the existing charter of the Company in the Revised Articles was to reflect the reclassification of the Series A Preferred Stock as Preferred Stock without designation as described above. This description of the Revised Articles does not purport to be complete and is subject, and qualified in its entirety by reference, to the full texts of the Revised Articles, which are attached hereto as Exhibits 3.1 and 3.2.

Also on September 30, 2015, and in connection with the redemption of the Series A Preferred Stock described above, the Operating Partnership redeemed all 125 of its Series A Preferred Units that were held by the Company for $1,100 per share plus accrued and unpaid dividends of $31.25 per share, including a $100.00 per share redemption premium, for an aggregate per unit redemption price of $1,131.25. In connection therewith, on November 10, 2015, the Company entered into the Fourth Amended & Restated Agreement of Limited Partnership of XHR LP (the "Fourth LP Agreement"). The Fourth LP Agreement amended the previous agreement to reflect the redemption of the Series A Preferred Units and restate the Agreement to include the terms of a prior amendment within the Fourth LP Agreement. This description of the Fourth LP Agreement does not purport to be complete and is subject, and qualified in its entirety by reference, to the full text of the Fourth LP Agreement, which is attached hereto as Exhibit 10.1.

Item 6. Exhibits

Exhibit Number	Exhibit Description
2.1	Separation and Distribution Agreement by and between Inland American Real Estate Trust, Inc. (n/k/a InvenTrust Properties Corp.) and Xenia Hotels & Resorts, Inc., dated as of January 20, 2015 (incorporated by reference to Exhibit 2.1 to the Company's Periodic Report on Form 8-K (File No. 001-36594) filed on January 23, 2015)
3.1*	Articles Supplementary of Xenia Hotels and Resorts, Inc., as filed on November 10, 2015 with the Maryland Department of Assessments and Taxation
3.2*	Articles of Restatement of Xenia Hotels & Resorts, Inc., as filed on November 10, 2015 with the Maryland Department of Assessments and Taxation
3.3	Amended and Restated Bylaws of Xenia Hotels & Resorts, Inc. (incorporated by reference to Exhibit 3.1 to the Company's Periodic Report on Form 8-K (File No. 001-36594) filed on February 9, 2015)
10.1*	Fourth Amended and Restated Agreement of Limited Partnership of XHR LP, dated as of November 10, 2015
10.2*	Xenia Hotels & Resorts, Inc. Director Compensation Program, as Amended and Restated, dated as of September 17, 2015
31.1*	Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2*	Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1*	Certification of Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS*	XBRL Instance Document
101.SCH*	XBRL Taxonomy Extension Schema Document
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document

* Filed herewith

\+ Management contract or compensatory plan

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Xenia Hotels & Resorts, Inc.

November 12, 2015

/s/ Marcel Verbaas

Marcel Verbaas
President and Chief Executive Officer
(Principal Executive Officer)

/s/ Andrew J. Welch

Andrew J. Welch
Executive Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

EXHIBIT INDEX

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\+ Management contract or compensatory plan

XENIA HOTELS & RESORTS, INC.

ARTICLES SUPPLEMENTARY

Xenia Hotels & Resorts, Inc., a Maryland corporation (the "Corporation"), hereby certifies to the State Department of Assessments and Taxation that:

FIRST: Under a power contained in Article VI of the charter of the Corporation (the "Charter"), the Board of Directors, by duly adopted resolutions, reclassified and designated all of the authorized (but currently unissued) shares of 12.5% Series A Cumulative Non-Voting Preferred Stock, $0.01 par value per share (the "Series A Preferred Stock") as shares of Preferred Stock, $0.01 par value per share, with the preferences, conversion and other rights, voting powers, restrictions, limitations as to dividends and other distributions, qualifications, and terms and conditions of redemption as set forth in the Charter.

SECOND: The shares of Series A Preferred Stock have been reclassified and designated by the Board of Directors under the authority contained in the Charter.

THIRD: These Articles Supplementary have been approved by the Board of Directors in the manner and by the vote required by law.

FOURTH: The undersigned President and Chief Executive Officer of the Corporation acknowledges these Articles Supplementary to be the corporate act of the Corporation and, as to all matters or facts required to be verified under oath, the undersigned President and Chief Executive Officer acknowledges that, to the best of his knowledge, information and belief, these matters and facts are true in all material respects and that this statement is made under the penalties of perjury.

-Signature page follows-

IN WITNESS WHEREOF, the Corporation has caused these Articles Supplementary to be executed in its name and on its behalf by its President and attested by its Secretary this 10th day of November, 2015.

ATTEST: XENIA HOTELS & RESORTS, INC.

/s/ Taylor Kessel	By: /s/ Marcel Verbaas
Taylor Kessel	Marcel Verbaas
Vice President - Corporate Counsel and Secretary	President and Chief Executive Officer

[Signature Page to Xenia Hotels & Resorts, Inc. Articles Supplementary]

XENIA HOTELS & RESORTS, INC.

ARTICLES OF RESTATEMENT

FIRST: Xenia Hotels & Resorts, Inc., a Maryland corporation (the "Corporation"), desires to restate its charter as currently in effect.

SECOND: The following provisions are all the provisions of the charter currently in effect:

ARTICLE I

INCORPORATOR

Scott W. Wilton, whose address is c/o 2809 Butterfield Road, Oak Brook, IL, 60523, being at least 18 years of age, by Articles of Incorporation and by Articles of Conversion on August 4, 2014, converted IA Lodging Group, Inc., a Delaware corporation formed on April 27, 2007, into a corporation formed under the general laws of the State of Maryland.

ARTICLE II

NAME

The name of the corporation (the "Corporation") is:

Xenia Hotels & Resorts, Inc.

ARTICLE III

PURPOSE

The purposes for which the Corporation is formed are to engage in any lawful act or activity (including, without limitation or obligation, engaging in business as a real estate investment trust under the Internal Revenue Code of 1986, as amended, or any successor statute

(the "Code")) for which corporations may be organized under the general laws of the State of Maryland as now or hereafter in force. For purposes of the charter of the Corporation (the "Charter), "REIT" means a real estate investment trust under Sections 856 through 860 of the Code.

ARTICLE IV

PRINCIPAL OFFICE IN STATE AND RESIDENT AGENT

The address of the principal office of the Corporation in the State of Maryland is c/o The Corporation Trust Incorporated, 351 West Camden Street, Baltimore, Maryland 21201. The name of the resident agent of the Corporation in the State of Maryland is The Corporation Trust Incorporated, whose post office address is 351 West Camden Street, Baltimore, Maryland 21201. The resident agent is a Maryland corporation.

ARTICLE V

PROVISIONS FOR DEFINING, LIMITING AND REGULATING CERTAIN POWERS OF THE CORPORATION AND OF THE STOCKHOLDERS AND DIRECTORS

Section 5.1 Number of Directors . The business and affairs of the Corporation shall be managed under the direction of the Board of Directors. The number of directors of the Corporation is eight, which number may be increased or decreased only by the Board of Directors pursuant to the Bylaws of the Corporation (the "Bylaws"), but shall never be less than the minimum number required by the Maryland General Corporation Law (the "MGCL"). The name of current directors who shall serve until their successors are duly elected and qualify are:

Jeffrey H. Donahue

John H. Alschuler

Keith E. Bass

Thomas M. Gartland

Beverly K. Goulet

Mary E. McCormick

Dennis D. Oklak

Marcel Verbaas

Any vacancy on the Board of Directors may be filled in the manner provided in the Bylaws.

The Corporation elects, at such time as it becomes eligible under Section 3-802 of the MGCL to make the election provided for under Section 3-804(c) of the MGCL, that, except as may be provided by the Board of Directors in setting the terms of any class or series of Preferred Stock (as defined herein), any and all vacancies on the Board of Directors may be filled only by the affirmative vote of a majority of the remaining directors in office, even if the remaining directors do not constitute a quorum, and any director elected to fill a vacancy shall serve for the remainder of the full term of the directorship in which such vacancy occurred and until a successor is duly elected and qualifies.

Section 5.2 Extraordinary Actions . Except as specifically provided in Section 5.8 (relating to removal of directors) and in the last sentence of Article VIII (relating to certain charter amendments), notwithstanding any provision of law permitting or requiring any action to be taken or approved by the affirmative vote of stockholders entitled to cast a greater number of votes, any such action shall be effective and valid if declared advisable by the Board of Directors and taken or approved by the affirmative vote of stockholders entitled to cast a majority of all the votes entitled to be cast on the matter.

Section 5.3 Authorization by Board of Stock Issuance . The Board of Directors may authorize the issuance from time to time of shares of stock of the Corporation of any class or series, whether now or hereafter authorized, or securities or rights convertible into shares of its stock of

any class or series, whether now or hereafter authorized, for such consideration as the Board of Directors may deem advisable (or without consideration in the case of a stock split or stock dividend), subject to such restrictions or limitations, if any, as may be set forth in the Charter or the Bylaws.

Section 5.4 Preemptive and Appraisal Rights . Except as may be provided by the Board of Directors in setting the terms of classified or reclassified shares of stock pursuant to Section 6.4 or as may otherwise be provided by a contract approved by the Board of Directors, no holder of shares of stock of the Corporation shall, as such holder, have any preemptive right to purchase or subscribe for any additional shares of stock of the Corporation or any other security of the Corporation which it may issue or sell. Holders of shares of stock shall not be entitled to exercise any rights of an objecting stockholder provided for under Title 3, Subtitle 2 of the MGCL or any successor statute unless the Board of Directors, upon the affirmative vote of a majority of the Board of Directors and upon such terms and conditions as specified by the Board of Directors, shall determine that such rights apply, with respect to all or any shares of all or any classes or series of stock, to one or more transactions occurring after the date of such determination in connection with which holders of such shares would otherwise be entitled to exercise such rights. Notwithstanding the foregoing, in the event the Corporation is subject to the Maryland Control Share Acquisition Act, holders of shares of stock shall be entitled to exercise rights of an objecting stockholder under Section 3-708(a) of the MGCL, unless otherwise provided in the Bylaws.

Section 5.5 Indemnification . The Corporation shall have the power, to the maximum extent permitted by Maryland law in effect from time to time, to obligate itself to indemnify, and to pay or reimburse reasonable expenses in advance of final disposition of a proceeding to, (a) any individual who is a present or former director or officer of the Corporation or (b) any individual who, while a director or officer of the Corporation and at the request of the Corporation, serves or

has served as a director, officer, partner, member, manager or trustee of another corporation, real estate investment trust, partnership, limited liability company, joint venture, trust, employee benefit plan or any other enterprise from and against any claim or liability to which such person may become subject or which such person may incur by reason of his or her service in such capacity. The Corporation shall have the power, with the approval of the Board of Directors, to provide such indemnification and advancement of expenses to a person who served a predecessor of the Corporation in any of the capacities described in (a) or (b) above and to any employee or agent of the Corporation or a predecessor of the Corporation.

Section 5.6 Determinations by Board . The determination as to any of the following matters, made by or pursuant to the direction of the Board of Directors, shall be final and conclusive and shall be binding upon the Corporation and every holder of shares of its stock: the amount of the net income of the Corporation for any period and the amount of assets at any time legally available for the payment of dividends, the acquisition of its stock or the payment of other distributions on its stock; the amount of paid-in surplus, net assets, other surplus, cash flow, funds from operations, adjusted funds from operations, net profit, net assets in excess of capital, undivided profits or excess of profits over losses on sales of assets; the amount, purpose, time of creation, increase or decrease, alteration or cancellation of any reserves or charges and the propriety thereof (whether or not any obligation or liability for which such reserves or charges shall have been created shall have been paid or discharged); any interpretation or resolution of any ambiguity with respect to any provision of the Charter (including any of the terms, preferences, conversion or other rights, voting powers or rights, restrictions, limitations as to dividends or other distributions, qualifications or terms or conditions of redemption of any shares of any class or series of stock of the Corporation) or of the Bylaws; the number of shares of stock of any class or series of the Corporation; the fair

value, or any sale, bid or asked price to be applied in determining the fair value, of any asset owned or held by the Corporation or of any shares of stock of the Corporation; any matter relating to the acquisition, holding and disposition of any assets by the Corporation; any interpretation of the terms and conditions of one or more agreements with any person, corporation, association, company, trust, partnership (limited or general) or other organization; the compensation of directors, officers, employees or agents of the Corporation; or any other matter relating to the business and affairs of the Corporation or required or permitted by applicable law, the Charter or Bylaws or otherwise to be determined by the Board of Directors.

Section 5.7 REIT Qualification . If the Corporation elects to qualify as a REIT, the Board of Directors shall use its reasonable best efforts to take such actions as it determines are necessary or appropriate to preserve the status of the Corporation as a REIT; however, if the Board of Directors determines that it is no longer in the best interests of the Corporation to attempt to, or continue to, qualify as a REIT, the Board of Directors may authorize the Corporation to revoke or otherwise terminate the Corporation's REIT election pursuant to Section 856(g) of the Code. The Board of Directors, in its sole and absolute discretion, also may (a) determine that compliance with any restriction or limitation on stock ownership and transfers set forth in Article VII is no longer required for REIT qualification and (b) make any other determination or take any other action pursuant to Article VII.

Section 5.8 Removal of Directors . Subject to the rights of holders of one or more classes or series of Preferred Stock to elect or remove one or more directors, any director, or the entire Board of Directors, may be removed from office at any time, but only for cause and then only by the affirmative vote of stockholders entitled to cast at least two thirds of the votes entitled to be cast generally in the election of directors. For the purpose of this paragraph, "cause" shall mean,

with respect to any particular director, conviction of a felony or a final judgment of a court of competent jurisdiction holding that such director caused demonstrable, material harm to the Corporation through bad faith or active and deliberate dishonesty.

Section 5.9 Corporate Opportunities. The Corporation shall have the power to renounce, by resolution of the Board of Directors, any interest or expectancy of the Corporation in, or in being offered an opportunity to participate in, business opportunities or classes or categories of business opportunities that are (a) presented to the Corporation or (b) developed by or presented to one or more directors or officers of the Corporation.

ARTICLE VI

STOCK

Section 6.1 Authorized Shares. The Corporation has authority to issue 550,000,000 shares of stock, consisting of 500,000,000 shares of Common Stock, $0.01 par value per share ("Common Stock"), and 50,000,000 shares of Preferred Stock, $0.01 par value per share ("Preferred Stock"). The aggregate par value of all authorized shares of stock having par value is $5,500,000. If shares of one class of stock are classified or reclassified into shares of another class of stock pursuant to Section 6.2, 6.3 or 6.4 of this Article VI, the number of authorized shares of the former class shall be automatically decreased and the number of shares of the latter class shall be automatically increased, in each case by the number of shares so classified or reclassified, so that the aggregate number of shares of stock of all classes that the Corporation has authority to issue shall not be more than the total number of shares of stock set forth in the first sentence of this paragraph. The Board of Directors, with the approval of a majority of the entire Board and without any action by the stockholders of the Corporation, may amend the Charter from time to time to

increase or decrease the aggregate number of shares of stock or the number of shares of stock of any class or series that the Corporation has authority to issue.

Section 6.2 Common Stock . Subject to the provisions of Article VII and except as may otherwise be specified in the Charter, each share of Common Stock shall entitle the holder thereof to one vote. The Board of Directors may reclassify any unissued shares of Common Stock from time to time into one or more classes or series of stock.

Section 6.3 Preferred Stock . The Board of Directors may classify any unissued shares of Preferred Stock and reclassify any previously classified but unissued shares of Preferred Stock of any series from time to time, into one or more classes or series of stock.

Section 6.4 Classified or Reclassified Shares . Prior to issuance of classified or reclassified shares of any class or series, the Board of Directors by resolution shall: (a) designate that class or series to distinguish it from all other classes and series of stock of the Corporation; (b) specify the number of shares to be included in the class or series; (c) set or change, subject to the provisions of Article VII and subject to the express terms of any class or series of stock of the Corporation outstanding at the time, the preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications and terms and conditions of redemption for each class or series; and (d) cause the Corporation to file articles supplementary with the State Department of Assessments and Taxation of Maryland ("SDAT"). Any of the terms of any class or series of stock set or changed pursuant to clause (c) of this Section 6.4 may be made dependent upon facts or events ascertainable outside the Charter (including determinations by the Board of Directors or other facts or events within the control of the Corporation) and may vary among holders thereof, provided that the manner in which such facts, events or variations shall

operate upon the terms of such class or series of stock is clearly and expressly set forth in the articles supplementary or other Charter document.

Section 6.5 Stockholders' Consent in Lieu of Meeting . Any action required or permitted to be taken at any meeting of the holders of Common Stock entitled to vote generally in the election of directors may be taken without a meeting by consent, in writing or by electronic transmission, in any manner and by any vote permitted by the MGCL and set forth in the Bylaws.

Section 6.6 Charter and Bylaws . The rights of all stockholders and the terms of all stock are subject to the provisions of the Charter and the Bylaws.

Section 6.7 Distributions . The Board of Directors from time to time may authorize the Corporation to declare and pay to stockholders such dividends or other distributions in cash or other assets of the Corporation or in securities of the Corporation, including in shares of one class or series of the Corporation's stock payable to holders of shares of another class or series of stock of the Corporation, or from any other source as the Board of Directors in its sole and absolute discretion shall determine. The exercise of the powers and rights of the Board of Directors pursuant to this Section 6.7 shall be subject to the provisions of any class or series of shares of the Corporation's stock at the time outstanding.

ARTICLE VII

RESTRICTION ON TRANSFER AND OWNERSHIP OF SHARES

Section 7.1 Definitions . For the purpose of this Article VII, the following terms shall have the following meanings:

Beneficial Ownership . The term "Beneficial Ownership" shall mean ownership of shares of Capital Stock by a Person, whether the interest in the shares of Capital Stock is held directly or indirectly (including by a nominee), and shall include interests that are actually owned

or would be treated as owned through the application of Section 544 of the Code, as modified by Sections 856(h)(1)(B) and 856(h)(3)(A) of the Code. The terms "Beneficial Owner," "Beneficially Owns" and "Beneficially Owned" shall have the correlative meanings.

Business Day. The term "Business Day" shall mean any day, other than a Saturday or Sunday, that is neither a legal holiday nor a day on which banking institutions in New York City are authorized or required by law, regulation or executive order to close.

Capital Stock. The term "Capital Stock" shall mean all classes or series of stock of the Corporation, including, without limitation, Common Stock and Preferred Stock.

Charitable Beneficiary. The term "Charitable Beneficiary" shall mean one or more beneficiaries of the Trust as determined pursuant to Section 7.3.6, provided that each such organization must be described in Section 501(c)(3) of the Code and contributions to each such organization must be eligible for deduction under each of Sections 170(b)(1)(A), 2055 and 2522 of the Code.

Constructive Ownership. The term "Constructive Ownership" shall mean ownership of shares of Capital Stock by a Person, whether the interest in the shares of Capital Stock is held directly or indirectly (including by a nominee), and shall include interests that are actually owned or would be treated as owned through the application of Section 318(a) of the Code, as modified by Section 856(d)(5) of the Code. The terms "Constructive Owner," "Constructively Owns" and "Constructively Owned" shall have the correlative meanings.

Excepted Holder. The term "Excepted Holder" shall mean a Person for whom an Excepted Holder Limit is created by the Board of Directors pursuant to Section 7.2.7.

Excepted Holder Limit . The term "Excepted Holder Limit" shall mean the percentage limit established by the Board of Directors pursuant to Section 7.2.7, which limit may be expressed, in the discretion of the Board of Directors, as one or more percentages and/or numbers of shares of Capital Stock, and may apply with respect to one or more classes of Capital Stock or to all classes of Capital Stock in the aggregate, provided that the affected Excepted Holder agrees to comply with any requirements established by the Charter or by the Board of Directors pursuant to Section 7.2.7 and subject to adjustment pursuant to Section 7.2.8.

Individual . The term "Individual" means an individual, a trust qualified under Section 401(a) or 501(c)(17) of the Code, a portion of a trust permanently set aside for or to be used exclusively for the purposes described in Section 642(c) of the Code, or a private foundation within the meaning of Section 509(a) of the Code, provided that, except as set forth in Section 856(h)(3)(A)(ii) of the Code, a trust described in Section 401(a) of the Code and exempt from tax under Section 501(a) of the Code shall be excluded from this definition.

Initial Date . The term "Initial Date" means the earlier of (i) the date on which Inland American distributes shares of Common Stock held by Inland American to the holders of shares of common stock of Inland American or (ii) such other date as determined by the Board of Directors in its sole and absolute discretion.

Market Price . The term "Market Price" on any date shall mean, with respect to any class or series of outstanding shares of Capital Stock, the Closing Price for such Capital Stock on such date. The "Closing Price" on any date shall mean the last reported sale price for such Capital Stock, regular way, or, in case no such sale takes place on such day, the average of the closing bid

and asked prices, regular way, for such Capital Stock, in either case as reported on the principal Stock Exchange on which such Capital Stock is listed or admitted to trading or, if such Capital Stock is not listed or admitted to trading on any Stock Exchange, the last quoted price, or, if not so quoted, the average of the high bid and low asked prices in the over-the-counter market, as reported by the National Association of Securities Dealers, Inc. Automated Quotation System or, if such system is no longer in use, the principal other automated quotation system that may then be in use or, if such Capital Stock is not quoted by any such system, the average of the closing bid and asked prices as furnished by a professional market maker making a market in such Capital Stock selected by the Board of Directors or, in the event that no trading price is available for such Capital Stock, the fair market value of the Capital Stock, as determined by the Board of Directors.

Person . The term "Person" shall mean an Individual, corporation, partnership, limited liability company, estate, trust, association, joint stock company, government, government subdivision, agency or instrumentality or other entity and also includes a group as that term is used for purposes of Rule 13d-5(b) or Section 13(d)(3) of the Securities Exchange Act of 1934, as amended, and a group to which an Excepted Holder Limit applies.

Prohibited Owner . The term "Prohibited Owner" shall mean, with respect to any purported Transfer (or other event), any Person who, but for the provisions of Section 7.2.1, would Beneficially Own or Constructively Own shares of Capital Stock in violation of the provisions of Section 7.2.1(a), and if appropriate in the context, shall also mean any Person who would have been the record owner of the shares that the Prohibited Owner would have so owned.

Restriction Termination Date . The term "Restriction Termination Date" shall mean the first day after the Initial Date on which the Board of Directors determines pursuant to Section 5.7 of the Charter that it is no longer in the best interests of the Corporation to attempt to, or continue to, qualify as a REIT or that compliance with the restrictions and limitations on Beneficial Ownership, Constructive Ownership and Transfers of shares of Capital Stock set forth herein is no longer required in order for the Corporation to qualify as a REIT.

Stock Exchange . The term "Stock Exchange" shall mean any national securities exchange or automated inter-dealer quotation system.

Stock Ownership Limit . The term "Stock Ownership Limit" shall mean nine and eight-tenths percent (9.8%) in value or in number of shares, whichever is more restrictive, of the outstanding shares of any class or series of Capital Stock excluding any outstanding shares of Capital Stock not treated as outstanding for federal income tax purposes, or such other percentage determined from time to time by the Board of Directors in accordance with Section 7.2.8 of the Charter.

Transfer . The term "Transfer" shall mean any issuance, sale, transfer, gift, assignment, devise or other disposition, as well as any other event that causes any Person to acquire, or change its percentage of, Beneficial Ownership or Constructive Ownership of Capital Stock or the right to vote or receive dividends on Capital Stock, or any agreement to take any such actions or cause any such events, including (a) the granting or exercise of any option (or any disposition of any option), (b) any disposition of any securities or rights convertible into or exchangeable for Capital Stock or any interest in Capital Stock or any exercise of any such conversion or exchange right and (c) Transfers of interests in other entities that result in changes in Beneficial Ownership

or Constructive Ownership of Capital Stock; in each case, whether voluntary or involuntary, whether owned of record, Beneficially Owned or Constructively Owned and whether by operation of law or otherwise. The terms "Transferring" and "Transferred" shall have the correlative meanings.

TRS. The term "TRS" shall mean a taxable REIT subsidiary (as defined in Section 856(l) of the Code) of the Corporation.

Trust. The term "Trust" shall mean any trust provided for in Section 7.3.1.

Trustee. The term "Trustee" shall mean the Person unaffiliated with the Corporation and a Prohibited Owner, that is appointed by the Corporation to serve as trustee of the Trust.

Section 7.2 Capital Stock.

Section 7.2.1 Ownership Limitations. During the period commencing on the Initial Date and prior to the Restriction Termination Date, but subject to Section 7.4:

(a) Basic Restrictions.

(i) Except as provided in Section 7.2.7 hereof, (1) no Person, other than an Excepted Holder, shall Beneficially Own or Constructively Own shares of Capital Stock in excess of the Stock Ownership Limit and (2) no Excepted Holder shall Beneficially Own or Constructively Own shares of Capital Stock in excess of the Excepted Holder Limit for such Excepted Holder.

(ii) Except as provided in Section 7.2.7 hereof, no Person shall Beneficially Own shares of Capital Stock to the extent that such Beneficial Ownership of shares of Capital Stock could result in the Corporation being "closely held" within the meaning of

Section 856(h) of the Code (without regard to whether the ownership interest is held during the last half of a taxable year).

(iii) Except as provided in Section 7.2.7 hereof, no Person shall Beneficially Own or Constructively Own shares of Capital Stock to the extent such Beneficial Ownership or Constructive Ownership would cause the Corporation to Constructively Own ten percent (10%) or more of the ownership interests in a tenant (other than a TRS) of the Corporation's real property within the meaning of Section 856(d)(2)(B) of the Code.

(iv) No Person shall Beneficially Own or Constructively Own shares of Capital Stock to the extent that such Beneficial Ownership or Constructive Ownership of shares of Capital Stock could result in the Corporation otherwise failing to qualify as a REIT (including, but not limited to, as a result of any "eligible independent contractor" (as defined in Section 856(d)(9)(A) of the Code) that operates a "qualified lodging facility" (as defined in Section 856(d)(9)(D)(i) of the Code), on behalf of a TRS failing to qualify as such).

(v) Except as provided in Section 7.2.7 hereof, any Transfer of shares of Capital Stock that, if effective, would result in the Capital Stock being beneficially owned by fewer than 100 Persons (determined under the principles of Section 856(a)(5) of the Code) shall be void *ab initio* , and the intended transferee shall acquire no rights in such shares of Capital Stock.

Without limitation of the application of any other provision of this Article VII, it is expressly intended that the restrictions on ownership and Transfer described in this Section 7.2.1 of Article VII shall apply to restrict the rights of any members or partners in limited liability companies or partnerships to exchange their interest in such entities for shares of Capital Stock.

(b) Transfer in Trust . If any Transfer of shares of Capital Stock (whether or not such Transfer is the result of a transaction entered into through the facilities of any Stock Exchange) (or other event) occurs which, if effective, would result in any Person Beneficially Owning or Constructively Owning shares of Capital Stock in violation of Section 7.2.1(a)(i), (ii), (iii) or (iv),

(i) then that number of shares of the Capital Stock, the Beneficial Ownership or Constructive Ownership of which otherwise would cause such Person to violate Section 7.2.1(a)(i), (ii), (iii) or (iv) (rounded up to the nearest whole share) shall be automatically transferred to a Trust for the benefit of a Charitable Beneficiary, as described in Section 7.3, effective as of the close of business on the Business Day prior to the date of such Transfer (or other event), and such Person shall acquire no rights in such shares; or

(ii) if the transfer to the Trust described in clause (i) of this Section 7.2.1(b) would not be effective for any reason to prevent the violation of Section 7.2.1(a)(i), (ii), (iii) or (iv), then the Transfer of that number of shares of Capital Stock that otherwise would cause any Person to violate Section 7.2.1(a)(i), (ii), (iii) or (iv) shall be void *ab initio* , and the intended transferee shall acquire no rights in such shares of Capital Stock.

(iii) In determining which shares of Capital Stock are to be transferred to a Trust in accordance with this Section 7.2.1(b) and Section 7.3 hereof, shares shall be so transferred to a Trust in such manner as minimizes the aggregate value of the shares that are transferred to the Trust (except as provided in Section 7.2.6) and, to the extent not inconsistent therewith, on a pro rata basis.

Section 7.2.2 Remedies for Breach . If the Board of Directors or any duly authorized committee thereof or other designees if permitted by the MGCL shall at any time

determine that a Transfer or other event has taken place that results in a violation of Section 7.2.1 or that a Person intends or has attempted to acquire Beneficial Ownership or Constructive Ownership of any shares of Capital Stock in violation of Section 7.2.1 (whether or not such violation is intended), the Board of Directors or a committee thereof or other designees if permitted by the MGCL shall take such action as it deems advisable, in its sole and absolute discretion, to refuse to give effect to or to prevent such Transfer or other event, including, without limitation, causing the Corporation to redeem shares of Capital Stock, refusing to give effect to such Transfer on the books of the Corporation or instituting proceedings to enjoin such Transfer or other event; *provided, however* , that any Transfer or attempted Transfer or other event in violation of Section 7.2.1 shall automatically result in the transfer to the Trust described above, or, where applicable, such Transfer (or other event) shall be void *ab initio* as provided above irrespective of any action (or non-action) by the Board of Directors or a committee thereof.

Section 7.2.3 Notice of Restricted Transfer . Any Person who acquires or attempts or intends to acquire Beneficial Ownership or Constructive Ownership of shares of Capital Stock that will or may violate Section 7.2.1(a) or any Person who would have owned shares of Capital Stock that resulted in a transfer to the Trust pursuant to the provisions of Section 7.2.1(b) shall immediately give written notice to the Corporation of such event or, in the case of such a proposed or attempted transaction, give at least 15 days prior written notice, and shall provide to the Corporation such other information as the Corporation may request in order to determine the effect, if any, of such Transfer on the Corporation's status as a REIT.

Section 7.2.4 Owners Required To Provide Information . From the Initial Date and prior to the Restriction Termination Date:

(a) every owner of five percent or more (or such lower percentage as required by the Code or the Treasury Regulations promulgated thereunder) in number or value of the outstanding shares of Capital Stock, within 30 days after the end of each taxable year, shall give written notice to the Corporation stating the name and address of such owner, the number of shares of each class or series of Capital Stock Beneficially Owned and a description of the manner in which such shares are held. Each such owner shall provide promptly to the Corporation in writing such additional information as the Corporation may request in order to determine the effect, if any, of such Beneficial Ownership on the Corporation's status as a REIT and to ensure compliance with the Stock Ownership Limit; and

(b) each Person who is a Beneficial or Constructive Owner of shares of Capital Stock and each Person (including the stockholder of record) who is holding shares of Capital Stock for a Beneficial or Constructive Owner shall, on demand, provide to the Corporation such information as the Corporation may request in order to determine the Corporation's status as a REIT and to comply with requirements of any taxing authority or governmental authority or to determine such compliance and to ensure compliance with the Stock Ownership Limit.

Section 7.2.5 Remedies Not Limited . Subject to Section 5.7 of the Charter, nothing contained in this Section 7.2 shall limit the authority of the Board of Directors to take such other action as it deems necessary or advisable to protect the Corporation in preserving the Corporation's status as a REIT.

Section 7.2.6 Ambiguity . In the case of an ambiguity in the application of any of the provisions of this Article VII, including Section 7.2, Section 7.3, or any definition contained in Section 7.1 or any defined term used in this Article VII but defined elsewhere in the Charter, the Board of Directors shall have the power to determine the application of the provisions

of this Article VII with respect to any situation based on the facts known to it. In the event Section 7.2 or 7.3 requires an action by the Board of Directors and the Charter fails to provide specific guidance with respect to such action, the Board of Directors shall have the power to determine the action to be taken so long as such action is not contrary to the provisions of Sections 7.1, 7.2 or 7.3.

Section 7.2.7 Exceptions .

(a) The Board of Directors, in its sole discretion, may exempt (prospectively or retroactively) a Person from the restrictions contained in Section 7.21(a)(i), (ii), (iii) or (v) as the case may be, and may establish or increase an Excepted Holder Limit for such Person if the Board of Directors obtains such representations, covenants and undertakings as the Board of Directors may deem appropriate in order to conclude that granting the exemption and/or establishing or increasing the Excepted Holder Limit, as the case may be, will not cause the Corporation to lose its status as a REIT.

(b) Prior to granting any exception pursuant to Section 7.2.7(a), the Board of Directors may require a ruling from the Internal Revenue Service, or an opinion of counsel, in either case in form and substance satisfactory to the Board of Directors in its sole and absolute discretion, as it may deem necessary or advisable in order to determine that granting the exception will not cause the Corporation to lose its status as a REIT. Notwithstanding the receipt of any ruling or opinion, the Board of Directors may impose such conditions or restrictions as it deems appropriate in connection with granting such exception.

(c) Subject to Section 7.2.1(a)(ii), an underwriter, placement agent or initial purchaser that participates in a public offering, private placement or other private offering of Capital Stock (or securities convertible into or exchangeable for Capital Stock) may Beneficially Own or Constructively Own shares of Capital Stock (or securities convertible into or

exchangeable for Capital Stock) in excess of the Stock Ownership Limit but only to the extent necessary to facilitate such public offering, private placement or immediate resale of such Capital Stock and provided that the restrictions contained in Section 7.2.1(a) will not be violated following the distribution by such underwriter, placement agent or initial purchaser of such shares of Capital Stock.

(d) The Board of Directors may only reduce the Excepted Holder Limit for an Excepted Holder: (i) with the written consent of such Excepted Holder at any time, or (ii) pursuant to the terms and conditions of the agreements and undertakings entered into with such Excepted Holder in connection with the establishment of the Excepted Holder Limit for that Excepted Holder. No Excepted Holder Limit shall be reduced to a percentage that is less than the Stock Ownership Limit.

Section 7.2.8 Increase or Decrease in Stock Ownership Limit . Subject to Section 7.2.1(a)(ii) and the rest of this Section 7.2.8, the Board of Directors may, in its sole and absolute discretion, from time to time increase or decrease the Stock Ownership Limit for one or more Persons; provided, however, that a decreased Stock Ownership Limit will not be effective for any Person who Beneficially Owns or Constructively Owns, as applicable, shares of Capital Stock in excess of such decreased Stock Ownership Limit at the time such limit is decreased, until such time as such Person's Beneficial Ownership or Constructive Ownership of shares of Capital Stock, as applicable, equals or falls below the decreased Stock Ownership Limit, but until such time as such Person's percentage of Capital Stock falls below such decreased Stock Ownership Limit, any further acquisition of shares of Capital Stock or increased Beneficial Ownership or Constructive Ownership of shares of Capital Stock will be in violation of the Stock Ownership Limit and, provided

further, that the new Stock Ownership Limit would not allow five or fewer Individuals to Beneficially Own more than 49% in value of the outstanding Capital Stock.

Section 7.2.9 Legend. Each certificate, if any, for shares of Capital Stock shall bear a legend summarizing the restrictions on transfer and ownership contained herein. Instead of a legend, the certificate, if any, may state that the Corporation will furnish a full statement about certain restrictions on ownership and transfer of the shares to a stockholder on request and without charge.

Section 7.3 Transfer of Capital Stock in Trust.

Section 7.3.1 Ownership in Trust. Upon any purported Transfer or other event described in Section 7.2.1(b) that would result in a transfer of shares of Capital Stock to a Trust, such shares of Capital Stock shall be deemed to have been transferred to the Trustee as trustee of a Trust for the exclusive benefit of one or more Charitable Beneficiaries. Such transfer to the Trustee shall be deemed to be effective as of the close of business on the Business Day prior to the purported Transfer or other event that results in the transfer to the Trust pursuant to Section 7.2.1(b). The Trustee shall be appointed by the Corporation and shall be a Person unaffiliated with the Corporation and any Prohibited Owner. Each Charitable Beneficiary shall be designated by the Corporation as provided in Section 7.3.6.

Section 7.3.2 Status of Shares Held by the Trustee. Shares of Capital Stock held by the Trustee shall be issued and outstanding shares of Capital Stock. The Prohibited Owner shall have no rights in the shares held by the Trustee. The Prohibited Owner shall not benefit economically from ownership of any shares held in trust by the Trustee, shall have no rights to dividends or other distributions and shall not possess any rights to vote or other rights attributable

to the shares held in the Trust. The Prohibited Owner shall have no claim, cause of action, or any other recourse whatsoever against the purported transferor of such Capital Stock.

Section 7.3.3 Dividend and Voting Rights . The Trustee shall have all voting rights and rights to dividends or other distributions with respect to shares of Capital Stock held in the Trust, which rights shall be exercised for the exclusive benefit of the Charitable Beneficiary. Any dividend or other distribution paid prior to the discovery by the Corporation that the shares of Capital Stock have been transferred to the Trustee shall be paid by the recipient of such dividend or other distribution to the Trustee upon demand and any dividend or other distribution authorized but unpaid shall be paid when due to the Trustee. Any dividend or other distribution so paid to the Trustee shall be held in trust for the Charitable Beneficiary. The Prohibited Owner shall have no voting rights with respect to shares held in the Trust and, subject to Maryland law, effective as of the date that the shares of Capital Stock have been transferred to the Trustee, the Trustee shall have the authority (at the Trustee's sole and absolute discretion) (i) to rescind as void any vote cast by a Prohibited Owner prior to the discovery by the Corporation that the shares of Capital Stock have been transferred to the Trustee and (ii) to recast such vote in accordance with the desires of the Trustee acting for the benefit of the Charitable Beneficiary; provided, however, that if the Corporation has already taken irreversible corporate action, then the Trustee shall not have the authority to rescind and recast such vote. Notwithstanding the provisions of this Article VII, until the Corporation has received notification that shares of Capital Stock have been transferred into a Trust, the Corporation shall be entitled to rely on its share transfer and other stockholder records for purposes of preparing lists of stockholders entitled to vote at meetings, determining the validity and authority of proxies and otherwise conducting votes of stockholders.

Section 7.3.4 Sale of Shares by Trustee . Within 20 days of receiving notice from the Corporation that shares of Capital Stock have been transferred to the Trust, the Trustee of the Trust shall sell the shares held in the Trust to a person or persons, designated by the Trustee, whose ownership of the shares will not violate the ownership limitations set forth in Section 7.2.1(a). Upon such sale, the interest of the Charitable Beneficiary in the shares sold shall terminate and the Trustee shall distribute the net proceeds of the sale to the Prohibited Owner and to the Charitable Beneficiary as provided in this Section 7.3.4. The Prohibited Owner shall receive the lesser of (1) the price paid by the Prohibited Owner for the shares or, if the Prohibited Owner did not give value for the shares in connection with the event causing the shares to be held in the Trust (*e.g.* , in the case of a gift, devise or other such transaction), the Market Price of the shares on the day of the event causing the shares to be held in the Trust and (2) the price per share received by the Trustee (net of any commissions and other expenses of sale) from the sale or other disposition of the shares held in the Trust. The Trustee shall reduce the amount payable to the Prohibited Owner by the amount of dividends and other distributions which have been paid to the Prohibited Owner and are owed by the Prohibited Owner to the Trustee pursuant to Section 7.3.3 of this Article VII. Any net sales proceeds in excess of the amount payable to the Prohibited Owner shall be immediately paid to the Charitable Beneficiary. If, prior to the discovery by the Corporation that shares of Capital Stock have been transferred to the Trustee, such shares are sold by a Prohibited Owner, then (i) such shares shall be deemed to have been sold on behalf of the Trust and (ii) to the extent that the Prohibited Owner received an amount for such shares that exceeds the amount that such Prohibited Owner was entitled to receive pursuant to this Section 7.3.4, such excess shall be paid to the Trustee upon demand.

Section 7.3.5 Purchase Right in Capital Stock Transferred to the Trustee . Shares of Capital Stock transferred to the Trustee shall be deemed to have been offered for sale to the Corporation, or its designee, at a price per share equal to the lesser of (i) the price per share in the transaction that resulted in such transfer to the Trust (or, in the case of a devise, gift or other transaction, the Market Price at the time of such devise, gift or other transaction) and (ii) the Market Price on the date the Corporation, or its designee, accepts such offer. The Corporation shall reduce the amount payable to the Prohibited Owner by the amount of dividends and distributions which have been paid to the Prohibited Owner and are owed by the Prohibited Owner to the Trustee pursuant to Section 7.3.3 of this Article VII. The Corporation shall pay the amount of such reduction to the Trustee for the benefit of the Charitable Beneficiary. The Corporation shall have the right to accept such offer until the Trustee has sold the shares held in the Trust pursuant to Section 7.3.4. Upon such a sale to the Corporation, the interest of the Charitable Beneficiary in the shares sold shall terminate and the Trustee shall distribute the net proceeds of the sale to the Prohibited Owner.

Section 7.3.6 Designation of Charitable Beneficiaries . By written notice to the Trustee, the Corporation shall designate one or more nonprofit organizations to be the Charitable Beneficiary of the interest in the Trust such that (i) the shares of Capital Stock held in the Trust would not violate the restrictions set forth in Section 7.2.1(a) in the hands of such Charitable Beneficiary and (ii) each such organization must be described in Section 501(c)(3) of the Code and contributions to each such organization must be eligible for deduction under one of Sections 170(b)(1)(A), 2055 and 2522 of the Code. Neither the failure of the Corporation to make such designation nor the failure of the Corporation to appoint the Trustee before the automatic transfer provided for in Section 7.2.1(b)(i) shall make such transfer ineffective, provided that the Corporation thereafter makes such designation and appointment.

Section 7.4 Stock Exchange Transactions. Nothing in this Article VII shall preclude the settlement of any transaction entered into through the facilities of any applicable Stock Exchange. The fact that the settlement of any transaction occurs shall not negate the effect of any other provision of this Article VII and any transferee in such a transaction shall be subject to all of the provisions and limitations set forth in this Article VII.

Section 7.5 Enforcement. The Corporation is authorized specifically to seek equitable relief, including injunctive relief, to enforce the provisions of this Article VII.

Section 7.6 Non-Waiver. No delay or failure on the part of the Corporation or the Board of Directors in exercising any right hereunder shall operate as a waiver of any right of the Corporation or the Board of Directors, as the case may be, except to the extent specifically waived in writing.

Section 7.7 Severability. If any provision of this Article VII or any application of any such provision is determined to be invalid by any federal or state court having jurisdiction over the issues, the validity of the remaining provisions shall not be affected and other applications of such provisions shall be affected only to the extent necessary to comply with the determination of such court.

ARTICLE VIII

AMENDMENTS

The Corporation reserves the right from time to time to make any amendment to the Charter, now or hereafter authorized by law, including any amendment altering the terms or contract rights, as expressly set forth in the Charter, of any shares of outstanding stock. All rights and powers conferred by the Charter on stockholders, directors and officers are granted subject to this reservation. Except for amendments to Article V, Section 5.8 and the next sentence of the Charter

and except for those amendments permitted to be made without stockholder approval under Maryland law or by specific provision in the Charter, any amendment to the Charter shall be valid only if declared advisable by the Board of Directors and approved by the affirmative vote of stockholders entitled to cast a majority of all the votes entitled to be cast on the matter. Any amendment to Section 5.8 or to this sentence of the Charter shall be valid only if declared advisable by the Board of Directors and approved by the affirmative vote of stockholders entitled to cast two-thirds of all the votes entitled to be cast on the matter.

ARTICLE IX

LIMITATION OF LIABILITY

To the maximum extent that Maryland law in effect from time to time permits limitation of the liability of directors and officers of a corporation, no present or former director or officer of the Corporation shall be liable to the Corporation or its stockholders for money damages. Neither the amendment nor repeal of this Article IX, nor the adoption or amendment of any other provision of the Charter or Bylaws inconsistent with this Article IX, shall apply to or affect in any respect the applicability of the preceding sentence with respect to any act or failure to act which occurred prior to such amendment, repeal or adoption.

THIRD : The restatement of the charter as hereinabove set forth has been duly approved by a majority of the entire Board of Directors of the Corporation as required by law.

FOURTH : The charter is not amended by the foregoing restatement of the charter.

FIFTH : The current address of the principal office of the Corporation is as set forth in Article IV of the foregoing restatement of the charter.

SIXTH : The name and address of the Corporation’s current resident agent are as set forth in Article IV of the foregoing restatement of the charter.

SEVENTH : The number of directors of the Corporation and the names of those currently in office are as set forth in Article V of the foregoing restatement of the charter.

EIGHTH : The undersigned acknowledges these Articles of Restatement to be the corporate act of the Corporation and as to all matters or facts required to be verified under oath, the President and Chief Executive Officer acknowledges that, to the best of his knowledge, information and belief, these matters and facts are true in all material respects and that this statement is made under the penalties for perjury.

– signature page follows –

IN WITNESS WHEREOF, the Corporation has caused these Articles of Restatement to be signed in its name and on its behalf by its President and Chief Executive Officer and attested to by its Vice President - Corporate Counsel and Secretary on this 10th day of November, 2015.

ATTEST: XENIA HOTELS & RESORTS, INC.

/s/ Taylor Kessel	By: /s/ Marcel Verbaas (SEAL)
Taylor Kessel	Marcel Verbaas
Vice President - Corporate Counsel	President and Chief Executive Officer and Secretary

FOURTH AMENDED AND RESTATED AGREEMENT OF LIMITED PARTNERSHIP

OF

XHR LP

(a Delaware limited partnership)

Dated as of November 10, 2015

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EXHIBITS

FOURTH AMENDED AND RESTATED
AGREEMENT OF LIMITED PARTNERSHIP

OF

XHR LP

THIS FOURTH AMENDED AND RESTATED AGREEMENT OF LIMITED PARTNERSHIP OF XHR LP, dated as of November 10, 2015 (this " **Agreement** "), is made and entered into by and among XHR GP, Inc., a Delaware corporation, as the General Partner, Xenia Hotels & Resorts, Inc., as a Limited Partner, and the other Limited Partners identified on Exhibit A hereto for the purpose of amending and restating in its entirety that certain Third Amended and Restated Agreement of Limited Partnership of XHR LP, dated as of September 17, 2014 (the " **Third Partnership Agreement** ").

WHEREAS, WINN Limited Partnership was formed under the laws of the State of North Carolina pursuant to that certain Certificate of Limited Partnership filed with the Secretary of State of the State of North Carolina (the " **SSSNC** ") on March 17, 1994 and the original agreement of limited partnership of WINN Limited Partnership (the " **Original Partnership Agreement** ");

WHEREAS, the Original Partnership Agreement was amended and restated in its entirety by the Second Amended and Restated Agreement of Limited Partnership of WINN Limited Partnership, dated as of July 11, 1997, the Third Partnership Agreement, the First Amendment to the Third Amended and Restated Agreement of Limited Partnership of XHR LP, dated as of May 5, 2015 (the " **First Amendment** "), and the Second Amendment to the Third Amended and Restated Agreement of Limited Partnership of XHR LP, dated as of June 3, 2015 (the " **Second Amendment** ");

WHEREAS, on September 30, 2015, the 12.5% Series A Cumulative Non-Voting Preferred Units established by the Second Amendment were redeemed in accordance with their terms (the " **Redemption** ");

WHEREAS, in connection with the Redemption and pursuant to Section 11.01 of the Third Partnership Agreement, XHR GP, Inc., as General Partner, desires to amend and restate in its entirety the Third Partnership Agreement with this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

ARTICLE I

DEFINED TERMS

The following defined terms used in this Agreement shall have the meanings specified below:

" **Act** " means the Delaware Revised Uniform Limited Partnership Act, as it may be amended from time to time.

" **Additional Funds** " has the meaning set forth in Section 4.03 hereof.

" **Additional Securities** " means any: (1) shares of capital stock of Xenia REIT now or hereafter authorized or reclassified that have dividend rights, or rights upon liquidation, winding up and dissolution, that are superior or prior to the REIT Shares (" **Preferred Shares** "), (2) REIT Shares, (3) shares of capital stock of Xenia REIT now or hereafter authorized or reclassified that have dividend rights, or rights upon liquidation, winding up and dissolution, that are junior in rank to the REIT Shares (" **Junior Shares** ") and (4) (i) rights, options, warrants or convertible or exchangeable securities having the right to subscribe for or purchase or otherwise acquire REIT Shares, Preferred Shares or Junior Shares, or (ii) indebtedness issued by Xenia REIT that provides any of the rights described in clause (4)(i) of this definition (any such securities referred to in clause (4)(i) or (ii) of this definition, " **New Securities** ").

" **Adjustment Events** " has the meaning set forth in Section 4.04(a)(i) hereof.

" **Administrative Expenses** " means (i) all administrative and operating costs and expenses incurred by the Partnership, (ii) administrative costs and expenses of the General Partner and Xenia REIT, including any salaries or other payments to directors, officers or employees of the General Partner and Xenia REIT, and any accounting and legal expenses of the General Partner and Xenia REIT, which expenses, the Partners hereby agree, are expenses of the Partnership and not the General Partner and Xenia REIT, and (iii) to the extent not included in clauses (i) or (ii) above, REIT Expenses; provided , that Administrative Expenses shall not include any administrative costs and expenses incurred by the General Partner and Xenia REIT that are attributable to Properties or interests in a Subsidiary that are owned by the General Partner and Xenia REIT other than through its ownership interest in the Partnership.

" **Affiliate** " means (i) any Person that, directly or indirectly, controls or is controlled by or is under common control with such Person, (ii) any other Person that owns, beneficially, directly or indirectly, 10% or more of the outstanding capital stock, shares or equity interests of such Person, or (iii) any officer, director, employee, partner, member, manager or trustee of such Person or any Person controlling, controlled by or under common control with such Person. For the purposes of this definition, "control" (including the correlative meanings of the terms "controlled by" and "under common control with"), as used with respect to any Person, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, through the ownership of voting securities or partnership interests, contract or otherwise.

“ **Agreed Value** ” means the fair market value of a Partner’s non-cash Capital Contribution as of the date of contribution as agreed to by such Partner and the General Partner. The names and addresses of the Partners, number of Partnership Units issued to each Partner, and the Agreed Value of non-cash Capital Contributions shall be set forth on Exhibit A when the Partnership is treated as a partnership for federal income tax purposes, as it may be amended or restated from time to time.

“ **Agreement** ” means this Agreement of Limited Partnership of XHR LP, as it may be amended, supplemented or restated from time to time.

“ **Articles** ” means the Articles of Amendment and Restatement of Xenia REIT filed with the State Department and Assessments and Taxation of the State of Maryland, as amended, supplemented or restated from time to time.

“ **Board of Directors** ” means the Board of Directors of Xenia REIT.

“ **Capital Account** ” has the meaning set forth in Section 4.06 hereof.

“ **Capital Account Limitation** ” has the meaning set forth in Section 4.05(b) hereof.

“ **Capital Contribution** ” means the total amount of cash, cash equivalents and the Agreed Value of any Property or other asset contributed or agreed to be contributed, as the context requires, to the Partnership by each Partner pursuant to the terms of the Agreement. Any reference to the Capital Contribution of a Partner shall include the Capital Contribution made by a predecessor holder of the Partnership Interest of such Partner.

“ **Cash Amount** ” means an amount of cash per Common Unit equal to the Value of the REIT Shares Amount on the Specified Redemption Date divided by the number of Common Units tendered for redemption.

“ **Certificate** ” means any instrument or document that is required under the laws of the State of Delaware, or any other jurisdiction in which the Partnership conducts business, to be signed and sworn to by the Partners of the Partnership (either by themselves or pursuant to the power-of-attorney granted to the General Partner in Section 8.02 hereof) and filed for recording in the appropriate public offices within the State of Delaware or such other jurisdiction to perfect or maintain the Partnership as a limited partnership, to effect the admission, withdrawal or substitution of any Partner of the Partnership, or to protect the limited liability of the Limited Partners as limited partners under the laws of the State of Delaware or such other jurisdiction.

“Certificate of Formation” means the Certificate of Formation of the General Partner filed with the Secretary of State of the State of Delaware, as amended or supplemented from time to time.

“ **Class A Performance LTIP Unitholder** ” means a Partner who holds Class A Performance LTIP Units issued pursuant to one or more Vesting Agreements.

“ **Class A Performance LTIP Unitholder Percentage Interest** ” shall have the meaning set forth in Section 13.02(d) hereof.

“ **Class A Performance LTIP Units** ” shall have the meaning set forth in Section 13.01 hereof.

“ **Class A Performance LTIP Units Sharing Percentage** ” means ten percent (10%).

“Code” means the Internal Revenue Code of 1986, as amended, and as hereafter amended from time to time. Reference to any particular provision of the Code shall mean that provision in the Code at the date hereof and any successor provision of the Code.

“Commission” means the U.S. Securities and Exchange Commission.

“ **Common Partnership Unit Distribution** ” has the meaning set forth in Section 4.04(a)(ii) hereof.

“ **Common Unit** ” means a Partnership Unit which is designated as a Common Unit of the Partnership.

“ **Common Unit Economic Balance** ” has the meaning set forth in Section 5.01(g) hereof.

“ **Common Unit Transaction** ” has the meaning set forth in Section 4.05(f) hereof.

“ **Constituent Person** ” has the meaning set forth in Section 4.05(f) hereof.

“ **Conversion Date** ” has the meaning set forth in Section 4.05(b) hereof.

“ **Conversion Factor** ” means a factor of 1.0, as adjusted as provided in this definition. The Conversion Factor will be adjusted in the event that Xenia REIT (i) declares or pays a dividend on its outstanding REIT Shares in REIT Shares or makes a distribution to all holders of its outstanding REIT Shares in REIT Shares, (ii) subdivides its outstanding REIT Shares or (iii) combines its outstanding REIT Shares into a smaller number of REIT Shares. In each of such events, the Conversion Factor shall be adjusted by multiplying the Conversion Factor by a fraction, the numerator of which shall be the number of REIT Shares issued and outstanding on the record date for such dividend, distribution, subdivision or combination (assuming for such purposes that such dividend, distribution, subdivision or combination has occurred as of such time), and the denominator of which shall be the actual number of REIT Shares (determined without the above assumption) issued and outstanding on such date and; provided , that in the event that an entity other than an Affiliate of Xenia REIT shall become General Partner pursuant to any merger, consolidation or combination of the General Partner or Xenia REIT with or into another entity (the “ **Successor Entity** ”), the Conversion Factor shall be adjusted by multiplying the Conversion Factor by the number of shares of the Successor Entity into which one REIT Share is converted pursuant to such merger, consolidation or combination, determined as of the date of such merger, consolidation or combination. Any adjustment to the Conversion Factor shall become effective immediately after the effective date of such event retroactive to the record date, if any, for such event. If, however, the General Partner receives a Notice of Redemption

after the record date, if any, but prior to the effective date of such event, the Conversion Factor shall be determined as if the General Partner had received the Notice of Redemption immediately prior to the record date for such event. Notwithstanding the foregoing, no adjustment shall be made to the Conversion Factor if the number of outstanding Common Units is otherwise adjusted in the same manner and at the same time as the adjustment to the number of outstanding REIT Shares.

" **Conversion Notice** " has the meaning set forth in Section 4.05(b) hereof.

" **Conversion Right** " has the meaning set forth in Section 4.05(a) hereof.

"Disregarded Entity" means, with respect to any Person, (i) any "qualified REIT subsidiary" (within the meaning of Section 856(i)(2) of the Code) of such Person, (ii) any entity treated as a disregarded entity for federal income tax purposes with respect to such Person, or (iii) any grantor trust if the sole owner of the assets of such trust for federal income tax purposes is such Person.

" **Defaulting Limited Partner** " means a Limited Partner that has failed to pay any amount owed to the Partnership under a Partnership Loan within 15 days after demand for payment thereof is made by the Partnership.

" **Distributable Amount** " has the meaning set forth in Section 5.02(d) hereof.

" **Economic Capital Account Balances** " has the meaning set forth in Section 5.01(g) hereof.

" **Equity Incentive Plan** " means any equity incentive or compensation plan hereafter adopted by the Partnership or Xenia REIT.

" **Event of Bankruptcy** " as to any Person means (i) the filing of a petition for relief as to such Person as debtor or bankrupt under the U.S. Bankruptcy Code of 1978, as amended, or similar provision of law of any jurisdiction (except if such petition is contested by such Person and has been dismissed within 90 days); (ii) the insolvency or bankruptcy of such Person as finally determined by a court proceeding; (iii) the filing by such Person of a petition or application to accomplish the same or for the appointment of a receiver or a trustee for such Person or a substantial part of his assets; or (iv) the commencement of any proceedings relating to such Person as a debtor under any other reorganization, arrangement, insolvency, adjustment of debt or liquidation law of any jurisdiction, whether now in existence or hereinafter in effect, either by such Person or by another, provided that if such proceeding is commenced by another, such Person indicates his approval of such proceeding, consents thereto or acquiesces therein, or such proceeding is contested by such Person and has not been finally dismissed within 90 days.

" **Excepted Holder Limit** " has the meaning set forth in the Articles.

" **Exchange Act** " means the Securities Exchange Act of 1934, as amended.

" **Forced Conversion** " has the meaning set forth in Section 4.05(c) hereof.

“ **Forced Conversion Notice** ” has the meaning set forth in Section 4.05(c) hereof.

“ **General Partner** ” means XHR GP, Inc. and its successors and assigns as a general partner of the Partnership, in each case, that is admitted from time to time to the Partnership as a general partner pursuant to the Act and this Agreement and is listed as a general partner on Exhibit A , as such Exhibit A may be amended from time to time, in such Person’s capacity as a general partner of the Partnership.

“ **General Partner Loan** ” means a loan extended by the General Partner to a Defaulting Limited Partner in the form of a payment on a Partnership Loan by the General Partner to the Partnership on behalf of the Defaulting Limited Partner.

“ **General Partnership Interest** ” means the Partnership Interest held by the General Partner in its capacity as the general partner of the Partnership, which Partnership Interest is an interest as a general partner under the Act. The General Partnership Interest will be a number of Common Units held by the General Partner equal to 1.0% of all outstanding Partnership Units. All other Partnership Units owned by the General Partner and any Partnership Units owned by any Affiliate or Subsidiary of the General Partner shall be considered to constitute a Limited Partnership Interest.

“ **Indemnitee** ” means (i) any Person made a party to a proceeding by reason of its status as (A) the General Partner or (B) a director, officer or employee of Xenia REIT, the General Partner or the Partnership or any Subsidiary thereof and (ii) such other Persons (including Affiliates of Xenia REIT, the General Partner or the Partnership) as the General Partner may designate from time to time (whether before or after the event giving rise to potential liability), in its sole and absolute discretion.

“ **Independent Director** ” means a director of Xenia REIT who meets the independence requirements of the NYSE as set forth from time to time.

“ **Junior Shares** ” has the meaning set forth in the definition of “Additional Securities.”

“ **Limited Partner** ” means any Person named as a Limited Partner on Exhibit A attached hereto, as it may be amended or restated from time to time, and any Person who becomes a Substitute Limited Partner or any additional Limited Partner, in such Person’s capacity as a Limited Partner in the Partnership.

“ **Limited Partnership Interest** ” means a Partnership Interest held by a Limited Partner at any particular time representing a fractional part of the Partnership Interest of all Limited Partners, and includes any and all benefits to which the holder of such a Limited Partnership Interest may be entitled as provided in this Agreement and in the Act, together with the obligations of such Limited Partner to comply with all the provisions of this Agreement and of the Act. Limited Partnership Interests may be expressed as a number of Common Units, LTIP Units or other Partnership Units.

“ **Liquidating Gains** ” has the meaning set forth in Section 5.01(g) hereof.

“ **LTIP Unit** ” means a Partnership Unit which is designated as an LTIP Unit and which has the rights, preferences and other privileges designated in Section 4.04 hereof and elsewhere in this Agreement in respect of holders of LTIP Units, including both vested LTIP Units and Unvested LTIP Units. The allocation of LTIP Units among the Partners shall be set forth on Exhibit A as it may be amended or restated from time to time.

“ **LTIP Unitholder** ” means a Partner that holds LTIP Units.

“ **Loss** ” has the meaning set forth in Section 5.01(h) hereof.

“ **Majority in Interest** ” means Limited Partners holding more than 50% of the Percentage Interests of the Limited Partners.

“ **New Securities** ” has the meaning set forth in the definition of “Additional Securities”.

“ **Notice of Redemption** ” means the Notice of Redemption substantially in the form attached as Exhibit B hereto.

“ **NYSE** ” means the New York Stock Exchange.

“ **Offer** ” has the meaning set forth in Section 7.01(c)(ii) hereof.

“ **Partner** ” means any General Partner or Limited Partner, and “Partners” means the General Partner and the Limited Partners.

“ **Partner Nonrecourse Debt Minimum Gain** ” has the meaning set forth in Regulations Section 1.704-2(i). A Partner’s share of Partner Nonrecourse Debt Minimum Gain shall be determined in accordance with Regulations Section 1.704-2(i)(5).

“ **Partnership** ” means XHR LP, a limited partnership formed and continued under the Act and pursuant to this Agreement, and any successor thereto.

“ **Partnership Interest** ” means an ownership interest in the Partnership held by a Partner, and includes any and all benefits to which the holder of such a Partnership Interest may be entitled as provided in this Agreement, together with all obligations of such Person to comply with the terms and provisions of this Agreement. A Partnership Interest may be expressed as a number of Common Units, LTIP Units or other Partnership Units.

“ **Partnership Loan** ” means a loan from the Partnership to the Partner on the day the Partnership pays over the excess of the Withheld Amount over the Distributable Amount to a taxing authority.

“ **Partnership Minimum Gain** ” has the meaning set forth in Regulations Section 1.704-2(d). In accordance with Regulations Section 1.704-2(d), the amount of Partnership Minimum Gain is determined by first computing, for each Partnership nonrecourse liability, any gain the Partnership would realize if it disposed of the property subject to that liability for no consideration other than full satisfaction of the liability, and then aggregating the separately

computed gains. A Partner's share of Partnership Minimum Gain shall be determined in accordance with Regulations Section 1.704-2(g)(1).

" **Partnership Record Date** " means the record date established by the General Partner for the distribution of cash pursuant to Section 5.02 hereof, which record date shall be the same as the record date established by Xenia REIT for a distribution to its stockholders of some or all of its portion of such distribution.

" **Partnership Unit** " means a fractional, undivided share of the Partnership Interests of all Partners issued hereunder, and includes Common Units, LTIP Units and any other class or series of Partnership Units that may be established after the date hereof in accordance with the terms hereof. The number of Partnership Units outstanding and the Percentage Interests represented by such Partnership Units are set forth on Exhibit A hereto, as it may be amended or restated from time to time.

" **Partnership Unit Designation** " has the meaning set forth in Section 4.02(a)(i) hereof.

" **Percentage Interest** " means the percentage determined by dividing the number of Common Units of a Partner by the sum of the number of Common Units of all Partners, treating LTIP Units (including Class A Performance LTIP Units), in accordance with Sections 4.04(a) and 13.02 hereof, as Common Units for this purpose, except as provided in section 13.02(d) hereof.

" **Person** " means any individual, partnership, corporation, limited liability company, joint venture, trust or other entity.

" **Preferred Shares** " has the meaning set forth in the definition of "Additional Securities."

" **Profit** " has the meaning set forth in Section 5.01(h) hereof.

" **Property** " means any property or other investment in which the Partnership, directly or indirectly, holds an ownership interest.

" **Redeeming Limited Partner** " has the meaning set forth in Section 8.04(a) hereof.

" **Redemption Amount** " means either the Cash Amount or the REIT Shares Amount.

" **Redemption Right** " has the meaning set forth in Section 8.04(a) hereof.

" **Regulations** " means the Federal Income Tax Regulations issued under the Code, as amended and as subsequently amended from time to time. Reference to any particular provision of the Regulations shall mean that provision of the Regulations on the date hereof and any successor provision of the Regulations.

" **REIT** " means a real estate investment trust under Sections 856 through 860 of the Code.

“ **REIT Expenses** ” means (i) costs and expenses relating to the formation and continuity of existence and operation of Xenia REIT and any Subsidiaries thereof (which Subsidiaries shall, for purposes hereof, be included within the definition of Xenia REIT), including taxes, fees and assessments associated therewith, any and all costs, expenses or fees payable to any director, officer or employee of Xenia REIT, (ii) costs and expenses relating to any public offering and registration, or private offering, of securities by Xenia REIT, and all statements, reports, fees and expenses incidental thereto, including, without limitation, underwriting discounts and selling commissions applicable to any such offering of securities, and any costs and expenses associated with any claims made by any holders of such securities or any underwriters or placement agents thereof, (iii) costs and expenses associated with any repurchase of any securities by Xenia REIT, (iv) costs and expenses associated with the preparation and filing of any periodic or other reports and communications by Xenia REIT under federal, state or local laws or regulations, including filings with the Commission, (v) costs and expenses associated with compliance by Xenia REIT with laws, rules and regulations promulgated by any regulatory body, including the Commission and any securities exchange, (vi) costs and expenses associated with any health, dental, vision, disability, life insurance, 401(k) plan, incentive plan, bonus plan or other plan providing for compensation or benefits for the employees of Xenia REIT, (vii) costs and expenses incurred by Xenia REIT relating to any issuance or redemption of Partnership Interests and (viii) all other operating, administrative or financing costs of Xenia REIT incurred in the ordinary course of its business on behalf of or related to the Partnership.

“REIT Payment” has the meaning set forth in Section 12.10 hereof.

“ **REIT Shares** ” means shares of common stock, par value $0.01 per share, of Xenia REIT (or Successor Entity, as the case may be).

“ **REIT Shares Amount** ” means the number of REIT Shares equal to the product of (X) the number of Common Units offered for redemption by a Redeeming Limited Partner, multiplied by (Y) the Conversion Factor as adjusted to and including the Specified Redemption Date; provided that in the event Xenia REIT issues to all holders of REIT Shares rights, options, warrants or convertible or exchangeable securities entitling the holders of REIT Shares to subscribe for or purchase or otherwise acquire additional REIT Shares, or any other securities or property (collectively, the “ **Rights** ”), and such Rights have not expired at the Specified Redemption Date, then the REIT Shares Amount shall also include such Rights issuable to a holder of the REIT Shares Amount on the record date fixed for purposes of determining the holders of REIT Shares entitled to Rights.

“ **Restriction Notice** ” has the meaning set forth in Section 8.04(g) hereof.

“ **Rights** ” has the meaning set forth in the definition of “REIT Shares Amount” herein.

“ **Safe Harbor Election** ” has the meaning set forth in Section 11.05(d) hereof.

“ **Safe Harbor Interest** ” has the meaning set forth in Section 11.05(d) hereof.

“ **Securities Act** ” means the Securities Act of 1933, as amended.

“ **Service** ” means the Internal Revenue Service.

“ **Stock Ownership Limit** ” has the meaning set forth in the Articles.

“ **Specified Redemption Date** ” means the first business day of the month that is at least 60 calendar days after the receipt by the General Partner of a Notice of Redemption.

“ **Subsidiary** ” means, with respect to any Person, any corporation or other entity of which a majority of (i) the voting power of the voting equity securities or (ii) the outstanding equity interests is owned, directly or indirectly, by such Person.

“ **Subsidiary Partnership** ” means any partnership or limited liability company in which the General Partner, Xenia REIT, the Partnership, or a wholly owned Subsidiary of the General Partner, Xenia REIT or the Partnership owns a partnership or limited liability company interest.

“ **Substitute Limited Partner** ” means any Person admitted to the Partnership as a Limited Partner pursuant to Section 9.03 hereof.

“ **Successor Entity** ” has the meaning set forth in the definition of “Conversion Factor” herein.

“ **Survivor** ” has the meaning set forth in Section 7.01(d) hereof.

“ **Tax Matters Partner** ” has the meaning set forth within Section 6231(a)(7) of the Code.

“ **Trading Day** ” means a day on which the principal national securities exchange on which a security is listed or admitted to trading is open for the transaction of business or, if a security is not listed or admitted to trading on any national securities exchange, shall mean any day other than a Saturday, a Sunday or a day on which banking institutions in the State of New York are authorized or obligated by law or executive order to close.

“ **Transaction** ” has the meaning set forth in Section 7.01(c) hereof.

“ **Transfer** ” has the meaning set forth in Section 9.02(a) hereof.

“ **TRS** ” means a taxable REIT subsidiary (as defined in Section 856(l) of the Code) of Xenia REIT.

“ **Unvested LTIP Units** ” has the meaning set forth in Section 4.04(c) hereof.

“ **Value** ” means, with respect to any security, the average of the daily market prices of such security for the ten consecutive Trading Days immediately preceding the date of such valuation. The market price for each such Trading Day shall be: (i) if the security is listed or admitted to trading on the NYSE or any other national securities exchange, the last reported sale price, regular way, on such day, or if no such sale takes place on such day, the average of the closing bid and asked prices, regular way, on such day, (ii) if the security is not listed or admitted to trading on the NYSE or any other national securities exchange, the last reported sale price on

such day or, if no sale takes place on such day, the average of the closing bid and asked prices on such day, as reported by a reliable quotation source designated by Xenia REIT, or (iii) if the security is not listed or admitted to trading on the NYSE or any national securities exchange and no such last reported sale price or closing bid and asked prices are available, the average of the reported high bid and low asked prices on such day, as reported by a reliable quotation source designated by Xenia REIT, or if there shall be no bid and asked prices on such day, the average of the high bid and low asked prices, as so reported, on the most recent day (not more than ten days prior to the date in question) for which prices have been so reported; provided that if there are no bid and asked prices reported during the ten days prior to the date in question, the value of the security shall be determined by the Board of Directors acting in good faith on the basis of such quotations and other information as it considers, in its reasonable judgment, appropriate. In the event the security includes any additional rights (including any Rights), then the value of such rights shall be determined by the Board of Directors acting in good faith on the basis of such quotations and other information as it considers, in its reasonable judgment, appropriate.

" **Vested Class A Performance LTIP Units** " means Class A Performance LTIP Units that have vested under the terms of the applicable Vesting Agreement.

" **Vested LTIP Units** " has the meaning set forth in Section 4.04(c) hereof.

" **Vesting Agreement** " means each or any, as the context implies, agreement or instrument, other than this Agreement, entered into by an LTIP Unitholder (including a Class A Performance LTIP Unitholder) upon an acceptance of an award of LTIP Units (including Class A Performance LTIP Units) under the Equity Incentive Plan.

" **Withheld Amount** " means any amount required to be withheld by the Partnership to pay over to any taxing authority as a result of any allocation or distribution of income to a Partner.

"Xenia REIT" means Xenia Hotels & Resorts, Inc., a Maryland corporation and the shareholder of XHR GP, Inc.

ARTICLE II

FORMATION OF PARTNERSHIP

2.01 **Formation of the Partnership** . The Partnership was formed as a limited partnership pursuant to the provisions of the Act and is continued upon the terms and conditions set forth in this Agreement. Except as expressly provided herein to the contrary, the rights and obligations of the Partners and administration and termination of the Partnership shall be governed by the Act. The Partnership Interest of each Partner shall be personal property for all purposes.

2.02 **Name** . The name of the Partnership shall be "XHR LP" and the Partnership's business may be conducted under any other name or names deemed advisable by the General Partner, including the name of the General Partner or any Affiliate thereof. The words "Limited Partnership," "LP," "L.P." or "Ltd." or similar words or letters shall be included in the

Partnership's name where necessary for the purposes of complying with the laws of any jurisdiction that so requires. The General Partner in its sole and absolute discretion may change the name of the Partnership at any time and from time to time and shall notify the Partners of such change in the next regular communication to the Partners; provided , failure to so notify the Partners shall not invalidate such change or the authority granted hereunder.

2.03 Registered Office and Agent; Principal Office . The registered office of the Partnership in the State of Delaware is located at Corporation Trust Center, 1209 Orange Street, Wilmington, DE 19801, and the registered agent for service of process on the Partnership in the State of Delaware at such registered office is The Corporation Trust Company, a Delaware corporation. The principal office of the Partnership is located at 200 S. Orange Avenue, Suite 1200, Orlando, Florida 32801, or such other place as the General Partner may from time to time designate. Upon such a change of the principal office of the Partnership, the General Partner shall notify the Partners of such change in the next regular communication to the Partners; provided , failure to so notify the Partners shall not invalidate such change or the authority granted hereunder. The Partnership may maintain offices at such other place or places within or outside the State of Delaware as the General Partner deems necessary or desirable.

2.04 Term and Dissolution .

(a) The term of the Partnership shall continue in full force and effect until dissolved upon the first to occur of any of the following events:

(i) the occurrence of an Event of Bankruptcy as to a General Partner or the dissolution, death, removal or withdrawal of a General Partner unless the business of the Partnership is continued pursuant to Section 7.03(b) hereof; provided that if a General Partner is on the date of such occurrence a partnership, the dissolution of such General Partner as a result of the dissolution, death, withdrawal, removal or Event of Bankruptcy of a partner in such partnership shall not be an event of dissolution of the Partnership if the business of such General Partner is continued by the remaining partner or partners, either alone or with additional partners, and such General Partner and such partners comply with any other applicable requirements of this Agreement;

(ii) the passage of 90 days after the sale or other disposition of all or substantially all of the assets of the Partnership (provided that if the Partnership receives an installment obligation as consideration for such sale or other disposition, the Partnership shall continue, unless sooner dissolved under the provisions of this Agreement, until such time as such installment obligations are paid in full);

(iii) the redemption of all Limited Partnership Interests (other than any Limited Partnership Interests held by the General Partner), unless the General Partner determines to continue the term of the Partnership by the admission of one or more additional Limited Partners; or

(iv) the dissolution of the Partnership upon election by the General Partner.

(b) Upon dissolution of the Partnership (unless the business of the Partnership is continued pursuant to Section 7.03(b) hereof), the General Partner (or its trustee, receiver, successor or legal representative) shall amend or cancel the Certificate of Formation and liquidate the Partnership's assets and apply and distribute the proceeds thereof in accordance with Section 5.06 hereof. Notwithstanding the foregoing, the liquidating General Partner may either (i) defer liquidation of, or withhold from distribution for a reasonable time, any assets of the Partnership (including those necessary to satisfy the Partnership's debts and obligations), or (ii) distribute the assets to the Partners in kind.

2.05 Filing of Certificate and Perfection of Limited Partnership. The General Partner shall execute, acknowledge, record and file at the expense of the Partnership a Certificate and any and all amendments thereto and all requisite fictitious name statements and notices in such places and jurisdictions as may be necessary to cause the Partnership to be treated as a limited partnership under, and otherwise to comply with, the laws of each state or other jurisdiction in which the Partnership conducts business.

2.06 Certificates Describing Partnership Units. At the request of a Limited Partner, the General Partner, at its option, may issue a certificate summarizing the terms of such Limited Partner's interest in the Partnership, including the class or series and number of Partnership Units owned and the Percentage Interest represented by such Partnership Units as of the date of such certificate. Any such certificate (i) shall be in form and substance as determined by the General Partner, (ii) shall not be negotiable and (iii) shall bear a legend to the following effect:

> THIS CERTIFICATE IS NOT NEGOTIABLE. THE PARTNERSHIP UNITS REPRESENTED BY THIS CERTIFICATE ARE GOVERNED BY AND TRANSFERABLE ONLY IN ACCORDANCE WITH (A) THE PROVISIONS OF THE AGREEMENT OF LIMITED PARTNERSHIP OF XHR LP, AS AMENDED, SUPPLEMENTED OR RESTATED FROM TIME TO TIME, AND (B) ANY APPLICABLE FEDERAL OR STATE SECURITIES OR BLUE SKY LAWS.

ARTICLE III

BUSINESS OF THE PARTNERSHIP

The purpose and nature of the business to be conducted by the Partnership is (i) to conduct any business, enterprise or activity that may be lawfully conducted by a limited partnership organized pursuant to the Act, provided, that such business shall be limited to and conducted in such a manner as to permit Xenia REIT at all times to qualify as a REIT, unless Xenia REIT otherwise shall have ceased to, or the Board of Directors determines, pursuant the Articles, that Xenia REIT shall no longer, qualify as a REIT, (ii) to enter into any partnership, joint venture, business or statutory trust arrangement or other similar arrangement to engage in any of the foregoing or the ownership of interests in any entity engaged in any of the foregoing and (iii) to do anything necessary or incidental to the foregoing. The Partnership may not, without the General Partner's specific consent, which it may give or withhold in its sole and absolute discretion, take or refrain from taking, any action that, in its judgment, in its sole and

absolute discretion (i) could adversely affect Xenia REIT's ability to continue to qualify as a REIT, (ii) could subject Xenia REIT to any taxes under Sections 857 or 4981 of the Code or any other related or successor provision under the Code, or (iii) could violate any law or regulation of any governmental body or agency having jurisdiction over Xenia REIT, its securities or the Partnership. In connection with the foregoing, and without limiting Xenia REIT's right in its sole and absolute discretion to cease qualifying as a REIT, the Partners acknowledge the status of Xenia REIT as a REIT and the avoidance of income and excise taxes on Xenia REIT inures to the benefit of all the Partners and not solely to the General Partner or its Affiliates. Notwithstanding the foregoing, the Limited Partners agree that Xenia REIT may terminate or revoke its status as a REIT under the Code at any time. Xenia REIT shall also be empowered to do any and all acts and things necessary or prudent to ensure that the Partnership will not be classified as a "publicly traded partnership" taxable as a corporation for purposes of Section 7704 of the Code.

ARTICLE IV

CAPITAL CONTRIBUTIONS AND ACCOUNTS

4.01 Capital Contributions. The General Partner and each Limited Partner has made or is deemed to have made a capital contribution to the Partnership in exchange for the Partnership Units set forth opposite such Partner's name on Exhibit A hereto, as it may be amended or restated from time to time by the General Partner to the extent necessary to reflect accurately sales, exchanges or other Transfers, redemptions, Capital Contributions, the issuance of additional Partnership Units or similar events having an effect on a Partner's ownership of Partnership Units.

4.02 Additional Capital Contributions and Issuances of Additional Partnership Units. Except as provided in this Section 4.02 or in Section 4.03 hereof, the Partners shall have no right or obligation to make any additional Capital Contributions or loans to the Partnership. The General Partner may contribute additional capital to the Partnership, from time to time, and receive additional Partnership Interests, in the form of Partnership Units, in respect thereof, in the manner contemplated in this Section 4.02.

(a) Issuances of Additional Partnership Units.

(i) General. As of the effective date of this Agreement, the Partnership shall have one class of Partnership Units, entitled "Common Units." The General Partner is hereby authorized to cause the Partnership to issue such additional Partnership Interests (including LTIP Units), in the form of Partnership Units, for any Partnership purpose at any time or from time to time to the Partners (including the General Partner) or to other Persons for such consideration and on such terms and conditions as shall be established by the General Partner in its sole and absolute discretion, all without the approval of any Limited Partners. The General Partner's determination that consideration is adequate shall be conclusive insofar as the adequacy of consideration relates to whether the Partnership Units are validly issued and fully paid. Any additional Partnership Units issued thereby may be issued in one or more classes, or one or more series of any of such classes, with such designations, preferences and relative, participating, optional or other special rights, powers

and duties, including rights, powers and duties senior to the then-outstanding Partnership Units held by the Limited Partners, all as shall be determined by the General Partner in its sole and absolute discretion and without the approval of any Limited Partner, subject to Delaware law that cannot be preempted by the terms hereof and, except with respect to LTIP Units, as set forth in a written document hereafter attached to and made an exhibit to this Agreement (each, a "Partnership Unit Designation"), including, without limitation, (i) the allocations of items of Partnership income, gain, loss, deduction and credit to each such class or series of Partnership Units; (ii) the right of each such class or series of Partnership Units to share in Partnership distributions; and (iii) the rights of each such class or series of Partnership Units upon dissolution and liquidation of the Partnership; provided , that no additional Partnership Units shall be issued to the General Partner or Xenia REIT (or any direct or indirect wholly owned Subsidiary of the General Partner or Xenia REIT) unless:

(1) (A) the additional Partnership Units are issued in connection with an issuance of REIT Shares or other capital stock of, or other interests in, Xenia REIT, which REIT Shares, capital stock or other interests have designations, preferences and other rights, all such that the economic interests are substantially similar to the designations, preferences and other rights of the additional Partnership Units issued to the General Partner or Xenia REIT (or any direct or indirect wholly owned Subsidiary of the General Partner or Xenia REIT) by the Partnership in accordance with this Section 4.02 and (B) the General Partner or Xenia REIT (or any direct or indirect wholly owned Subsidiary of the General Partner or Xenia REIT) shall make a Capital Contribution to the Partnership in an amount equal to the cash consideration received by Xenia REIT from the issuance of such REIT Shares, capital stock or other interests in Xenia REIT;

(2) the additional Partnership Units are issued in connection with an issuance of REIT Shares or other capital stock of, or other interests in, Xenia REIT pursuant to a taxable share dividend declared by Xenia REIT, which REIT Shares, capital stock or interests have designations, preferences and other rights, all such that the economic interests are substantially similar to the designations, preferences and other rights of the additional Partnership Units issued to the General Partner or Xenia REIT (or any direct or indirect wholly owned Subsidiary of the General Partner or Xenia REIT) by the Partnership in accordance with this Section 4.02, provided that (A) if Xenia REIT allows the holders of its REIT Shares to elect whether to receive such dividend in REIT Shares or other capital stock of, or other interests in Xenia REIT or cash, the Partnership will give the Limited Partners (excluding the General Partner, Xenia REIT or any direct or indirect Subsidiary of the General Partner or Xenia REIT) the same election to elect to receive (I) Partnership Units or cash or, (II) at the election of Xenia REIT, REIT Shares, capital stock or other interests in Xenia REIT or cash, and (B) if the Partnership issues additional Partnership Units pursuant to this Section 4.02(a)(i)(2), then an amount of income equal to the value of the Partnership Units received will be allocated to those holders of Common Units that elect to receive additional Partnership Units;

(3) the additional Partnership Units are issued in exchange for property owned by the General Partner or Xenia REIT (or any direct or indirect wholly owned Subsidiary of the General Partner or Xenia REIT) with a fair market value, as determined by the General Partner, in good faith, equal to the value of the Partnership Units; or

(4) the additional Partnership Units are issued to all Partners in proportion to their respective Percentage Interests.

Without limiting the foregoing, the General Partner is expressly authorized to cause the Partnership to issue Partnership Units for less than fair market value, so long as the General Partner concludes in good faith that such issuance is in the best interests of the General Partner and the Partnership. Upon the issuance of any additional Partnership Units, the General Partner shall amend Exhibit A as appropriate to reflect such issuance.

(ii) Upon Issuance of Additional Securities . Xenia REIT shall not issue any Additional Securities (other than REIT Shares issued in connection with an exchange pursuant to Section 8.04 hereof or REIT Shares or other capital stock of or other interests in Xenia REIT issued in connection with a taxable stock dividend as described in Section 4.02(a)(i)(2) hereof) or any transaction that would cause an adjustment to the Conversion Factor or Rights other than to all holders of REIT Shares, Preferred Shares, Junior Shares or New Securities, as the case may be, unless (A) the General Partner shall cause the Partnership to issue to the General Partner or Xenia REIT (or any direct or indirect wholly owned Subsidiary of the General Partner or Xenia REIT) Partnership Units or Rights having designations, preferences and other rights, all such that the economic interests are substantially similar to those of the Additional Securities, and (B) Xenia REIT, directly or through the General Partner (or any direct or indirect wholly owned Subsidiary of the General Partner or another direct or indirect wholly owned Subsidiary of Xenia REIT) contributes the proceeds from the issuance of such Additional Securities and from any exercise of Rights contained in such Additional Securities to the Partnership; provided , that Xenia REIT is allowed to issue Additional Securities in connection with an acquisition of Property to be held directly by Xenia REIT, but if and only if, such direct acquisition and issuance of Additional Securities have been approved by a majority of the Independent Directors. Without limiting the foregoing, Xenia REIT is expressly authorized to issue Additional Securities for less than fair market value, and the General Partner is authorized to cause the Partnership to issue to the General Partner or Xenia REIT (or any direct or indirect wholly owned Subsidiary of the General Partner or Xenia REIT) corresponding Partnership Units, so long as (x) the General Partner concludes in good faith that such issuance is in the best interests of Xenia REIT and the Partnership and (y) Xenia REIT, directly or through the General Partner (or any direct or indirect wholly owned Subsidiary of the General Partner or another direct or indirect wholly owned Subsidiary of Xenia REIT) contributes all proceeds from such issuance to the Partnership, including without limitation, the issuance of REIT Shares and corresponding Partnership Units pursuant to a stock purchase plan providing for purchases of REIT Shares at a discount from fair market value or pursuant to stock awards, including stock options that have an exercise price that is less than the fair market value of

the REIT Shares, either at the time of issuance or at the time of exercise, and restricted or other stock awards approved by the Board of Directors. For example, in the event Xenia REIT issues REIT Shares for a cash purchase price and Xenia REIT, directly or through the General Partner (or any direct or indirect wholly owned Subsidiary of the General Partner or another direct or indirect wholly owned Subsidiary of Xenia REIT) contributes all of the proceeds of such issuance to the Partnership as required hereunder, the General Partner or Xenia REIT (or any direct or indirect wholly owned Subsidiary of the General Partner or Xenia REIT) shall be issued a number of additional Partnership Units equal to the product of (A) the number of such REIT Shares issued by Xenia REIT, the proceeds of which were so contributed, multiplied by (B) a fraction, the numerator of which is 100%, and the denominator of which is the Conversion Factor in effect on the date of such contribution.

(b) Certain Contributions of Proceeds of Issuance of REIT Shares . In connection with any and all issuances of REIT Shares, Xenia REIT, directly or through the General Partner (or any direct or indirect wholly owned Subsidiary of the General Partner or another direct or indirect wholly owned Subsidiary of Xenia REIT) shall make Capital Contributions to the Partnership of the proceeds therefrom, provided that if the proceeds actually received and contributed by Xenia REIT, directly or through the General Partner (or any direct or indirect wholly owned Subsidiary of the General Partner or another direct or indirect wholly owned Subsidiary of Xenia REIT) are less than the gross proceeds of such issuance as a result of any underwriter's discount, commissions, placement fees or other expenses paid or incurred in connection with such issuance, then Xenia REIT, directly or through the General Partner (or any direct or indirect wholly owned Subsidiary of the General Partner or another direct or indirect wholly owned Subsidiary of Xenia REIT) shall be deemed to have made a Capital Contribution to the Partnership in the amount equal to the sum of the net proceeds of such issuance plus the amount of such underwriter's discount, commissions, placement fees or other expenses paid by Xenia REIT, and the Partnership shall be deemed simultaneously to have reimbursed such discount, commissions, placement fees and expenses as an Administrative Expense for the benefit of the Partnership for purposes of Section 6.05(b) hereof.

(c) Repurchases of Xenia REIT Securities . If Xenia REIT shall repurchase shares of any class or series of its capital stock, the purchase price thereof and all costs incurred in connection with such repurchase shall be reimbursed to Xenia REIT by the Partnership pursuant to Section 6.05 hereof and the General Partner shall cause the Partnership to redeem an equivalent number of Partnership Units of the appropriate class or series held by Xenia REIT (or any direct or indirect wholly owned Subsidiary of Xenia REIT) (which, in the case of REIT Shares, shall be a number equal to the quotient of the number of such REIT Shares divided by the Conversion Factor).

4.03 Additional Funding . If the General Partner determines that it is in the best interests of the Partnership to provide for additional Partnership funds ("Additional Funds") for any Partnership purpose, the General Partner may (i) cause the Partnership to obtain such funds from outside borrowings, or (ii) elect to have the General Partner or any of its Affiliates provide such Additional Funds to the Partnership through loans or otherwise.

4.04 LTIP Units .

(a) Issuance of LTIP Units . Notwithstanding anything contained herein to the contrary, the General Partner may from time to time issue LTIP Units to Persons who provide services to or for the benefit of the Partnership for such consideration as the General Partner may determine to be appropriate, and admit such Persons as Limited Partners. Subject to the following provisions of this Section 4.04 and the special provisions of Section 4.05 and Section 5.01(g) hereof, LTIP Units shall be treated as Common Units, with all of the rights, privileges and obligations attendant thereto. For purposes of computing the Partners' Percentage Interests, holders of LTIP Units shall be treated as Common Unit holders and LTIP Units shall be treated as Common Units. In particular, the Partnership shall maintain at all times a one-to-one correspondence between LTIP Units and Common Units for conversion, distribution and other purposes, including, without limitation, complying with the following procedures:

(i) If an Adjustment Event (as defined below) occurs, then the General Partner shall make a corresponding adjustment to the LTIP Units to maintain a one-for-one conversion and economic equivalence ratio between Common Units and LTIP Units. The following shall be " **Adjustment Events** ": (A) the Partnership makes a distribution on all outstanding Common Units in Partnership Units, (B) the Partnership subdivides the outstanding Common Units into a greater number of units or combines the outstanding Common Units into a smaller number of units, or (C) the Partnership issues any Partnership Units in exchange for its outstanding Common Units by way of a reclassification or recapitalization of its Common Units. If more than one Adjustment Event occurs, the adjustment to the LTIP Units need be made only once using a single formula that takes into account each and every Adjustment Event as if all Adjustment Events occurred simultaneously. For the avoidance of doubt, the following shall not be Adjustment Events: (x) the issuance of Partnership Units in a financing, reorganization, acquisition or other similar business Common Unit Transaction, (y) the issuance of Partnership Units pursuant to any employee benefit or compensation plan or distribution reinvestment plan or (z) the issuance of any Partnership Units to the General Partner or Xenia REIT (or any direct or indirect wholly owned Subsidiary of the General Partner or Xenia REIT) in respect of a capital contribution to the Partnership of proceeds from the sale of Additional Securities by Xenia REIT. If the Partnership takes an action affecting the Common Units other than actions specifically described above as "Adjustment Events" and in the opinion of the General Partner such action would require an adjustment to the LTIP Units to maintain the one-to-one correspondence described above, the General Partner shall have the right to make such adjustment to the LTIP Units, to the extent permitted by law and by any Equity Incentive Plan and Vesting Agreement, in such manner and at such time as the General Partner, in its sole discretion, may determine to be appropriate under the circumstances. If an adjustment is made to the LTIP Units, as herein provided, the Partnership shall promptly file in the books and records of the Partnership an officer's certificate setting forth such adjustment and a brief statement of the facts requiring such adjustment, which certificate shall be conclusive evidence of the correctness of such adjustment absent manifest error. Promptly after filing of such certificate, the Partnership shall deliver a notice to each LTIP Unitholder setting forth the adjustment to his or her LTIP Units and the effective date of such

adjustment; provided , the failure to deliver such notice shall not invalidate the adjustment or the authority granted hereunder, and

(ii) The LTIP Unitholders shall, when, as and if authorized and declared by the General Partner out of assets legally available for that purpose, be entitled to receive distributions in an amount per LTIP Unit equal to the distributions per Common Unit (the " **Common Partnership Unit Distribution** "), paid to holders of Common Units on such Partnership Record Date established by the General Partner with respect to such distribution; provided , that distributions of assets on liquidation, dissolution or winding up shall be made solely in accordance with the Partners' positive Capital Account balances as provided in Section 5.06(a). So long as any LTIP Units are outstanding, no distributions (whether in cash or in kind) shall be authorized, declared or paid on Common Units, unless equal distributions have been or contemporaneously are authorized, declared and paid on the LTIP Units; provided , that distributions of assets on liquidation, dissolution or winding up shall be made solely in accordance with the Partners' positive Capital Account balances as provided in Section 5.06(a).

(b) Priority . Subject to the provisions of this Section 4.04, the special provisions of Section 4.05 and Section 5.01(g) hereof and any Vesting Agreement, the LTIP Units shall rank *pari passu* with the Common Units as to the payment of regular and special periodic or other distributions; provided , that distributions of assets on liquidation, dissolution or winding up shall be made solely in accordance with the Partners' positive Capital Account balances as provided in Section 5.06(a). As to the payment of distributions and as to distribution of assets upon liquidation, dissolution or winding up, any class or series of Partnership Units which by its terms specifies that it shall rank junior to, on a parity with, or senior to the Common Units shall also rank junior to, or *pari passu* with, or senior to, as the case may be, the LTIP Units; provided , that distributions of assets on liquidation, dissolution or winding up shall be made solely in accordance with the Partners' positive Capital Account balances as provided in Section 5.06(a). Subject to the terms of any Vesting Agreement, an LTIP Unitholder shall be entitled to transfer his or her LTIP Units to the same extent, and subject to the same restrictions as holders of Common Units are entitled to transfer their Common Units pursuant to Article IX.

(c) Special Provisions . LTIP Units shall be subject to the following special provisions:

(i) Vesting Agreements . LTIP Units may, in the sole discretion of the General Partner, be issued subject to vesting, forfeiture and additional restrictions on transfer pursuant to the terms of a Vesting Agreement. The terms of any Vesting Agreement may be modified by the General Partner from time to time in its sole discretion, subject to any restrictions on amendment imposed by the relevant Vesting Agreement or by the Equity Incentive Plan, if applicable. LTIP Units that have vested under the terms of a Vesting Agreement are referred to as " **Vested LTIP Units** "; all other LTIP Units shall be treated as " **Unvested LTIP Units** ." Upon grant, the grantee of any LTIP Unit shall be treated as a Partner for all purposes. The Partners acknowledge that the liquidation value of each LTIP

Unit shall be zero upon grant, the amount equal to the zero Capital Account balance of such LTIP Unit upon grant, for all purposes (including Section 10.05(d)).

(ii) Forfeiture . Unless otherwise specified in the Vesting Agreement or in any applicable compensatory plan, program or arrangement pursuant to which LTIP Units are issued, upon the occurrence of any event specified in a Vesting Agreement, plan, program or arrangement as resulting in either the right of the Partnership or the General Partner to repurchase LTIP Units at a specified purchase price or some other forfeiture of any LTIP Units, then if the Partnership or the General Partner exercises such right to repurchase or forfeiture or upon the occurrence of the event causing forfeiture in accordance with the applicable Vesting Agreement, plan, program or arrangement, the relevant LTIP Units shall immediately, and without any further action, be treated as cancelled and no longer outstanding for any purpose. Unless otherwise specified in the Vesting Agreement, plan, program or arrangement, no consideration or other payment shall be due with respect to any LTIP Units that have been forfeited, other than any distributions declared with respect to a Partnership Record Date prior to the effective date of the forfeiture. In connection with any repurchase or forfeiture of LTIP Units, the balance of the portion of the Capital Account of the LTIP Unitholder that is attributable to all of his or her LTIP Units shall be reduced by the amount, if any, by which it exceeds the product of (A) the balance of the LTIP Unitholder's Capital Account attributable to all of the LTIP Units held prior to the repurchase or forfeiture and (B) the quotient obtained by dividing (x) the number of LTIP Units, if any, held by the LTIP Unitholder after the repurchase or forfeiture and (y) the number of LTIP Units held by the LTIP Unitholder prior to the repurchase or forfeiture.

(iii) Allocations . LTIP Unitholders shall be entitled to certain special allocations of gain under Section 5.01(g) hereof.

(iv) Redemption . The Redemption Right provided to Limited Partners under Section 8.04 hereof shall not apply with respect to LTIP Units unless and until they are converted to Common Units as provided in clause (v) below and Section 4.05 hereof.

(v) Conversion to Common Units . Vested LTIP Units are eligible to be converted into Common Units in accordance with Section 4.05 hereof.

(d) Voting . LTIP Unitholders shall (a) have the same voting rights as the holders of Common Units, with all Vested LTIP Units and Unvested LTIP Units voting as a single class with the Common Units and having one vote per LTIP Unit; and (b) have the additional voting rights that are expressly set forth below. So long as any LTIP Units remain outstanding, the Partnership shall not, without the affirmative vote of the holders of a majority of the LTIP Units (Vested LTIP Units and Unvested LTIP Units) outstanding at the time, given in person or by proxy, either in writing or at a meeting (voting separately as a class), amend, alter or repeal, whether by merger, consolidation or otherwise, the provisions of this Agreement applicable to LTIP Units so as to materially and adversely affect (as determined in good faith by the General Partner) any right, privilege or voting power of the LTIP Units or the LTIP Unitholders as such, unless such amendment, alteration, or repeal affects equally, ratably and proportionately the rights, privileges and voting powers of the holders of Common Units; but subject, in any event, to the following provisions:

(i) With respect to any Common Unit Transaction, so long as the LTIP Units are treated in accordance with Section 4.05(f) hereof, the consummation of such Common Unit Transaction shall not be deemed to materially and adversely affect such rights, preferences, privileges or voting powers of the LTIP Units or the LTIP Unitholders as such; and

(ii) Any creation or issuance of any Partnership Units or of any class or series of Partnership Interest including without limitation additional Common Units or LTIP Units, whether ranking senior to, junior to, or on a parity with the LTIP Units with respect to distributions and the distribution of assets upon liquidation, dissolution or winding up, shall not be deemed to materially and adversely affect such rights, preferences, privileges or voting powers of the LTIP Units or the LTIP Unitholders as such.

The foregoing voting provisions will not apply if, at or prior to the time when the act with respect to which such vote would otherwise be required will be effected, all outstanding LTIP Units shall have been converted into Common Units.

4.05 Conversion of LTIP Units .

(a) Subject to the provisions of this Section 4.05, an LTIP Unitholder shall have the right (the " **Conversion Right** "), at such holder's option, at any time to convert all or a portion of such holder's Vested LTIP Units into Common Units; provided, that a holder may not exercise the Conversion Right for less than 1,000 Vested LTIP Units or, if such holder holds less than 1,000 Vested LTIP Units, all of the Vested LTIP Units held by such holder. LTIP Unitholders shall not have the right to convert Unvested LTIP Units into Common Units until they become Vested LTIP Units; provided , that when an LTIP Unitholder is notified of the expected occurrence of an event that will cause such LTIP Unitholder's Unvested LTIP Units to become Vested LTIP Units, such LTIP Unitholder may give the Partnership a Conversion Notice conditioned upon and effective as of the time of vesting and such Conversion Notice, unless subsequently revoked by the LTIP Unitholder, shall be accepted by the Partnership subject to such condition. The General Partner shall have the right at any time to cause a conversion of Vested LTIP Units into Common Units. In all cases, the conversion of any LTIP Units into Common Units shall be subject to the conditions and procedures set forth in this Section 4.05.

(b) A holder of Vested LTIP Units may convert such LTIP Units into an equal number of fully paid and non-assessable Common Units, giving effect to all adjustments (if any) made pursuant to Section 4.04 hereof. Notwithstanding the foregoing, in no event may a holder of Vested LTIP Units convert a number of Vested LTIP Units that exceeds (x) the Economic Capital Account Balance of such Limited Partner, to the extent attributable to its ownership of LTIP Units, divided by (y) the Common Unit Economic Balance, in each case as determined as of the effective date of conversion (the " **Capital Account Limitation** ").

In order to exercise the Conversion Right, an LTIP Unitholder shall deliver a notice (a " **Conversion Notice** ") in the form attached as Exhibit D to the Partnership (with a copy to the General Partner) not less than ten nor more than 60 days prior to a date (the " **Conversion Date** ") specified in such Conversion Notice; provided , that if the General Partner has not given to the

LTIP Unitholders notice of a proposed or upcoming Common Unit Transaction at least 30 days prior to the effective date of such Common Unit Transaction, then LTIP Unitholders shall have the right to deliver a Conversion Notice until the earlier of (x) the tenth day after such notice from the General Partner of a Common Unit Transaction or (y) the third Trading Day immediately preceding the effective date of such Common Unit Transaction. A Conversion Notice shall be provided in the manner provided in Section 12.01 hereof. Each LTIP Unitholder covenants and agrees with the Partnership that all Vested LTIP Units to be converted pursuant to this Section 4.05(b) shall be free and clear of all liens. Notwithstanding anything herein to the contrary, a holder of LTIP Units may deliver a Notice of Redemption pursuant to Section 8.04(a) hereof relating to those Common Units that will be issued to such holder upon conversion of such LTIP Units into Common Units in advance of the Conversion Date; provided , that the redemption of such Common Units by the Partnership shall in no event take place until after the Conversion Date. For clarity, it is noted that the objective of this paragraph is to put an LTIP Unitholder in a position where, if such holder so wishes, the Common Units into which such holder's Vested LTIP Units will be converted can be tendered to the Partnership for redemption simultaneously with such conversion, with the further consequence that, if Xenia REIT elects to assume the Partnership's redemption obligation with respect to such Common Units under Section 8.04(b) hereof by delivering to such holder the REIT Shares Amount, then such holder can have the REIT Shares Amount issued to such holder simultaneously with the conversion of such holder's Vested LTIP Units into Common Units. The General Partner and LTIP Unitholder shall reasonably cooperate with each other to coordinate the timing of the events described in the foregoing sentence.

(c) The Partnership, at any time at the election of the General Partner, may cause any number of Vested LTIP Units held by an LTIP Unitholder to be converted (a " **Forced Conversion** ") into an equal number of Common Units, giving effect to all adjustments (if any) made pursuant to Section 4.04 hereof; provided , that the Partnership may not cause Forced Conversion of any LTIP Units that would not at the time be eligible for conversion at the option of such LTIP Unitholder pursuant to Section 4.05(b) hereof. In order to exercise its right of Forced Conversion, the Partnership shall deliver a notice (a " **Forced Conversion Notice** ") in the form attached as Exhibit E to the applicable LTIP Unitholder not less than ten nor more than 60 days prior to the Conversion Date specified in such Forced Conversion Notice. A Forced Conversion Notice shall be provided in the manner provided in Section 12.01 hereof and shall be revocable by the General Partner at any time prior to the Forced Conversion.

(d) A conversion of Vested LTIP Units for which the holder thereof has given a Conversion Notice or the Partnership has given a Forced Conversion Notice shall occur automatically after the close of business on the applicable Conversion Date without any action on the part of such LTIP Unitholder, as of which time such LTIP Unitholder shall be credited on the books and records of the Partnership with the issuance as of the opening of business on the next day of the number of Common Units issuable upon such conversion. After the conversion of LTIP Units as aforesaid, the Partnership shall deliver to such LTIP Unitholder, upon his or her written request, a certificate of the General Partner certifying the number of Common Units and remaining LTIP Units, if any, held by such person immediately after such conversion. The Assignee of any Limited Partner

pursuant to Article IX hereof may exercise the rights of such Limited Partner pursuant to this Section 4.05 and such Limited Partner shall be bound by the exercise of such rights by the Assignee.

(e) For purposes of making future allocations under Section 5.01(g) hereof and applying the Capital Account Limitation, the portion of the Economic Capital Account Balance of the applicable LTIP Unitholder that is treated as attributable to his or her LTIP Units shall be reduced, as of the date of conversion, by the product of the number of LTIP Units converted and the Common Unit Economic Balance.

(f) If the Partnership, the General Partner or Xenia REIT shall be a party to any Common Unit Transaction (including without limitation a merger, consolidation, unit exchange, self tender offer for all or substantially all Common Units or other business combination or reorganization, or sale of all or substantially all of the Partnership's assets, but excluding any Common Unit Transaction which constitutes an Adjustment Event) in each case as a result of which Common Units shall be exchanged for or converted into the right, or the holders of Common Units shall otherwise be entitled, to receive cash, securities or other property or any combination thereof (each of the foregoing being referred to herein as a " **Common Unit Transaction** "), then the General Partner shall, subject to the terms of any applicable Equity Incentive Plan or Vesting Agreement, exercise immediately prior to the Common Unit Transaction its right to cause a Forced Conversion with respect to the maximum number of LTIP Units then eligible for conversion, taking into account any allocations that occur in connection with the Common Unit Transaction or that would occur in connection with the Common Unit Transaction if the assets of the Partnership were sold at the Common Unit Transaction price or, if applicable, at a value determined by the General Partner in good faith using the value attributed to the Partnership Units in the context of the Common Unit Transaction (in which case the Conversion Date shall be the effective date of the Common Unit Transaction).

In anticipation of such Forced Conversion and the consummation of the Common Unit Transaction, the Partnership shall use commercially reasonable efforts to cause each LTIP Unitholder to be afforded the right to receive in connection with such Common Unit Transaction in consideration for the Common Units into which such LTIP Unitholder's LTIP Units will be converted the same kind and amount of cash, securities and other property (or any combination thereof) receivable upon the consummation of such Common Unit Transaction by a holder of the same number of Common Units, assuming such holder of Common Units is not a Person with which the Partnership consolidated or into which the Partnership merged or which merged into the Partnership or to which such sale or transfer was made, as the case may be (a " **Constituent Person** "), or an affiliate of a Constituent Person. In the event that holders of Common Units have the opportunity to elect the form or type of consideration to be received upon consummation of the Common Unit Transaction, prior to such Common Unit Transaction the General Partner shall give prompt written notice to each LTIP Unitholder of such election, and shall use commercially reasonable efforts to afford the LTIP Unitholders the right to elect, by written notice to the General Partner, the form or type of consideration to be received upon conversion of each LTIP Unit held by such holder into Common Units in connection with such Common Unit Transaction. If an LTIP Unitholder fails to make such an election, such holder (and any of its transferees) shall receive upon conversion of each LTIP Unit held by such LTIP

Unitholder (or by any of such LTIP Unitholder's transferees) the same kind and amount of consideration that a holder of a Common Unit would receive if such Common Unit holder failed to make such an election.

Subject to the rights of the Partnership and the General Partner under any Vesting Agreement and any Equity Incentive Plan, the Partnership shall use commercially reasonable efforts to cause the terms of any Common Unit Transaction to be consistent with the provisions of this Section 4.05(f) and to enter into an agreement with the successor or purchasing entity, as the case may be, for the benefit of any LTIP Unitholders whose LTIP Units will not be converted into Common Units in connection with the Common Unit Transaction that will (i) contain provisions enabling the holders of LTIP Units that remain outstanding after such Common Unit Transaction to convert their LTIP Units into securities as comparable as reasonably possible under the circumstances to the Common Units and (ii) preserve as far as reasonably possible under the circumstances the distribution, special allocation, conversion, and other rights set forth in this Agreement for the benefit of the LTIP Unitholders.

4.06 **Capital Accounts**. A separate capital account (a "Capital Account") shall be established and maintained for each Partner in accordance with Regulations Section 1.704-1(b)(2)(iv). If (i) a new or existing Partner acquires an additional Partnership Interest in exchange for more than a *de minimis* Capital Contribution, (ii) the Partnership distributes to a Partner more than a *de minimis* amount of Partnership property as consideration for a Partnership Interest, (iii) the Partnership is liquidated within the meaning of Regulation Section 1.704-1(b)(2)(ii)(g) or (iv) the Partnership grants a Partnership Interest (other than a *de minimis* Partnership Interest) as consideration for the provision of services to or for the benefit of the Partnership to an existing Partner acting in a Partner capacity, or to a new Partner acting in a Partner capacity or in anticipation of being a Partner, the General Partner shall revalue the property of the Partnership to its fair market value (as determined by the General Partner, in its sole and absolute discretion, and taking into account Section 7701(g) of the Code) in accordance with Regulations Section 1.704-1(b)(2)(iv)(f); provided, that (i) the issuance of any LTIP Unit shall be deemed to require a revaluation pursuant to this Section 4.06 and (ii) the General Partner may elect not to revalue the property of the Partnership in connection with the issuance of additional Partnership Units pursuant to Section 4.02 to the extent it determines, in its sole and absolute discretion, that revaluing the property of the Partnership is not necessary or appropriate to reflect the relative economic interests of the Partners. When the Partnership's property is revalued by the General Partner, the Capital Accounts of the Partners shall be adjusted in accordance with Regulations Sections 1.704-1(b)(2)(iv)(f) and (g), which generally require such Capital Accounts to be adjusted to reflect the manner in which the unrealized gain or loss inherent in such property (that has not been reflected in the Capital Accounts previously) would be allocated among the Partners pursuant to Section 5.01 hereof if there were a taxable disposition of such property for its fair market value (as determined by the General Partner, in its sole and absolute discretion, and taking into account Section 7701(g) of the Code) on the date of the revaluation.

4.07 **Percentage Interests**. If the number of outstanding Common Units or other class or series of Partnership Units increases or decreases during a taxable year, each Partner's Percentage Interest shall be adjusted by the General Partner effective as of the effective date of each such

increase or decrease to a percentage equal to the number of Common Units or other class or series of Partnership Units held by such Partner divided by the aggregate number of Common Units or other class or series of Partnership Units, as applicable, outstanding after giving effect to such increase or decrease. If the Partners' Percentage Interests are adjusted pursuant to this Section 4.07, the Profits and Losses for the taxable year in which the adjustment occurs shall be allocated between the part of the year ending on the day when that adjustment occurs and the part of the year beginning on the following day either (i) as if the taxable year had ended on the date of the adjustment or (ii) based on the number of days in each part. The General Partner, in its sole and absolute discretion, shall determine which method shall be used to allocate Profits and Losses for the taxable year in which the adjustment occurs. The allocation of Profits and Losses for the earlier part of the year shall be based on the Percentage Interests before adjustment, and the allocation of Profits and Losses for the later part shall be based on the adjusted Percentage Interests. In the event that there is an increase or decrease in the number of outstanding Partnership Units (other than Common Units or LTIP Units) during a taxable year, the General Partner shall have similar discretion, as provided in the preceding sentences of this Section 4.07, to allocate items of Profit and Loss between the part of the year ending on the day when that increase or decrease occurs and the part of the year beginning on the following day, and that allocation shall take into account the Partners' relative interests in those items of Profit and Loss before and after such increase or decrease.

4.08 **No Interest on Contributions**. No Partner shall be entitled to interest on its Capital Contribution.

4.09 **Return of Capital Contributions**. No Partner shall be entitled to withdraw any part of its Capital Contribution or its Capital Account or to receive any distribution from the Partnership, except as specifically provided in this Agreement. Except as otherwise provided herein, there shall be no obligation to return to any Partner or withdrawn Partner any part of such Partner's Capital Contribution for so long as the Partnership continues in existence.

4.10 **No Third-Party Beneficiary**. No creditor or other third party having dealings with the Partnership shall have the right to enforce the right or obligation of any Partner to make Capital Contributions or loans or to pursue any other right or remedy hereunder or at law or in equity, it being understood and agreed that the provisions of this Agreement, except as provided in Section 6.03(h) hereof, shall be solely for the benefit of, and may be enforced solely by, the parties to this Agreement and their respective permitted successors and assigns. None of the rights or obligations of the Partners herein set forth to make Capital Contributions or loans to the Partnership shall be deemed an asset of the Partnership for any purpose by any creditor or other third party, nor may such rights or obligations be sold, transferred or assigned by the Partnership or pledged or encumbered by the Partnership to secure any debt or other obligation of the Partnership or of any of the Partners. In addition, it is the intent of the parties hereto that no distribution to any Limited Partner shall be deemed a return of money or other property in violation of the Act. However, if any court of competent jurisdiction holds that, notwithstanding the provisions of this Agreement, any Limited Partner is obligated to return such money or property, such obligation shall be the obligation of such Limited Partner and not of the General

Partner. Without limiting the generality of the foregoing, a deficit Capital Account of a Partner shall not be deemed to be a liability of such Partner nor an asset or property of the Partnership.

ARTICLE V

PROFITS AND LOSSES; DISTRIBUTIONS

5.01 Allocation of Profit and Loss .

(a) Profit . Profit of the Partnership for each fiscal year of the Partnership shall be allocated to the Partners in accordance with their respective Percentage Interests.

(b) Loss . Loss of the Partnership for each fiscal year of the Partnership shall be allocated to the Partners in accordance with their respective Percentage Interests.

(c) Minimum Gain Chargeback . Notwithstanding any provision to the contrary, (i) any expense of the Partnership that is a "nonrecourse deduction" within the meaning of Regulations Section 1.704-2(b)(1) shall be allocated in accordance with the Partners' respective Percentage Interests, (ii) any expense of the Partnership that is a "partner nonrecourse deduction" within the meaning of Regulations Section 1.704-2(i)(2) shall be allocated to the Partner that bears the "economic risk of loss" of such deduction in accordance with Regulations Section 1.704-2(i)(1), (iii) if there is a net decrease in Partnership Minimum Gain within the meaning of Regulations Section 1.704-2(f)(1) for any Partnership taxable year, then, subject to the exceptions set forth in Regulations Section 1.704-2(f)(2),(3), (4) and (5), items of gain and income shall be allocated among the Partners in accordance with Regulations Section 1.704-2(f) and the ordering rules contained in Regulations Section 1.704-2(j), and (iv) if there is a net decrease in Partner Nonrecourse Debt Minimum Gain within the meaning of Regulations Section 1.704-2(i)(4) for any Partnership taxable year, then, subject to the exceptions set forth in Regulations Section 1.704(2)(g), items of gain and income shall be allocated among the Partners in accordance with Regulations Section 1.704-2(i)(4) and the ordering rules contained in Regulations Section 1.704-2(j). The manner in which it is reasonably expected that the deductions attributable to nonrecourse liabilities will be allocated for purposes of determining a Partner's share of the nonrecourse liabilities of the Partnership within the meaning of Regulations Section 1.752-3(a)(3) shall be in accordance with a Partner's Percentage Interest.

(d) Qualified Income Offset . If a Partner receives in any taxable year an adjustment, allocation or distribution described in subparagraphs (4), (5) or (6) of Regulations Section 1.704-1(b)(2)(ii)(d) that causes or increases a deficit balance in such Partner's Capital Account that exceeds the sum of such Partner's shares of Partnership Minimum Gain and Partner Nonrecourse Debt Minimum Gain, as determined in accordance with Regulations Sections 1.704-2(g) and 1.704-2(i), such Partner shall be allocated specially for such taxable year (and, if necessary, later taxable years) items of income and gain in an amount and manner sufficient to eliminate such deficit Capital Account balance as quickly as possible as provided in Regulations Section 1.704-1(b)(2)(ii)(d). After the occurrence of an allocation of income or gain to a Partner in accordance with this Section 5.01(d), to the extent permitted by Regulations Section 1.704-1(b), items of expense or

loss shall be allocated to such Partner in an amount necessary to offset the income or gain previously allocated to such Partner under this Section 5.01(d).

(e) Capital Account Deficits . Loss shall not be allocated to a Limited Partner to the extent that such allocation would cause a deficit in such Partner's Capital Account (after reduction to reflect the items described in Regulations Section 1.704-1(b)(2)(ii)(d)(4), (5) and (6)) to exceed the sum of such Partner's shares of Partnership Minimum Gain and Partner Nonrecourse Debt Minimum Gain. Any Loss in excess of that limitation shall be allocated to the General Partner. After the occurrence of an allocation of Loss to the General Partner in accordance with this Section 5.01(e), to the extent permitted by Regulations Section 1.704-1(b), Profit first shall be allocated to the General Partner in an amount necessary to offset the Loss previously allocated to the General Partner under this Section 5.01(e).

(f) Allocations Between Transferor and Transferee . If a Partner transfers any part or all of its Partnership Interest, the distributive shares of the various items of Profit and Loss allocable among the Partners during such fiscal year of the Partnership shall be allocated between the transferor and the transferee Partner either (i) as if the Partnership's fiscal year had ended on the date of the transfer or (ii) based on the number of days of such fiscal year that each was a Partner without regard to the results of Partnership activities in the respective portions of such fiscal year in which the transferor and the transferee were Partners. The General Partner, in its sole and absolute discretion, shall determine which method shall be used to allocate the distributive shares of the various items of Profit and Loss between the transferor and the transferee Partner.

(g) Special Allocations Regarding LTIP Units . Notwithstanding the provisions of Sections 5.01(a) and (b) hereof, Liquidating Gains shall first be allocated to the LTIP Unitholders until their Economic Capital Account Balances, to the extent attributable to their ownership of LTIP Units, are equal to (i) the Common Unit Economic Balance, multiplied by (ii) the number of their LTIP Units. For this purpose, " **Liquidating Gains** " means net capital gains realized in connection with the actual or hypothetical sale of all or substantially all of the assets of the Partnership, including but not limited to net capital gain realized in connection with an adjustment to the value of Partnership assets under Section 704(b) of the Code. The " **Economic Capital Account Balances** " of the LTIP Unit holders will be equal to their Capital Account balances plus shares of Partner Nonrecourse Debt Minimum Gain or Partnership Minimum Gain (after reduction to reflect the items described in Regulations Section 1.704-1(b)(2)(ii)(d)(4), (5) and (6)) to the extent attributable to their ownership of LTIP Units. Similarly, the " **Common Unit Economic Balance** " shall mean (i) the Capital Account balance of Xenia REIT, plus the amount of Xenia REIT's share of any Partner Nonrecourse Debt Minimum Gain or Partnership Minimum Gain (after reduction to reflect the items described in Regulations Section 1.704-1(b)(2)(ii)(d)(4), (5) and (6)), in either case to the extent attributable to Xenia REIT's direct or indirect ownership of Common Units and computed on a hypothetical basis after taking into account all allocations through the date on which any allocation is made under this Section 5.01(g), divided by (ii) the number of Common Units directly or indirectly owned by Xenia REIT. Any such allocations shall be made among the LTIP Unitholders in proportion to the amounts required to be allocated to each under this Section 5.01(g). The parties agree that the intent of this Section 5.01(g) is to make the Capital Account balance associated with

each LTIP Unit to be economically equivalent to the Capital Account balance associated with Common Units directly or indirectly owned by Xenia REIT (on a per-Unit basis).

(h) Definition of Profit and Loss . " **Profit** " and " **Loss** " and any items of income, gain, expense or loss referred to in this Agreement shall be determined in accordance with federal income tax accounting principles, as modified by Regulations Section 1.704-1(b)(2)(iv), except that Profit and Loss shall not include items of income, gain and expense that are specially allocated pursuant to Sections 5.01(c), (d) or (e) hereof. All allocations of income, Profit, gain, Loss and expense (and all items contained therein) for federal income tax purposes shall be identical to all allocations of such items set forth in this Section 5.01, except as otherwise required by Section 704(c) of the Code and Regulations Section 1.704-1(b)(4). With respect to properties acquired by the Partnership, the General Partner shall have the authority to elect the method to be used by the Partnership for allocating items of income, gain and expense as required by Section 704(c) of the Code with respect to such properties, and such election shall be binding on all Partners.

5.02 Distribution of Cash .

(a) Subject to Sections 5.02(c), (d) and (e) hereof and to the terms of any Partnership Unit Designation, the Partnership shall distribute cash at such times and in such amounts as are determined by the General Partner in its sole and absolute discretion, to the Partners who are Partners on the Partnership Record Date with respect to such quarter (or other distribution period) in proportion with their respective Common Units on the Partnership Record Date.

(b) In accordance with Section 4.04(a)(ii) hereof, the LTIP Unitholders shall be entitled to receive distributions in an amount per LTIP Unit equal to the Common Partnership Unit Distribution.

(c) If a new or existing Partner acquires additional Partnership Units in exchange for a Capital Contribution on any date other than a Partnership Record Date (other than Partnership Units acquired by the General Partner or Xenia REIT (or any direct or indirect wholly owned Subsidiary of the General Partner or Xenia REIT) in connection with the issuance of additional REIT Shares or Additional Securities), the cash distribution attributable to such additional Partnership Units relating to the Partnership Record Date next following the issuance of such additional Partnership Units shall be reduced in the proportion to (i) the number of days that such additional Partnership Units are held by such Partner bears to (ii) the number of days between such Partnership Record Date and the immediately preceding Partnership Record Date.

(d) Notwithstanding any other provision of this Agreement, the General Partner is authorized to take any action that it determines to be necessary or appropriate to cause the Partnership to comply with any withholding requirements established under the Code or any other federal, state or local law including, without limitation, pursuant to Sections 1441, 1442, 1445 and 1446 of the Code. To the extent that the Partnership is required to withhold and pay over to any taxing authority any amount resulting from the allocation or distribution of income to a Partner or assignee (including by reason of Section 1446 of the Code), either (i) if the actual amount to be distributed to the Partner (the " **Distributable Amount** ") equals or exceeds the Withheld Amount, the entire Distributable Amount shall be treated as a distribution of cash to such Partner, or (ii) if the

Distributable Amount is less than the Withheld Amount, the excess of the Withheld Amount over the Distributable Amount shall be treated as a Partnership Loan from the Partnership to the Partner on the day the Partnership pays over such amount to a taxing authority. A Partnership Loan shall be repaid upon the demand of the Partnership or, alternatively, through withholding by the Partnership with respect to subsequent distributions to the applicable Partner or assignee and any such distributions so withheld shall be deemed first to have been distributed to the applicable Partner or assignee and then immediately repaid to the Partnership.

Any amounts treated as a Partnership Loan pursuant to this Section 5.02(d) shall bear interest at the lesser of (i) 300 basis points above the base rate on corporate loans at large United States money center commercial banks, as published from time to time in The Wall Street Journal , or (ii) the maximum lawful rate of interest on such obligation, such interest to accrue from the date the Partnership or the General Partner, as applicable, is deemed to extend the loan until such loan is repaid in full.

(e) In no event may a Partner receive a distribution of cash with respect to a Partnership Unit if such Partner is entitled to receive a cash dividend or other distribution of cash as the holder of record of a REIT Share for which all or part of such Partnership Unit has been or will be redeemed.

5.03 REIT Distribution Requirements . The General Partner shall use commercially reasonable efforts, as determined by it in its sole and absolute discretion, to cause the Partnership to distribute amounts sufficient to enable Xenia REIT to pay distributions to its stockholders that will allow Xenia REIT to (i) meet its distribution requirement for qualification as a REIT as set forth in Section 857 of the Code and (ii) avoid any federal income or excise tax liability imposed by the Code, other than to the extent Xenia REIT elects to retain and pay income tax on its net capital gain.

5.04 No Right to Distributions in Kind . No Partner shall be entitled to demand property other than cash in connection with any distributions by the Partnership.

5.05 Limitations on Return of Capital Contributions . Notwithstanding any of the provisions of this Article V, no Partner shall have the right to receive, and the General Partner shall not have the right to make, a distribution that includes a return of all or part of a Partner's Capital Contributions, unless after giving effect to the return of a Capital Contribution, the sum of all Partnership liabilities, other than the liabilities to a Partner for the return of his Capital Contribution, does not exceed the fair market value of the Partnership's assets.

5.06 Distributions Upon Liquidation .

(a) Upon liquidation of the Partnership, after payment of, or adequate provision for, debts and obligations of the Partnership, including any Partner loans, any remaining assets of the Partnership shall be distributed to all Partners with positive Capital Accounts in accordance with their respective positive Capital Account balances.

(b) For purposes of Section 5.06(a) hereof, the Capital Account of each Partner shall be determined after all adjustments made in accordance with Sections 5.01 and 5.02 hereof resulting from Partnership operations and from all sales and dispositions of all or any part of the Partnership's assets.

(c) Any distributions pursuant to this Section 5.06 shall be made by the end of the Partnership's taxable year in which the liquidation occurs (or, if later, within 90 days after the date of the liquidation). To the extent deemed advisable by the General Partner, appropriate arrangements (including the use of a liquidating trust) may be made to assure that adequate funds are available to pay any contingent debts or obligations.

5.07 Substantial Economic Effect. It is the intent of the Partners that the allocations of Profit and Loss under the Agreement have substantial economic effect (or be consistent with the Partners' interests in the Partnership in the case of the allocation of losses attributable to nonrecourse debt) within the meaning of Section 704(b) of the Code as interpreted by the Regulations promulgated pursuant thereto. Article V and other relevant provisions of this Agreement shall be interpreted in a manner consistent with such intent.

ARTICLE VI

RIGHTS, OBLIGATIONS AND POWERS OF THE GENERAL PARTNER

6.01 Management of the Partnership.

(a) Except as otherwise expressly provided in this Agreement, the General Partner shall have full, complete and exclusive discretion to manage and control the business of the Partnership for the purposes herein stated, and shall make all decisions affecting the business and assets of the Partnership. No General Partner may be removed by the Partners, with or without cause, except with the consent of the General Partner. Subject to the restrictions specifically contained in this Agreement, the powers of the General Partner shall include, without limitation, the authority to take the following actions on behalf of the Partnership:

(i) to acquire, purchase, own, operate, lease and dispose of any real property and any other property or assets including, but not limited to, notes and mortgages that the General Partner determines are necessary or appropriate in the business of the Partnership;

(ii) to construct buildings and make other improvements on the properties owned or leased by the Partnership;

(iii) to authorize, issue, sell, redeem or otherwise purchase any Partnership Units or any securities (including secured and unsecured debt obligations of the Partnership, debt obligations of the Partnership convertible into any class or series of Partnership Units, or Rights relating to any class or series of Partnership Units) of the Partnership;

(iv) to borrow or lend money for the Partnership, issue or receive evidences of indebtedness in connection therewith, refinance, increase the amount of, modify, amend or change the terms of, or extend the time for the payment of, any such indebtedness, and secure indebtedness by mortgage, deed of trust, pledge or other lien on the Partnership's assets;

(v) to pay, either directly or by reimbursement, all operating costs and general administrative expenses of the Partnership to third parties or to the General Partner or its Affiliates as set forth in this Agreement;

(vi) to guarantee or become a co-maker of indebtedness of any Subsidiary of the General Partner or the Partnership, refinance, increase the amount of, modify, amend or change the terms of, or extend the time for the payment of, any such guarantee or indebtedness, and secure such guarantee or indebtedness by mortgage, deed of trust, pledge or other lien on the Partnership's assets;

(vii) to use assets of the Partnership (including, without limitation, cash on hand) for any purpose consistent with this Agreement, including, without limitation, payment, either directly or by reimbursement, of all operating costs and general and administrative expenses of Xenia REIT, the General Partner, the Partnership or any Subsidiary of the foregoing to third parties or to Xenia REIT or the General Partner as set forth in this Agreement;

(viii) to lease all or any portion of any of the Partnership's assets, whether or not the terms of such leases extend beyond the termination date of the Partnership and whether or not any portion of the Partnership's assets so leased are to be occupied by the lessee, or, in turn, subleased in whole or in part to others, for such consideration and on such terms as the General Partner may determine and to further lease property from third parties, including ground leases;

(ix) to prosecute, defend, arbitrate or compromise any and all claims or liabilities in favor of or against the Partnership, on such terms and in such manner as the General Partner may reasonably determine, and similarly to prosecute, settle or defend litigation with respect to the Partners, the Partnership or the Partnership's assets;

(x) to file applications, communicate and otherwise deal with any and all governmental agencies having jurisdiction over, or in any way affecting, the Partnership's assets or any other aspect of the Partnership's business;

(xi) to make or revoke any election permitted or required of the Partnership by any taxing authority;

(xii) to maintain such insurance coverage for public liability, fire and casualty, and any and all other insurance for the protection of the Partnership, for the conservation of Partnership assets, or for any other purpose convenient or beneficial to the Partnership, in such amounts and such types, as it shall determine from time to time;

(xiii) to determine whether or not to apply any insurance proceeds for any property to the restoration of such property or to distribute the same;

(xiv) to establish one or more divisions of the Partnership, to hire and dismiss employees of the Partnership or any division of the Partnership, and to retain legal counsel, accountants, consultants, real estate brokers and such other persons as the General Partner may deem necessary or appropriate in connection with the Partnership business and to pay therefor such reasonable remuneration as the General Partner may deem reasonable and proper;

(xv) to retain other services of any kind or nature in connection with the Partnership business, and to pay therefor such remuneration as the General Partner may deem reasonable and proper;

(xvi) to negotiate and conclude agreements on behalf of the Partnership with respect to any of the rights, powers and authority conferred upon the General Partner;

(xvii) to maintain accurate accounting records and to file promptly all federal, state and local income tax returns on behalf of the Partnership;

(xviii) to distribute Partnership cash or other Partnership assets in accordance with this Agreement;

(xix) to form or acquire an interest in, and contribute property to, any further limited or general partnerships, joint ventures or other relationships that it deems desirable (including, without limitation, the acquisition of interests in, and the contributions of property to, its Subsidiaries and any other Person in which it has an equity interest from time to time);

(xx) to establish Partnership reserves for working capital, capital expenditures, contingent liabilities or any other valid Partnership purpose;

(xxi) to merge, consolidate or combine the Partnership with or into another Person;

(xxii) to enter into and perform obligations under underwriting or other agreements in connection with issuances of securities by the Partnership or the General Partner or any affiliate thereof;

(xxiii) to do any and all acts and things necessary or prudent to ensure that the Partnership will not be classified as a "publicly traded partnership" taxable as a corporation under Section 7704 of the Code or an "investment company" or a Subsidiary of an investment company under the Investment Company Act of 1940; and

(xxiv) to take such other action, execute, acknowledge, swear to or deliver such other documents and instruments, and perform any and all other acts that the General Partner deems necessary or appropriate for the formation, continuation and conduct of the

business and affairs of the Partnership (including, without limitation, all actions consistent with allowing Xenia REIT at all times to qualify as a REIT unless Xenia REIT voluntarily terminates or revokes its REIT status) and to possess and enjoy all of the rights and powers of a general partner as provided by the Act.

(b) Except as otherwise provided herein, to the extent the duties of the General Partner require expenditures of funds to be paid to third parties, the General Partner shall not have any obligations hereunder except to the extent that Partnership funds are reasonably available to it for the performance of such duties, and nothing herein contained shall be deemed to authorize or require the General Partner, in its capacity as such, to expend its individual funds for payment to third parties or to undertake any individual liability or obligation on behalf of the Partnership.

6.02 Delegation of Authority. The General Partner may delegate any or all of its powers, rights and obligations hereunder, and may appoint, employ, contract or otherwise deal with any Person for the transaction of the business of the Partnership, which Person may, under supervision of the General Partner, perform any acts or services for the Partnership as the General Partner may approve.

6.03 Indemnification and Exculpation of Indemnitees.

(a) The Partnership shall indemnify an Indemnitee from and against any and all losses, claims, damages, liabilities, joint or several, expenses (including reasonable legal fees and expenses), judgments, fines, settlements, and other amounts arising from any and all claims, demands, actions, suits or proceedings, civil, criminal, administrative or investigative, that relate to the operations of the Partnership as set forth in this Agreement in which any Indemnitee may be involved, or is threatened to be involved, as a party or otherwise, unless it is established that: (i) the act or omission of the Indemnitee was material to the matter giving rise to the proceeding and either was committed in bad faith or was the result of active and deliberate dishonesty; (ii) the Indemnitee actually received an improper personal benefit in money, property or services; or (iii) in the case of any criminal proceeding, the Indemnitee had reasonable cause to believe that the act or omission was unlawful. The termination of any proceeding by judgment, order or settlement does not create a presumption that the Indemnitee did not meet the requisite standard of conduct set forth in this Section 6.03(a). The termination of any proceeding by conviction or upon a plea of *nolo contendere* or its equivalent, or an entry of an order of probation prior to judgment, creates a rebuttable presumption that the Indemnitee acted in a manner contrary to that specified in this Section 6.03(a). Any indemnification pursuant to this Section 6.03 shall be made only out of the assets of the Partnership.

(b) The Partnership shall reimburse an Indemnitee for reasonable expenses incurred by an Indemnitee who is a party to a proceeding in advance of the final disposition of the proceeding upon receipt by the Partnership of (i) a written affirmation by the Indemnitee of the Indemnitee's good faith belief that the standard of conduct necessary for indemnification by the Partnership as authorized in this Section 6.03 has been met, and (ii) a written undertaking by or on behalf of the Indemnitee to repay the amount if it shall ultimately be determined that the standard of conduct has not been met.

(c) The indemnification provided by this Section 6.03 shall be in addition to any other rights to which an Indemnitee or any other Person may be entitled under any agreement, pursuant to any vote of the Partners, as a matter of law or otherwise, and shall continue as to an Indemnitee who has ceased to serve in such capacity.

(d) The Partnership may purchase and maintain insurance, as an expense of the Partnership, on behalf of the Indemnitees and such other Persons as the General Partner shall determine, against any liability that may be asserted against or expenses that may be incurred by such Person in connection with the Partnership's activities, regardless of whether the Partnership would have the power to indemnify such Person against such liability under the provisions of this Agreement.

(e) For purposes of this Section 6.03, the Partnership shall be deemed to have requested an Indemnitee to serve as fiduciary of an employee benefit plan whenever the performance by it of its duties to the Partnership also imposes duties on, or otherwise involves services by, it to the plan or participants or beneficiaries of the plan; excise taxes assessed on an Indemnitee with respect to an employee benefit plan pursuant to applicable law shall constitute fines within the meaning of this Section 6.03; and actions taken or omitted by the Indemnitee with respect to an employee benefit plan in the performance of its duties for a purpose reasonably believed by it to be in the interest of the participants and beneficiaries of the plan shall be deemed to be for a purpose that is not opposed to the best interests of the Partnership.

(f) In no event may an Indemnitee subject the Limited Partners to personal liability by reason of the indemnification provisions set forth in this Agreement.

(g) An Indemnitee shall not be denied indemnification in whole or in part under this Section 6.03 because the Indemnitee had an interest in the transaction with respect to which the indemnification applies if the transaction was otherwise permitted by the terms of this Agreement.

(h) The provisions of this Section 6.03 are for the benefit of the Indemnitees, their heirs, successors, assigns and administrators and shall not be deemed to create any rights for the benefit of any other Persons.

(i) Any amendment, modification or repeal of this Section 6.03 or any provision hereof shall be prospective only and shall not in any way affect the indemnification of an Indemnitee by the Partnership under this Section 6.03 as in effect immediately prior to such amendment, modification or repeal with respect to matters occurring, in whole or in part, prior to such amendment, modification or repeal, regardless of when claims relating to such matters may arise or be asserted.

6.04 Liability of the General Partner .

(a) Notwithstanding anything to the contrary set forth in this Agreement, except for liability for intentional harm or gross negligence on the part of the General Partner, neither the General Partner, nor any of its directors, officers, agents or employees shall be liable for monetary damages to the Partnership or any Partners for losses sustained, liabilities incurred or benefits not

derived as a result of errors in judgment or mistakes of fact or law or of any act or omission if any such party acted in good faith. The General Partner shall not be in breach of any duty that the General Partner may owe to the Limited Partners or the Partnership or any other Persons under this Agreement or of any duty stated or implied by law or equity provided the General Partner, acting in good faith, abides by the terms of this Agreement.

(b) The Limited Partners expressly acknowledge that the General Partner is acting on behalf of the Partnership, the Limited Partners and Xenia REIT's stockholders collectively, that the General Partner is under no obligation to consider the separate interests of the Limited Partners (including, without limitation, the tax consequences to Limited Partners or the tax consequences of some, but not all, of the Limited Partners) in deciding whether to cause the Partnership to take (or decline to take) any actions. In the event of a conflict between the interests of the stockholders of Xenia REIT on the one hand and the Limited Partners on the other, the General Partner shall endeavor in good faith to resolve the conflict in a manner not adverse to either the stockholders of Xenia REIT or the Limited Partners; provided , that for so long as the General Partner, Xenia REIT and their Affiliates own a controlling interest in the Partnership, any such conflict that the General Partner, in its sole and absolute discretion, determines cannot be resolved in a manner not adverse to either the stockholders of Xenia REIT or the Limited Partners shall be resolved in favor of the stockholders of Xenia REIT. The General Partner shall not be liable for monetary damages for losses sustained, liabilities incurred or benefits not derived by the Limited Partners in connection with such decisions.

(c) Subject to its obligations and duties as General Partner set forth in Section 6.01 hereof, the General Partner may exercise any of the powers granted to it under this Agreement and perform any of the duties imposed upon it hereunder either directly or by or through its agents. The General Partner shall not be responsible for any misconduct or negligence on the part of any such agent appointed by it in good faith.

(d) Notwithstanding any other provisions of this Agreement or the Act, any action of the General Partner on behalf of the Partnership or any decision of the General Partner to refrain from acting on behalf of the Partnership, undertaken in the good faith belief that such action or omission is necessary or advisable in order (i) to protect the ability of Xenia REIT to continue to qualify as a REIT or (ii) to prevent Xenia REIT from incurring any taxes under Section 857, Section 4981 or any other provision of the Code, is expressly authorized under this Agreement and is deemed approved by all of the Limited Partners.

(e) Any amendment, modification or repeal of this Section 6.04 or any provision hereof shall be prospective only and shall not in any way affect the limitations on the General Partner's or any of its officers', directors', agents' or employees' liability to the Partnership and the Limited Partners under this Section 6.04 as in effect immediately prior to such amendment, modification or repeal with respect to matters occurring, in whole or in part, prior to such amendment, modification or repeal, regardless of when claims relating to such matters may arise or be asserted.

6.05 Partnership Obligations.

(a) Except as provided in this Section 6.05 and elsewhere in this Agreement (including the provisions of Articles V and VI hereof regarding distributions, payments and allocations to which it may be entitled), the General Partner shall not be compensated for its services as general partner of the Partnership.

(b) All Administrative Expenses shall be obligations of the Partnership, and the General Partner or Xenia REIT shall be entitled to reimbursement by the Partnership for any expenditure (including Administrative Expenses) incurred by it on behalf of the Partnership that shall be made other than out of the funds of the Partnership. All reimbursements hereunder shall be characterized for federal income tax purposes as expenses of the Partnership incurred on its behalf, and not as expenses of the General Partner or Xenia REIT.

6.06 Outside Activities. Subject to Section 6.08 hereof, the Certificate of Formation and any agreements entered into by the General Partner or its Affiliates with the Partnership or a Subsidiary, any officer, director, employee, agent, trustee, Affiliate or member of the General Partner, the General Partner, Xenia REIT and any stockholder of Xenia REIT shall be entitled to and may have business interests and engage in business activities in addition to those relating to the Partnership, including business interests and activities substantially similar or identical to those of the Partnership. Neither the Partnership nor any of the Limited Partners shall have any rights by virtue of this Agreement in any such business ventures, interest or activities. None of the Limited Partners nor any other Person shall have any rights by virtue of this Agreement or the partnership relationship established hereby in any such business ventures, interests or activities, and the General Partner and Xenia REIT shall have no obligation pursuant to this Agreement to offer any interest in any such business ventures, interests and activities to the Partnership or any Limited Partner, even if such opportunity is of a character that, if presented to the Partnership or any Limited Partner, could be taken by such Person.

6.07 Employment or Retention of Affiliates.

(a) Any Affiliate of the General Partner may be employed or retained by the Partnership and may otherwise deal with the Partnership (whether as a buyer, lessor, lessee, manager, furnisher of goods or services, broker, agent, lender or otherwise) and may receive from the Partnership any compensation, price or other payment therefor that the General Partner determines to be fair and reasonable.

(b) The Partnership may lend or contribute to its Subsidiaries or other Persons in which it has an equity investment, and such Persons may borrow funds from the Partnership, on terms and conditions established in the sole and absolute discretion of the General Partner. The foregoing authority shall not create any right or benefit in favor of any Subsidiary or any other Person.

(c) The Partnership may transfer assets to joint ventures, other partnerships, corporations or other business entities in which it is or thereby becomes a participant upon such

terms and subject to such conditions as the General Partner deems are consistent with this Agreement and applicable law.

6.08 Xenia REIT's Activities. Xenia REIT agrees that, generally, all business activities of Xenia REIT, including activities pertaining to the acquisition, development, ownership of or investment in real properties, shall be conducted through the Partnership or one or more Subsidiaries of the Partnership; provided, that Xenia REIT may make direct acquisitions or undertake business activities if such acquisitions or activities are made in connection with the issuance of Additional Securities by Xenia REIT or the business activity has been approved by a majority of the Independent Directors. If, at any time, Xenia REIT acquires material assets (other than Partnership Units or other assets on behalf of the Partnership) without transferring such assets to the Partnership, the definition of "REIT Shares Amount" may be adjusted, as reasonably determined by the General Partner, to reflect only the fair market value of a REIT Share attributable to Xenia REIT's Partnership Units directly or indirectly owned by Xenia REIT and other assets held on behalf of the Partnership.

6.09 Title to Partnership Assets. Title to Partnership assets, whether real, personal or mixed and whether tangible or intangible, shall be deemed to be owned by the Partnership as an entity, and no Partner, individually or collectively, shall have any ownership interest in such Partnership assets or any portion thereof. Title to any or all of the Partnership assets may be held in the name of the Partnership, the General Partner, Xenia REIT or one or more nominees, as the General Partner may determine, including Affiliates of the General Partner or Xenia REIT. Xenia REIT hereby declares and warrants that any Partnership assets for which legal title is held in the name of the General Partner or Xenia REIT or any nominee or Affiliate of the General Partner or Xenia REIT shall be held by the General Partner or Xenia REIT for the use and benefit of the Partnership in accordance with the provisions of this Agreement; provided, that the General Partner or Xenia REIT shall use commercially reasonable efforts to cause beneficial and record title to such assets to be vested in the Partnership as soon as reasonably practicable. All Partnership assets shall be recorded as the property of the Partnership in its books and records, irrespective of the name in which legal title to such Partnership assets is held.

ARTICLE VII

CHANGES IN GENERAL PARTNER

7.01 Transfer of the General Partner's Partnership Interest.

(a) Other than to an Affiliate of Xenia REIT, the General Partner shall not transfer all or any portion of its General Partnership Interests, and the General Partner shall not withdraw as General Partner, except as provided in or in connection with a transaction contemplated by Sections 7.01(c), (d) or (e) hereof.

(b) The General Partner agrees that its General Partnership Interest will at all times be in the aggregate at least 1.0%.

(c) Except as otherwise provided in Section 7.01(d) or (e) hereof, neither the General Partner nor Xenia REIT shall engage in any merger, consolidation or other combination with or into another Person or sale of all or substantially all of its assets (other than in connection with a change in the General Partner's state of organization or organizational form or Xenia REIT's state of incorporation or organizational form), in each case which results in a change of control of the General Partner or Xenia REIT (a " **Transaction** "), unless at least one of the following conditions is met:

(i) the consent of a Majority in Interest (other than the General Partner or any Subsidiary of the General Partner or Xenia REIT) is obtained;

(ii) as a result of such Transaction, all Limited Partners (other than the General Partner, Xenia REIT and any Subsidiary of the General Partner or Xenia REIT, and, in the case of LTIP Unitholders, subject to the terms of any applicable Equity Incentive Plan or Vesting Agreement) will receive, or have the right to receive, for each Common Unit an amount of cash, securities or other property equal or substantially equivalent in value, as determined by the General Partner in good faith, to the product of the Conversion Factor and the greatest amount of cash, securities or other property paid in the Transaction to a holder of one REIT Share in consideration of one REIT Share, provided that if, in connection with such Transaction, a purchase, tender or exchange offer (" **Offer** ") shall have been made to and accepted by the holders of more than 50% of the outstanding REIT Shares, each holder of Common Units (other than the General Partner, Xenia REIT and any Subsidiary of the General Partner or Xenia REIT) shall be given the option to exchange its Common Units for an amount of cash, securities or other property equal or substantially equivalent in value, as determined by the General Partner in good faith, to the greatest amount of cash, securities or other property that such Limited Partner would have received had it (A) exercised its Redemption Right pursuant to Section 8.04 hereof and (B) sold, tendered or exchanged pursuant to the Offer the REIT Shares received upon exercise of the Redemption Right immediately prior to the expiration of the Offer; or

(iii) either the General Partner or Xenia REIT, as applicable, is the surviving entity in the Transaction and either (A) the holders of REIT Shares do not receive cash, securities or other property in the Transaction or (B) all Limited Partners (other than the General Partner, Xenia REIT and any Subsidiary of the General Partner or Xenia REIT, and, in the case of LTIP Unitholders, subject to the terms of any applicable Equity Incentive Plan or Vesting Agreement) receive for each Common Unit an amount of cash, securities or other property (expressed as an amount per REIT Share) equal or substantially equivalent in value, as determined by the General Partner in good faith, to the product of the Conversion Factor and the greatest amount of cash, securities or other property (expressed as an amount per REIT Share) received in the Transaction by any holder of REIT Shares.

(d) Notwithstanding Section 7.01(c) hereof, either of the General Partner or Xenia REIT, as applicable, may merge with or into or consolidate with another entity if immediately after such merger or consolidation (i) substantially all of the assets of the successor or surviving entity (the " **Survivor** "), other than Partnership Units held directly or indirectly by the General Partner or

Xenia REIT, are contributed, directly or indirectly, to the Partnership as a Capital Contribution in exchange for Partnership Units, or for economically equivalent partnership interests issued by a Subsidiary Partnership established at the direction of the Board of Directors, with a fair market value equal to the value of the assets so contributed as determined by the Survivor in good faith and (ii) the Survivor expressly agrees to assume all obligations of the General Partner and Xenia REIT hereunder. Upon such contribution and assumption, the Survivor shall have the right and duty to amend this Agreement as set forth in this Section 7.01(d). The Survivor shall in good faith arrive at a new method for the calculation of the Cash Amount, the REIT Shares Amount and Conversion Factor for a Partnership Unit after any such merger or consolidation so as to approximate the existing method for such calculation as closely as reasonably possible. Such calculation shall take into account, among other things, the kind and amount of securities, cash and other property that was receivable upon such merger or consolidation by a holder of REIT Shares or options, warrants or other rights relating thereto, and which a holder of Partnership Units could have acquired had such Partnership Units been exchanged immediately prior to such merger or consolidation. Such amendment to this Agreement shall provide for adjustment to such method of calculation, which shall be as nearly equivalent as may be practicable to the adjustments provided for with respect to the Conversion Factor. The Survivor also shall in good faith modify the definition of REIT Shares and make such amendments to Section 8.04 hereof so as to approximate the existing rights and obligations set forth in Section 8.04 hereof as closely as reasonably possible. The above provisions of this Section 7.01(d) shall similarly apply to successive mergers or consolidations permitted hereunder.

(e) Notwithstanding anything in this Article VII,

(i) The General Partner may transfer all or any portion of its General Partnership Interest to (A) any wholly owned Subsidiary of the General Partner or (B) the owner of all of the ownership interests of the General Partner, and following a transfer of all of its General Partnership Interest, may withdraw as General Partner; and

(ii) Xenia REIT may engage in a transaction required by law or by the rules of any national securities exchange or over-the-counter interdealer quotation system on which the REIT Shares are listed or traded.

7.02 Admission of a Substitute or Additional General Partner. A Person shall be admitted as a substitute or additional General Partner of the Partnership only if the following terms and conditions are satisfied:

(a) the Person to be admitted as a substitute or additional General Partner shall have accepted and agreed to be bound by all the terms and provisions of this Agreement by executing a counterpart thereof and such other documents or instruments as may be required or appropriate in order to effect the admission of such Person as a General Partner, and a certificate evidencing the admission of such Person as a General Partner shall have been filed for recordation and all other actions required by Section 2.05 hereof in connection with such admission shall have been performed;

(b) if the Person to be admitted as a substitute or additional General Partner is a corporation or a partnership, it shall have provided the Partnership with evidence satisfactory to counsel for the Partnership of such Person's authority to become a General Partner and to be bound by the terms and provisions of this Agreement; and

(c) counsel for the Partnership shall have rendered an opinion (relying on such opinions from other counsel as may be necessary) that the admission of the Person to be admitted as a substitute or additional General Partner is in conformity with the Act, that none of the actions taken in connection with the admission of such Person as a substitute or additional General Partner will cause (i) the Partnership to be classified other than as a Disregarded Entity or a partnership for federal income tax purposes, or (ii) the loss of any Limited Partner's limited liability.

7.03 Effect of Bankruptcy, Withdrawal, Death or Dissolution of General Partner .

(a) Upon the occurrence of an Event of Bankruptcy as to the General Partner (and its removal pursuant to Section 7.04(a) hereof) or the death, withdrawal, removal or dissolution of the General Partner (except that, if the General Partner is on the date of such occurrence a partnership, the withdrawal, death, dissolution, Event of Bankruptcy as to, or removal of a partner in, such partnership shall be deemed not to be a dissolution of the General Partner if the business of the General Partner is continued by the remaining partner or partners), the Partnership shall be dissolved and terminated unless the Partnership is continued pursuant to Section 7.03(b) hereof. The merger of the General Partner with or into any entity that is admitted as a substitute or successor General Partner pursuant to Section 7.02 hereof shall not be deemed to be the withdrawal, dissolution or removal of the General Partner.

(b) Following the occurrence of an Event of Bankruptcy as to the General Partner (and its removal pursuant to Section 7.04(a) hereof) or the death, withdrawal, removal or dissolution of the General Partner (except that, if the General Partner is on the date of such occurrence a partnership, the withdrawal, death, dissolution, Event of Bankruptcy as to, or removal of a partner in, such partnership shall be deemed not to be a dissolution of the General Partner if the business of such General Partner is continued by the remaining partner or partners), the Limited Partners, within 90 days after such occurrence, may elect to continue the business of the Partnership for the balance of the term specified in Section 2.04 hereof by selecting, subject to Section 7.02 hereof and any other provisions of this Agreement, a substitute General Partner by consent of a Majority in Interest. If the Limited Partners elect to continue the business of the Partnership and admit a substitute General Partner, the relationship with the Partners and of any Person who has acquired an interest of a Partner in the Partnership shall be governed by this Agreement.

7.04 Removal of General Partner .

(a) Upon the occurrence of an Event of Bankruptcy as to, or the dissolution of, the General Partner, the General Partner shall be deemed to be removed automatically; provided , that if the General Partner is on the date of such occurrence a partnership, the withdrawal, death, dissolution, Event of Bankruptcy as to or removal of a partner in such partnership shall be deemed not to be a dissolution of the General Partner if the business of the General Partner is continued by

the remaining partner or partners. The Limited Partners may not remove the General Partner, with or without cause.

(b) If the General Partner has been removed pursuant to this Section 7.04 and the Partnership is continued pursuant to Section 7.03 hereof, the General Partner shall promptly transfer and assign its General Partnership Interest in the Partnership to the substitute General Partner approved by a Majority in Interest in accordance with Section 7.03(b) hereof and otherwise be admitted to the Partnership in accordance with Section 7.02 hereof. At the time of assignment, the removed General Partner shall be entitled to receive from the substitute General Partner the fair market value of the General Partnership Interest of such removed General Partner. Such fair market value shall be determined by an appraiser mutually agreed upon by the General Partner and a Majority in Interest (excluding the General Partner and any Subsidiary of the General Partner) within ten days following the removal of the General Partner. In the event that the parties are unable to agree upon an appraiser, the removed General Partner and a Majority in Interest (excluding the General Partner and any Subsidiary of the General Partner) each shall select an appraiser. Each such appraiser shall complete an appraisal of the fair market value of the removed General Partner's General Partnership Interest within 30 days of the General Partner's removal, and the fair market value of the removed General Partner's General Partnership Interest shall be the average of the two appraisals; provided , that if the higher appraisal exceeds the lower appraisal by more than 20% of the amount of the lower appraisal, the two appraisers, no later than 40 days after the removal of the General Partner, shall select a third appraiser who shall complete an appraisal of the fair market value of the removed General Partner's General Partnership Interest no later than 60 days after the removal of the General Partner. In such case, the fair market value of the removed General Partner's General Partnership Interest shall be the average of the two appraisals closest in value.

(c) The General Partnership Interest of a removed General Partner, during the time after removal until transfer under Section 7.04(b) hereof, shall be converted to that of a special Limited Partner; provided , such removed General Partner shall not have any rights to participate in the management and affairs of the Partnership, and shall not be entitled to any portion of the income, expense, profit, gain or loss allocations or cash distributions allocable or payable, as the case may be, to the Limited Partners. Instead, such removed General Partner shall receive and be entitled only to retain distributions or allocations of such items that it would have been entitled to receive in its capacity as General Partner, until the transfer is effective pursuant to Section 7.04(b) hereof.

(d) All Partners shall have given and hereby do give such consents, shall take such actions and shall execute such documents as shall be legally necessary and sufficient to effect all the foregoing provisions of this Section 7.04.

ARTICLE VIII

RIGHTS AND OBLIGATIONS OF THE LIMITED PARTNERS

8.01 Management of the Partnership . The Limited Partners shall not participate in the management or control of Partnership business nor shall they transact any business for the Partnership, nor shall they have the power to sign for or bind the Partnership, such powers being vested solely and exclusively in the General Partner. The Limited Partners covenant and agree

not to hold themselves out in a manner that could reasonably be considered in contravention of the terms hereof by any third party.

8.02 **Power of Attorney** . Each Limited Partner by execution of this Agreement, directly or through execution by power of attorney or other consent, irrevocably appoints the General Partner its true and lawful attorney-in-fact, who may act for each Limited Partner and in its name, place and stead, and for its use and benefit, to sign, acknowledge, swear to, deliver, file or record, at the appropriate public offices, any and all documents, certificates and instruments, including without limitation, any and all amendments and restatements of this Agreement as may be deemed necessary or desirable by the General Partner to carry out fully the provisions of this Agreement and the Act in accordance with their terms, which power of attorney is coupled with an interest and shall survive the death, dissolution or legal incapacity of the Limited Partner, or the transfer by the Limited Partner of any part or all of its Partnership Interest.

8.03 **Limitation on Liability of Limited Partners** . No Limited Partner shall be liable for any debts, liabilities, contracts or obligations of the Partnership. A Limited Partner shall be liable to the Partnership only to make payments of its Capital Contribution, if any, as and when due hereunder. After its Capital Contribution is fully paid, no Limited Partner shall, except as otherwise required by the Act, be required to make any further Capital Contributions or other payments or lend any funds to the Partnership.

8.04 **Redemption Right** .

(a) Subject to Section 8.04(c) and the provisions of any agreement between the Partnership and one or more Limited Partners, beginning on the date that is twelve months after the date of issuance of any Common Units (including any Common Units that are issued upon the conversion of LTIP Units), each Limited Partner (other than Xenia REIT or any Subsidiary of Xenia REIT) shall have the right (the " **Redemption Right** ") to require the Partnership to redeem on a Specified Redemption Date all or a portion of such Limited Partner's Common Units at a redemption price equal to and in the form of the Cash Amount. The Redemption Right shall be exercised pursuant to a Notice of Redemption in the form attached hereto as Exhibit B delivered to the Partnership (with a copy to Xenia REIT) by the Limited Partner who is exercising the Redemption Right (the " **Redeeming Limited Partner** "), and such notice shall be irrevocable unless otherwise agreed upon by the General Partner. No Limited Partner may deliver more than one Notice of Redemption during each calendar quarter unless otherwise agreed upon by the General Partner. A Limited Partner may not exercise the Redemption Right for less than one thousand (1,000) Common Units or, if such Limited Partner holds less than one thousand (1,000) Common Units, all of the Common Units held by such Limited Partner. The Redeeming Limited Partner shall have no right, with respect to any Common Units so redeemed, to receive any distribution paid with respect to Common Units if the record date for such distribution is on or after the Specified Redemption Date.

(b) Notwithstanding the provisions of Section 8.04(a) hereof, if a Limited Partner exercises the Redemption Right by delivering to the Partnership a Notice of Redemption, then the General Partner may, in its sole and absolute discretion, elect to cause Xenia REIT to purchase directly and acquire some or all of, and in such event Xenia REIT agrees to purchase and acquire,

such Common Units by paying to the Redeeming Limited Partner the REIT Shares Amount, whereupon Xenia REIT shall acquire the Common Units tendered for redemption by the Redeeming Limited Partner and Xenia REIT shall be treated for all purposes of this Agreement as the owner of such Common Units. In the event Xenia REIT shall exercise its right to satisfy the Redemption Right in the manner described in the preceding sentence, the Partnership shall have no obligation to pay any amount to the Redeeming Limited Partner with respect to such Redeeming Limited Partner's exercise of the Redemption Right, and each of the Redeeming Limited Partner, the Partnership and Xenia REIT shall treat the transaction between Xenia REIT and the Redeeming Limited Partner as a sale of the Redeeming Limited Partner's Common Units to Xenia REIT for federal income tax purposes. Each Redeeming Limited Partner agrees to execute such documents as Xenia REIT may reasonably require in connection with the issuance of REIT Shares upon exercise of the Redemption Right.

(c) Notwithstanding the provisions of Sections 8.04(a) and 8.04(b) hereof, a Limited Partner shall not be entitled to exercise the Redemption Right if the delivery of REIT Shares to such Limited Partner on the Specified Redemption Date by Xenia REIT pursuant to Section 8.04(b) hereof (regardless of whether or not Xenia REIT would in fact exercise its rights under Section 8.04(b)) would (i) result in such Limited Partner or any other Person (as defined in the Articles) owning, directly or indirectly, REIT Shares in excess of the Stock Ownership Limit or any Excepted Holder Limit (each as defined in Articles) and calculated in accordance therewith, except as provided in the Articles, (ii) result in REIT Shares being owned by fewer than 100 persons (determined without reference to any rules of attribution), (iii) result in Xenia REIT being "closely held" within the meaning of Section 856(h) of the Code, (iv) cause Xenia REIT to own, actually or constructively, 10% or more of the ownership interests in a tenant (other than a TRS) of Xenia REIT's, the Partnership's or a Subsidiary Partnership's real property, within the meaning of Section 856(d)(2)(B) of the Code, (v) otherwise cause Xenia REIT to fail to qualify as a REIT under the Code, or (vi) cause the acquisition of REIT Shares by such Limited Partner to be "integrated" with any other distribution of REIT Shares or Common Units for purposes of complying with the registration provisions of the Securities Act. Xenia REIT, in its sole and absolute discretion, may waive the restriction on redemption set forth in this Section 8.04(c).

(d) Each Redeeming Limited Partner covenants and agrees that all Common Units tendered for redemption pursuant to this Section 8.04 will be delivered to the Partnership or Xenia REIT free and clear of all liens, claims, and encumbrances whatsoever and should any such liens, claims or encumbrances exist or arise with respect to such Common Units, neither the Partnership nor Xenia REIT shall be under any obligation to acquire such Common Units pursuant to Section 8.04(a) or Section 8.04(b) hereof. Each Redeeming Limited Partner further agrees that, in the event any state or local property transfer tax is payable as a result of the transfer of its Common Units to the Partnership or Xenia REIT, such Redeeming Limited Partner shall assume and pay such transfer tax.

(e) Any Cash Amount to be paid to a Redeeming Limited Partner pursuant to this Section 8.04 shall be paid on the Specified Redemption Date; provided , that the General Partner may elect to cause the Specified Redemption Date to be delayed for up to an additional 180 days to the extent required for Xenia REIT to cause additional REIT Shares to be issued to provide financing to

be used to make such payment of the Cash Amount and may also delay such Specified Redemption Date to the extent necessary to effect compliance with applicable requirements of the law. Any REIT Share Amount to be paid to a Redeeming Limited Partner pursuant to this Section 8.04 shall be paid on the Specified Redemption Date; provided , that the General Partner may elect to cause the Specified Redemption Date to be delayed to the extent necessary to effect compliance with applicable requirements of the law. Notwithstanding the foregoing, Xenia REIT agrees to use its commercially reasonable efforts to cause the closing of the acquisition of redeemed Common Units hereunder to occur as quickly as reasonably possible.

(f) Notwithstanding any other provision of this Agreement, the General Partner is authorized to take any action that it determines to be necessary or appropriate to cause the General Partner and the Partnership to comply with any withholding requirements established under the Code or any other federal, state, local or foreign law that apply upon a Redeeming Limited Partner's exercise of the Redemption Right. If a Redeeming Limited Partner believes that it is exempt from such withholding upon the exercise of the Redemption Right, such Redeeming Limited Partner must furnish the General Partner with a FIRPTA Certificate in the form attached hereto as Exhibit C and any similar forms or certificates required to avoid or reduce the withholding under federal, state, local or foreign law or such other form as the General Partner may reasonably request. If the Partnership, Xenia REIT or the General Partner is required to withhold and pay over to any taxing authority any amount upon a Redeeming Limited Partner's exercise of the Redemption Right and if the Redemption Amount equals or exceeds the Withheld Amount, the Withheld Amount shall be treated as an amount received by such Redeeming Limited Partner in redemption of its Common Units. If, however, the Redemption Amount is less than the Withheld Amount, the Redeeming Limited Partner shall not receive any portion of the Redemption Amount, the Redemption Amount shall be treated as an amount received by such Redeeming Limited Partner in redemption of its Common Units, and such Redeeming Limited Partner shall contribute the excess of the Withheld Amount over the Redemption Amount to the Partnership before the Partnership is required to pay over such excess to a taxing authority.

(g) Notwithstanding any other provision of this Agreement, the General Partner may place appropriate restrictions on the ability of the Limited Partners to exercise their Redemption Rights as and if deemed necessary or reasonable to ensure that the Partnership does not constitute a "publicly traded partnership" under Section 7704 of the Code. If and when the General Partner determines that imposing such restrictions is necessary, the General Partner shall give prompt written notice thereof (a " **Restriction Notice** ") to each of the Limited Partners, which notice shall be accompanied by a copy of an opinion of counsel to the Partnership that states that, in the opinion of such counsel, restrictions are necessary or reasonable in order to avoid the Partnership being treated as a "publicly traded partnership" under Section 7704 of the Code.

8.05 Partnership Right to Call Limited Partnership Interests . Notwithstanding any other provision of this Agreement, on and after the date on which the aggregate Percentage Interests of the Limited Partners (other than Xenia REIT) are less than 1%, the Partnership shall have the right, but not the obligation, from time to time and at any time to redeem any and all outstanding Limited Partnership Interests (other than Xenia REIT's Limited Partnership Interests) by treating any Limited Partner as a Redeeming Limited Partner who has delivered a Notice of

Redemption pursuant to Section 8.04 hereof for the amount of Common Units to be specified by the General Partner, in its sole and absolute discretion, by notice to such Limited Partner that the Partnership has elected to exercise its rights under this Section 8.05. Such notice given by the General Partner to a Limited Partner pursuant to this Section 8.05 shall be treated as if it were a Notice of Redemption delivered to the General Partner by such Limited Partner. For purposes of this Section 8.05, (a) any Limited Partner may, in the General Partner's sole and absolute discretion, be treated as a Redeeming Limited Partner and (b) the limitation of Section 8.04(a) hereof regarding the exercise of the Redemption Right for less than 1,000 Common Units or, if a Limited Partner holds less than 1,000 Common Units, all of the Common Units held by a Limited Partner shall not apply, but the remainder of Section 8.04 hereof shall apply, *mutatis mutandis* .

ARTICLE IX

TRANSFERS OF PARTNERSHIP INTERESTS

9.01 Purchase for Investment .

(a) Each Limited Partner, by its signature below or by its subsequent admission to the Partnership, hereby represents and warrants to the General Partner and to the Partnership that the acquisition of such Limited Partner's Partnership Units is made for investment purposes only and not with a view to the resale or distribution of such Partnership Units.

(b) Subject to the provisions of Section 9.02 hereof, each Limited Partner agrees that such Limited Partner will not sell, assign or otherwise transfer such Limited Partner's Partnership Units or any fraction thereof, whether voluntarily or by operation of law or at judicial sale or otherwise, to any Person who does not make the representations and warranties to the General Partner set forth in Section 9.01(a) hereof.

9.02 Restrictions on Transfer of Partnership Units .

(a) Subject to the provisions of Sections 9.02(b) and (c) hereof, no Limited Partner may offer, sell, assign, hypothecate, pledge or otherwise transfer all or any portion of such Limited Partner's Partnership Units, or any of such Limited Partner's economic rights as a Limited Partner, whether voluntarily or by operation of law or at judicial sale or otherwise (collectively, a " **Transfer** ") without the consent of the General Partner, which consent may be granted or withheld in the General Partner's sole and absolute discretion; provided , that the term Transfer does not include (a) any redemption of Common Units by the Partnership or Xenia REIT, or acquisition of Common Units by Xenia REIT, pursuant to Section 8.04 or (b) any redemption of Partnership Units pursuant to any Partnership Unit Designation. The General Partner may require, as a condition of any Transfer to which it consents, that the transferor assume all costs incurred by the Partnership in connection therewith (including, but not limited to, cost of legal counsel).

(b) No Limited Partner may withdraw from the Partnership other than as a result of a permitted Transfer (*i.e.* , a Transfer consented to as contemplated by clause (a) above or a Transfer pursuant to Section 9.05 hereof) of all of such Limited Partner's Partnership Units pursuant to this Article IX or pursuant to a redemption of all of such Limited Partner's Common Units

pursuant to Section 8.04 hereof. Upon the permitted Transfer or redemption of all of a Limited Partner's Common Units, such Limited Partner shall cease to be a Limited Partner.

(c) No Limited Partner may effect a Transfer of its Partnership Units, in whole or in part, if, in the opinion of legal counsel for the Partnership, such proposed Transfer would require the registration of the Partnership Units under the Securities Act or would otherwise violate any applicable federal or state securities or blue sky law (including investment suitability standards).

(d) No Transfer by a Limited Partner of its Partnership Units, in whole or in part, may be made to any Person (including pursuant to the Redemption Right) if (i) in the opinion of legal counsel for the Partnership, such Transfer would result in the Partnership being treated as an association taxable as a corporation (other than a qualified REIT subsidiary within the meaning of Section 856(i) of the Code), (ii) in the opinion of legal counsel for the Partnership, it would adversely affect the ability of Xenia REIT to continue to qualify as a REIT or subject Xenia REIT to any additional taxes under Section 857 or Section 4981 of the Code, (iii) such Transfer is effectuated through an "established securities market" or a "secondary market (or the substantial equivalent thereof)" within the meaning of Section 7704 of the Code or (iv) in the opinion of legal counsel for the Partnership, such Transfer is reasonably likely to cause the Partnership to fail to satisfy the 90% qualifying income test described in Section 7704(c) of the Code.

(e) Any purported Transfer in contravention of any of the provisions of this Article IX shall be void *ab initio* and ineffectual and shall not be binding upon, or recognized by, the General Partner or the Partnership.

(f) Prior to the consummation of any Transfer under this Article IX, the transferor and/or the transferee shall deliver to the General Partner such opinions, certificates and other documents as the General Partner shall request in connection with such Transfer.

9.03 Admission of Substitute Limited Partner .

(a) Subject to the other provisions of this Article IX, an assignee of the Partnership Units of a Limited Partner (which shall be understood to include any purchaser, transferee, donee or other recipient of any disposition of such Partnership Units) shall be deemed admitted as a Limited Partner of the Partnership only with the consent of the General Partner, which consent may be given or withheld by the General Partner in its sole and absolute discretion, and upon the satisfactory completion of the following:

(i) The assignee shall have accepted and agreed to be bound by the terms and provisions of this Agreement by executing a counterpart or an amendment thereof, including a revised Exhibit A , and such other documents or instruments as the General Partner may require in order to effect the admission of such Person as a Limited Partner.

(ii) To the extent required, an amended Certificate evidencing the admission of such Person as a Limited Partner shall have been signed, acknowledged and filed in accordance with the Act.

(iii) The assignee shall have delivered a letter containing the representations and warranties set forth in Sections 9.01(a) and 9.01(b) hereof.

(iv) If the assignee is a corporation, partnership, limited liability company or trust, the assignee shall have provided the General Partner with evidence satisfactory to counsel for the Partnership of the assignee's authority to become a Limited Partner under the terms and provisions of this Agreement.

(v) The assignee shall have executed a power of attorney containing the terms and provisions set forth in Section 8.02 hereof.

(vi) The assignee shall have paid all legal fees and other expenses of the Partnership and the General Partner and filing and publication costs in connection with its substitution as a Limited Partner.

(vii) The assignee shall have obtained the prior written consent of the General Partner to its admission as a Substitute Limited Partner, which consent may be given or denied in the exercise of the General Partner's sole and absolute discretion.

(viii) Each assignee shall have represented and warranted to, and covenanted with, each other Partner that if 5% of more (by value) of the Partnership's interests are or will be owned by such assignee within the meaning of Section 7704(d)(3) of the Code, such assignee does not, and for so long as it is a Partner will not, own, directly or indirectly, (a) stock of any corporation (other than a TRS) that is a tenant of (I) Xenia REIT or any Disregarded Entity with respect to Xenia REIT, (II) the Partnership or (III) any partnership, venture or limited liability company of which Xenia REIT, any Disregarded Entity with respect to Xenia REIT, or the Partnership is a direct or indirect member or (b) an interest in the assets or net profits of any non-corporate tenant of (I) Xenia REIT or any Disregarded Entity with respect to Xenia REIT, (II) the Partnership or (III) any partnership, venture, or limited liability company of which Xenia REIT, any Disregarded Entity with respect to Xenia REIT, or the Partnership is a direct or indirect member.

(b) For the purpose of allocating Profits and Losses and distributing cash received by the Partnership, a Substitute Limited Partner shall be treated as having become, and appearing in the records of the Partnership as, a Partner upon the filing of the Certificate described in Section 9.03(a)(ii) hereof or, if no such filing is required, the later of the date specified in the transfer documents or the date on which the General Partner has received all necessary instruments of transfer and substitution.

(c) The General Partner and the Substitute Limited Partner shall cooperate with each other by preparing the documentation required by this Section 9.03 and making all official filings and publications. The Partnership shall take all such action as promptly as practicable after the satisfaction of the conditions in this Article IX to the admission of such Person as a Limited Partner of the Partnership.

9.04 Rights of Assignees of Partnership Units.

(a) Subject to the provisions of Section 9.01 and Section 9.02 hereof, except as required by operation of law, the Partnership shall not be obligated for any purposes whatsoever to recognize the assignment by any Limited Partner of its Partnership Units until the Partnership has received notice thereof.

(b) Any Person who is the assignee of all or any portion of a Limited Partner's Partnership Units, but does not become a Substitute Limited Partner and desires to make a further assignment of such Partnership Units, shall be subject to all the provisions of this Article IX to the same extent and in the same manner as any Limited Partner desiring to make an assignment of its Partnership Units.

9.05 Effect of Bankruptcy, Death, Incompetence or Termination of a Limited Partner. The occurrence of an Event of Bankruptcy as to a Limited Partner, the death of a Limited Partner or a final adjudication that a Limited Partner is incompetent (which term shall include, but not be limited to, insanity) shall not cause the termination or dissolution of the Partnership, and the business of the Partnership shall continue if an order for relief in a bankruptcy proceeding is entered against a Limited Partner, the trustee or receiver of his estate or, if such Limited Partner dies, such Limited Partner's executor, administrator or trustee, or, if such Limited Partner is finally adjudicated incompetent, such Limited Partner's committee, guardian or conservator, shall have the rights of such Limited Partner for the purpose of settling or managing such Limited Partner's estate property and such power as the bankrupt, deceased or incompetent Limited Partner possessed to assign all or any part of such Limited Partner's Partnership Units and to join with the assignee in satisfying conditions precedent to the admission of the assignee as a Substitute Limited Partner.

9.06 Joint Ownership of Partnership Units. A Partnership Unit may be acquired by two individuals as joint tenants with right of survivorship, provided that such individuals either are married or are related and share the same home as tenants in common. The written consent or vote of both owners of any such jointly held Partnership Unit shall be required to constitute the action of the owners of such Partnership Unit; provided, that the written consent of only one joint owner will be required if the Partnership has been provided with evidence satisfactory to the counsel for the Partnership that the actions of a single joint owner can bind both owners under the applicable laws of the state of residence of such joint owners. Upon the death of one owner of a Partnership Unit held in a joint tenancy with a right of survivorship, the Partnership Unit shall become owned solely by the survivor as a Limited Partner and not as an assignee. The Partnership need not recognize the death of one of the owners of a jointly-held Partnership Unit until it shall have received certificated notice of such death. Upon notice to the General Partner from either owner, the General Partner shall cause the Partnership Unit to be divided into two equal Partnership Units, which shall thereafter be owned separately by each of the former owners.

ARTICLE X

BOOKS AND RECORDS; ACCOUNTING; TAX MATTERS

10.01 Books and Records. At all times during the continuance of the Partnership, the General Partner shall keep or cause to be kept at the Partnership's specified office true and complete books of account in accordance with generally accepted accounting principles, including: (a) a current list of the full name and last known business address of each Partner, (b) a copy of the Certificate of Limited Partnership and all certificates of amendment thereto, (c) copies of the Partnership's federal, state and local income tax returns and reports, (d) copies of this Agreement and any financial statements of the Partnership for the three most recent years and (e) all documents and information required under the Act. Any Partner or its duly authorized representative, upon paying the costs of collection, duplication and mailing, shall be entitled to a copy of such records upon reasonable request.

10.02 Custody of Partnership Funds; Bank Accounts.

(a) All funds of the Partnership not otherwise invested shall be deposited in one or more accounts maintained in such banking or brokerage institutions as the General Partner shall determine, and withdrawals shall be made only on such signature or signatures as the General Partner may, from time to time, determine.

(b) All deposits and other funds not needed in the operation of the business of the Partnership may be invested by the General Partner. The funds of the Partnership shall not be commingled with the funds of any Person other than the General Partner, except for such commingling as may necessarily result from an investment in those investment companies permitted by this Section 10.02(b).

10.03 Fiscal and Taxable Year. The fiscal and taxable year of the Partnership shall be the calendar year unless otherwise required by the Code.

10.04 Annual Tax Information and Report. The General Partner shall use commercially reasonable efforts to furnish to each person who was a Limited Partner at any time during such year, within 75 days after the end of each fiscal year of the Partnership, the tax information necessary to file such Limited Partner's individual tax returns as shall be reasonably required by law.

10.05 Tax Matters Partner; Tax Elections; Special Basis Adjustments.

(a) The General Partner shall be the Tax Matters Partner of the Partnership. As Tax Matters Partner, the General Partner shall have the right and obligation to take all actions authorized and required, respectively, by the Code for the Tax Matters Partner. The General Partner shall have the right to retain professional assistance in respect of any audit of the Partnership by the Service and all out-of-pocket expenses and fees incurred by the General Partner on behalf of the Partnership as Tax Matters Partner shall constitute Partnership expenses. In the event the General Partner receives notice of a final Partnership adjustment under Section 6223(a)(2) of the Code, the

General Partner shall either (i) file a court petition for judicial review of such final adjustment within the period provided under Section 6226(a) of the Code, a copy of which petition shall be mailed to all Limited Partners on the date such petition is filed, or (ii) mail a written notice to all Limited Partners, within such period, that describes the General Partner's reasons for determining not to file such a petition.

(b) All elections required or permitted to be made by the Partnership under the Code or any applicable state or local tax law shall be made by the General Partner in its sole and absolute discretion.

(c) In the event of a transfer of all or any part of the Partnership Interest of any Partner, the Partnership, at the option of the General Partner, may elect pursuant to Section 754 of the Code to adjust the basis of the Properties. Notwithstanding anything contained in Article V of this Agreement, any adjustments made pursuant to Section 754 shall affect only the successor in interest to the transferring Partner and in no event shall be taken into account in establishing, maintaining or computing Capital Accounts for the other Partners for any purpose under this Agreement. Each Partner will furnish the Partnership with all information necessary to give effect to such election.

(d) The Partners, intending to be legally bound, hereby authorize the Partnership to make an election (the " **Safe Harbor Election** ") to have the "liquidation value" safe harbor provided in Proposed Treasury Regulation § 1.83-3(1) and the Proposed Revenue Procedure set forth in Internal Revenue Service Notice 2005-43, as such safe harbor may be modified when such proposed guidance is issued in final form or as amended by subsequently issued guidance (the " **Safe Harbor** "), apply to any interest in the Partnership transferred to a service provider while the Safe Harbor Election remains effective, to the extent such interest meets the Safe Harbor requirements (collectively, such interests are referred to as " **Safe Harbor Interests** "). The Tax Matters Partner is authorized and directed to execute and file the Safe Harbor Election on behalf of the Partnership and the Partners. The Partnership and the Partners (including any person to whom an interest in the Partnership is transferred in connection with the performance of services) hereby agree to comply with all requirements of the Safe Harbor (including forfeiture allocations) with respect to all Safe Harbor Interests and to prepare and file all U.S. federal income tax returns reporting the tax consequences of the issuance and vesting of Safe Harbor Interests consistent with such final Safe Harbor guidance. The Partnership is also authorized to take such actions as are necessary to achieve, under the Safe Harbor, the effect that the election and compliance with all requirements of the Safe Harbor referred to above would be intended to achieve under Proposed Treasury Regulation § 1.83-3, including amending this Agreement. In the event the Safe Harbor Election is rendered moot or obsolete by future legislation that amends Section 83 of the Code, this Section 10.05(d) shall have no effect. The liquidation value of each LTIP Unit shall be zero upon grant as provided in Section 4.04(c)(i).

(e) Each Limited Partner shall be required to provide such information as reasonably requested by the Partnership in order to determine whether such Limited Partner (i) owns, directly or constructively (within the meaning of Section 318(a) of the Code, as modified by Section 856(d)(5) of the Code and Section 7704(d)(3) of the Code), 5% or more of the value of the

Partnership or (ii) owns, directly or constructively (within the meaning of Section 318(a) of the Code, as modified by Section 856(d)(5) of the Code and Section 7704(d)(3) of the Code),10% or more of (a) the stock, by voting power or value, of a tenant (other than a "taxable REIT subsidiary" within the meaning of Section 856(d) of the Code) of the Partnership that is a corporation or (b) the assets or net profits of a tenant of the Partnership that is a noncorporate entity.

10.06 Treatment of Partnership as Disregarded Entity. Notwithstanding anything to the contrary in this Agreement, when the Partnership is treated as a Disregarded Entity with respect to Xenia REIT, the other provisions of this Agreement shall be applied (or not applied) in a manner consistent with such treatment with respect to such period, as determined by the General Partner in its sole and absolute discretion. In the event of any conflict between this Section 10.06 and any other provision of this Agreement, this Section 10.06 shall control.

ARTICLE XI

AMENDMENT OF AGREEMENT; MERGER

11.01 Amendment of Agreement. The General Partner's consent shall be required for any amendment to this Agreement. The General Partner, without the consent of the Limited Partners, may amend this Agreement in any respect; provided, that the following amendments shall require the consent of a Majority in Interest (other than the General Partner or any Subsidiary of the General Partner):

(a) any amendment affecting the operation of the Conversion Factor or the Redemption Right (except as otherwise provided herein) in a manner that adversely affects the Limited Partners in any material respect;

(b) any amendment that would adversely affect the rights of the Limited Partners to receive the distributions payable to them hereunder, other than with respect to the issuance of additional Partnership Units pursuant to Section 4.02 hereof;

(c) any amendment that would alter the Partnership's allocations of Profit and Loss to the Limited Partners, other than with respect to the issuance of additional Partnership Units pursuant to Section 4.02 hereof;

(d) any amendment that would impose on the Limited Partners any obligation to make additional Capital Contributions to the Partnership; or

(e) any amendment to this Article XI.

11.02 Merger of Partnership. The General Partner, without the consent of the Limited Partners, may (i) merge or consolidate the Partnership with or into any other domestic or foreign partnership, limited partnership, limited liability company or corporation or (ii) sell all or substantially all of the assets of the Partnership in a transaction pursuant to which the Limited Partners (other than the General Partner, Xenia REIT or any Subsidiary of the General Partner or Xenia REIT) receive the consideration set forth in Section 7.01(c)(ii) hereof or in a transaction

that complies with Section 7.01(c)(iii) or Section 7.01(d) hereof and may amend this Agreement in connection with any such transaction consistent with the provisions of this Article XI; provided, that the consent of a Majority in Interest shall be required in the case of any other (a) merger or consolidation of the Partnership with or into any other domestic or foreign partnership, limited partnership, limited liability company or corporation or (b) sale of all or substantially all of the assets of the Partnership.

ARTICLE XII

GENERAL PROVISIONS

12.01 **Notices**. All communications required or permitted under this Agreement shall be in writing and shall be deemed to have been given when delivered personally, by email, by press release, by posting on the web site of the General Partner or upon deposit in the United States mail, registered, first-class postage prepaid return receipt requested, or via courier to the Partners at the addresses set forth in Exhibit A attached hereto, as it may be amended or restated from time to time; provided, that any Partner may specify a different address by notifying the General Partner in writing of such different address. Notices to the General Partner and the Partnership shall be delivered at or mailed to its principal office address set forth in Section 2.03 hereof. The General Partner and the Partnership may specify a different address by notifying the Limited Partners in writing of such different address.

12.02 **Survival of Rights**. Subject to the provisions hereof limiting Transfers, this Agreement shall be binding upon and inure to the benefit of the Partners and the Partnership and their permitted respective legal representatives, successors, transferees and assigns.

12.03 **Additional Documents**. Each Partner agrees to perform all further acts and execute, swear to, acknowledge and deliver all further documents that may be reasonable, necessary, appropriate or desirable to carry out the provisions of this Agreement or the Act.

12.04 **Severability**. If any provision of this Agreement shall be declared illegal, invalid or unenforceable in any jurisdiction, then such provision shall be deemed to be severable from this Agreement (to the extent permitted by law) and in any event such illegality, invalidity or unenforceability shall not affect the remainder hereof. To the extent permitted under applicable law, the severed provision shall be interpreted or modified so as to be enforceable to the maximum extent permitted by law.

12.05 **Entire Agreement**. This Agreement and exhibits attached hereto constitute the entire Agreement of the Partners and supersede all prior written agreements and prior and contemporaneous oral agreements, understandings and negotiations with respect to the subject matter hereof.

12.06 **Pronouns and Plurals**. When the context in which words are used in the Agreement indicates that such is the intent, words in the singular number shall include the plural and the masculine gender shall include the neuter or female gender as the context may require.

12.07 **Headings**. The Article headings or sections in this Agreement are for convenience only and shall not be used in construing the scope of this Agreement or any particular Article.

12.08 **Counterparts**. This Agreement may be executed by hand or by power of attorney in several counterparts, each of which shall be deemed to be an original copy and all of which together shall constitute one and the same instrument binding on all parties hereto, notwithstanding that all parties shall not have signed the same counterpart.

12.09 **Governing Law**. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware.

12.10 **Limitation to Preserve REIT Status**. Notwithstanding anything else in this Agreement, to the extent that the amount to be paid, credited, distributed or reimbursed by the Partnership to Xenia REIT or its officers, directors, employees or agents, whether as a reimbursement, fee, expense or indemnity (a "REIT Payment"), would constitute gross income to Xenia REIT for purposes of Section 856(c)(2) or Section 856(c)(3) of the Code, then, notwithstanding any other provision of this Agreement, the amount of such REIT Payments, as selected by the General Partner in its sole and absolute discretion from among items of potential distribution, reimbursement, fees, expenses and indemnities, shall be reduced for any Partnership taxable year so that the REIT Payments, as so reduced, for or with respect to Xenia REIT shall not exceed the lesser of:

(i) an amount equal to the excess, if any, of (a) 4.9% of Xenia REIT's total gross income (but excluding the amount of any REIT Payments and amounts excluded from gross income pursuant to Section 856(c)(5)(G) of the Code) for the Partnership taxable year that is described in subsections (A) through (I) of Section 856(c)(2) of the Code over (b) the amount of gross income (within the meaning of Section 856(c)(2) of the Code) derived by Xenia REIT from sources other than those described in subsections (A) through (I) of Section 856(c)(2) of the Code (but not including the amount of any REIT Payments and amounts excluded from gross income pursuant to Section 856(c)(5)(G) of the Code); or

(ii) an amount equal to the excess, if any, of (a) 24% of Xenia REIT's total gross income (but excluding the amount of any REIT Payments and amounts excluded from gross income pursuant to Section 856(c)(5)(G) of the Code) for the Partnership taxable year that is described in subsections (A) through (I) of Section 856(c)(3) of the Code over (b) the amount of gross income (within the meaning of Section 856(c)(3) of the Code) derived by Xenia REIT from sources other than those described in subsections (A) through (I) of Section 856(c)(3) of the Code (but not including the amount of any REIT Payments and amounts excluded from gross income pursuant to Section 856(c)(5)(G) of the Code);

provided, however, that REIT Payments in excess of the amounts set forth in clauses (i) and (ii) above may be made if the General Partner, as a condition precedent, obtains an opinion of tax counsel that the receipt of such excess amounts should not adversely affect Xenia REIT's ability to qualify as a REIT. To the extent that REIT Payments may not be made in a Partnership taxable

year as a consequence of the limitations set forth in this Section 12.10, such REIT Payments shall carry over and shall be treated as arising in the following Partnership taxable year if such carry over does not adversely affect Xenia REIT's ability to qualify as a REIT, provided, however, that any such REIT Payment shall not be carried over more than three Partnership taxable years, and any such remaining payments shall no longer be due and payable. The purpose of the limitations contained in this Section 12.10 is to prevent Xenia REIT from failing to qualify as a REIT under the Code by reason of Xenia REIT's share of items, including distributions, reimbursements, fees, expenses or indemnities, receivable directly or indirectly from the Partnership, and this Section 12.10 shall be interpreted and applied to effectuate such purpose.

ARTICLE XIII

CLASS A PERFORMANCE LTIP UNITS

13.01 **Designation**. A series of Partnership Units in the Partnership designated as the Class A Performance LTIP Units is hereby established. Pursuant to Section 4.02(a) hereof, the General Partner may from time to time issue Class A Performance LTIP Units to Persons who provide services to or for the benefit of the Partnership or as otherwise permitted by the Equity Incentive Plan, for such consideration or for no consideration as the General Partner may determine to be appropriate, and admit such Persons as Limited Partners. The number of Class A Performance LTIP Units shall be determined from time to time by the General Partner in accordance with the terms of the Equity Incentive Plan.

13.02 **Terms**. Each Class A Performance LTIP Unit that has become a Vested Class A Performance LTIP Unit shall be treated in the same manner as a Vested LTIP Unit that has no separate Class A Performance LTIP Unit designation with all of the rights, privileges and obligations attendant thereto and all references to Vested LTIP Units herein shall refer equally to Vested Class A Performance LTIP Units. During such time as any Class A Performance LTIP Unit has not become a Vested Class A Performance LTIP Unit, each such Class A Performance LTIP Unit shall be treated in the same manner as an Unvested LTIP Unit, and all references to an Unvested LTIP Unit herein shall refer equally to such Class A Performance LTIP Unit, except the following provisions shall apply:

(a) Distributions. The holder of a Class A Performance LTIP Unit shall not be entitled to receive any distributions with respect to such Class A Performance LTIP Unit, except (i) in accordance with Section 5.06 hereof and (ii) at such times as distributions are made with respect to Common Units pursuant to Section 5.02 hereof, a holder of a Class A Performance LTIP Unit on the applicable Partnership Record Date shall be entitled to receive a distribution with respect to such Class A Performance LTIP Unit in an amount equal to the product of the distribution per Class A Performance LTIP Unit payable to holders of Common Units on such Partnership Record Date with respect to such distribution multiplied by the Class A Performance LTIP Units Sharing Percentage.

(b) Allocations. The holder of a Class A Performance LTIP Unit shall not be entitled to receive allocations of Profit or Loss of the Partnership with respect to such Class A Performance LTIP Unit, other than (i) the special allocation of gain set forth in Section 5.01(g) hereof and the allocations set forth in Sections 5.01(c), 5.01(d), 5.01(e), and 5.01(f) hereof and (ii) allocations of Profit and Loss pursuant to Sections 5.01(a) and 5.01(b) hereof, treating, for purposes

of such allocations, each Class A Performance LTIP Unit as a fraction of one outstanding Common Unit equal to one Common Unit multiplied by the Class A Performance LTIP Units Sharing Percentage.

(c) Conversion . Except as set forth below in this Sections 13.02(c)(i)-(iii) hereof, the provisions of Section 4.04(c)(v) and Section 4.05 hereof shall not apply with respect to such Class A Performance LTIP Unit:

(i) When a Class A Performance LTIP Unitholder is notified of the expected occurrence of an event that will cause such Class A Performance LTIP Unit to become a Vested Class A Performance LTIP Unit, such Class A Performance LTIP Unitholder may give the Partnership a Conversion Notice (with all references in the Conversion Notice to LTIP Units referring equally to Class A Performance LTIP Units) with respect to such Class A Performance LTIP Unit conditioned upon and effective as of the time of vesting, and such Conversion Notice, unless subsequently revoked by the Class A Performance LTIP Unitholder, shall be accepted by the Partnership subject to such condition.

(ii) Upon the expected occurrence of an event that will cause such Class A Performance LTIP Unit to become a Vested Class A Performance LTIP Unit, the Partnership may issue a Forced Conversion Notice (with all references in the Forced Conversion Notice to LTIP Units referring equally to Class A Performance LTIP Units) with respect to such Unit conditioned upon and effective on or after the time of vesting of such Unit.

(iii) In all cases, the conversion of such Class A Performance LTIP Unit in accordance with this Section 13.02(c) and pursuant to the applicable provisions of Section 4.05 hereof shall be subject to the conditions and procedures set forth in Section 4.05 hereof.

(d) Percentage Interests . Notwithstanding the designation of Percentage Interests in Exhibit A hereof, for the purposes set forth in subparagraphs (i) and (ii) below, the Percentage Interest of each Partner holding Class A Performance LTIP Units with respect to such Class A Performance LTIP Units shall equal the Percentage Interest of a Partner who holds an equivalent number of Common Units multiplied by the Class A Performance LTIP Units Sharing Percentage (the "Class A Performance LTIP Unitholder Percentage Interest"). Accordingly, Exhibit A hereof shall reflect two Percentage Interests for each Partner owning such Class A Performance LTIP Units, one which reflects the Percentage Interests assigned to such Class A Performance LTIP Units (treating such Class A Performance LTIP Unit as a Common Unit for this purpose) and one which reflects the Class A Performance LTIP Unitholder Percentage Interest. The Percentage Interest of each Partner who holds such Class A Performance LTIP Units, with respect to such Class A Performance LTIP Units, shall equal the Class A Performance LTIP Unitholder Percentage Interest for purposes of:

(i) The provisions of the Agreement regarding distributions to the Partners, except the distributions made in accordance with Section 5.06 hereof.

(ii) The provisions of the Agreement regarding the allocation of Income or Loss of the Partnership (or items thereof) with respect to the Class A Performance LTIP

Units, other than the allocations set forth in Section 5.01(g) hereof and Sections 5.01(c), 5.01(d), 5.01(e), and 5.01(f) hereof.

[*SIGNATURE PAGES FOLLOW*]

IN WITNESS WHEREOF, the undersigned has executed this Fourth Amended and Restated Agreement of Limited Partnership as of the 10th day of November, 2015.

GENERAL PARTNER:

XHR GP, Inc.

By: /s/ Marcel Verbaas
Name: Marcel Verbaas
Title: President

[Signature Page to Fourth Amended and Restated Agreement of Limited Partnership of XHR LP]

IN WITNESS WHEREOF, the undersigned has executed this Fourth Amended and Restated Agreement of Limited Partnership as of the 10th day of November, 2015.

LIMITED PARTNER:

Xenia Hotels & Resorts, Inc.

By: /s/ Taylor Kessel
Name: Taylor Kessel
Title: Secretary

[Signature Page to Fourth Amended and Restated Agreement of Limited Partnership of XHR LP]

IN WITNESS WHEREOF, the undersigned has executed this Fourth Amended and Restated Agreement of Limited Partnership as of the 10th day of November, 2015.

LIMITED PARTNER:

By: /s/ Marcel Verbaas
Name: Marcel Verbaas

[Signature Page to Fourth Amended and Restated Agreement of Limited Partnership of XHR LP]

IN WITNESS WHEREOF, the undersigned has executed this Fourth Amended and Restated Agreement of Limited Partnership as of the 10th day of November, 2015.

LIMITED PARTNER:

By: /s/ Barry A.N. Bloom
Name: Barry A.N. Bloom

[Signature Page to Fourth Amended and Restated Agreement of Limited Partnership of XHR LP]

IN WITNESS WHEREOF, the undersigned has executed this Fourth Amended and Restated Agreement of Limited Partnership as of the 10th day of November, 2015.

LIMITED PARTNER:

By: /s/ Andrew J. Welch
Name: Andrew J. Welch

[Signature Page to Fourth Amended and Restated Agreement of Limited Partnership of XHR LP]

IN WITNESS WHEREOF, the undersigned has executed this Fourth Amended and Restated Agreement of Limited Partnership as of the 10th day of November, 2015.

LIMITED PARTNER:

By: /s/ Philip A. Wade
Name: Philip A. Wade

[Signature Page to Fourth Amended and Restated Agreement of Limited Partnership of XHR LP]

IN WITNESS WHEREOF, the undersigned has executed this Fourth Amended and Restated Agreement of Limited Partnership as of the 10th day of November, 2015.

LIMITED PARTNER:

By: /s/ Joseph T. Johnson
Name: Joseph T. Johnson

[Signature Page to Fourth Amended and Restated Agreement of Limited Partnership of XHR LP]

IN WITNESS WHEREOF, the undersigned has executed this Fourth Amended and Restated Agreement of Limited Partnership as of the 10th day of November, 2015.

LIMITED PARTNER:

By: /s/ Jeffrey H. Donahue
Name: Jeffrey H. Donahue

[Signature Page to Fourth Amended and Restated Agreement of Limited Partnership of XHR LP]

IN WITNESS WHEREOF, the undersigned has executed this Fourth Amended and Restated Agreement of Limited Partnership as of the 10th day of November, 2015.

LIMITED PARTNER:

By: /s/ John H. Alschuler
Name: John H. Alschuler

[Signature Page to Fourth Amended and Restated Agreement of Limited Partnership of XHR LP]

IN WITNESS WHEREOF, the undersigned has executed this Fourth Amended and Restated Agreement of Limited Partnership as of the 10th day of November, 2015.

LIMITED PARTNER:

By: /s/ Keith E. Bass
Name: Keith E. Bass

[Signature Page to Fourth Amended and Restated Agreement of Limited Partnership of XHR LP]

IN WITNESS WHEREOF, the undersigned has executed this Fourth Amended and Restated Agreement of Limited Partnership as of the 10th day of November, 2015.

LIMITED PARTNER:

By: /s/ Thomas M. Gartland
Name: Thomas M. Gartland

[Signature Page to Fourth Amended and Restated Agreement of Limited Partnership of XHR LP]

IN WITNESS WHEREOF, the undersigned has executed this Fourth Amended and Restated Agreement of Limited Partnership as of the 10th day of November, 2015.

LIMITED PARTNER:

By: /s/ Beverly K. Goulet
Name: Beverly K. Goulet

[Signature Page to Fourth Amended and Restated Agreement of Limited Partnership of XHR LP]

IN WITNESS WHEREOF, the undersigned has executed this Fourth Amended and Restated Agreement of Limited Partnership as of the 10th day of November, 2015.

LIMITED PARTNER:

By: /s/ Mary E. McCormick
Name: Mary E. McCormick

[Signature Page to Fourth Amended and Restated Agreement of Limited Partnership of XHR LP]

IN WITNESS WHEREOF, the undersigned has executed this Fourth Amended and Restated Agreement of Limited Partnership as of the 10th day of November, 2015.

LIMITED PARTNER:

By: /s/ Dennis D. Oklak
Name: Dennis D. Oklak

[Signature Page to Fourth Amended and Restated Agreement of Limited Partnership of XHR LP]

EXHIBIT A

[attached]

EXHIBIT B

NOTICE OF REDEMPTION

In accordance with Section 8.04 of the Agreement of Limited Partnership, as amended (the "Agreement"), of XHR LP, the undersigned hereby irrevocably (i) presents for redemption _____ Common Units in XHR LP in accordance with the terms of the Agreement and the Redemption Right referred to in Section 8.04 thereof, (ii) surrenders such Common Units and all right, title and interest therein and (iii) directs that the Cash Amount or REIT Shares Amount (as defined in the Agreement) as determined by the General Partner deliverable upon exercise of the Redemption Right be delivered to the address specified below, and if REIT Shares (as defined in the Agreement) are to be delivered, such REIT Shares be registered or placed in the name(s) and at the address(es) specified below. The undersigned hereby represents, warrants and certifies that the undersigned (a) has title to such Common Units, free and clear of the rights and interests of any person or entity other than the Partnership or the General Partner; (b) has the full right, power and authority to cause the redemption of the Common Units as provided herein; and (c) has obtained the approval of all persons or entities, if any, having the right to consent to or approve the Common Units for redemption.

Dated:_____ __, _____

Name of Limited Partner:

_____
(Signature of Limited Partner or Authorized Representative)

_____
(Mailing Address)

_____
(City) (State) (Zip Code)

Signature Guaranteed by:

_____

If REIT Shares are to be issued, issue to:

Please insert social security or identifying number:

Name:

EXHIBIT C-1

CERTIFICATION OF NON-FOREIGN STATUS
(FOR REDEEMING LIMITED PARTNERS THAT ARE ENTITIES)

Under Section 1445(e) of the Internal Revenue Code of 1986, as amended (the "Code"), in the event of a disposition by a non-U.S. person of a partnership interest in a partnership in which (i) 50% or more of the value of the gross assets consists of United States real property interests ("USRPIs"), as defined in Section 897(c) of the Code, and (ii) 90% or more of the value of the gross assets consists of USRPIs, cash, and cash equivalents, the transferee will be required to withhold 10% of the amount realized by the non-U.S. person upon the disposition. To inform XHR GP, Inc. (the "General Partner") and XHR LP (the "Partnership") that no withholding is required with respect to the redemption by _____ ("Partner") of its Common Units in the Partnership, the undersigned hereby certifies the following on behalf of Partner:

1. Partner is not a foreign corporation, foreign partnership, foreign trust, or foreign estate, as those terms are defined in the Code and the Treasury regulations thereunder.

2. Partner is not a disregarded entity as defined in Treasury Regulation Section 1.1445-2(b)(2)(iii).

3. The U.S. employer identification number of Partner is _____.

4. The principal business address of Partner is: _____, _____ and Partner's place of incorporation is _____.

5. Partner agrees to inform the General Partner if it becomes a foreign person at any time during the three-year period immediately following the date of this notice.

6. Partner understands that this certification may be disclosed to the Internal Revenue Service by the General Partner and that any false statement contained herein could be punished by fine, imprisonment, or both.

PARTNER: _____

By: __
Name: __
Title: __

Under penalties of perjury, I declare that I have examined this certification and, to the best of my knowledge and belief, it is true, correct, and complete, and I further declare that I have authority to sign this document on behalf of Partner.

Date: _____ _____

Name:
Title:

EXHIBIT C-2

CERTIFICATION OF NON-FOREIGN STATUS
(FOR REDEEMING LIMITED PARTNERS THAT ARE INDIVIDUALS)

Under Section 1445(e) of the Internal Revenue Code of 1986, as amended (the "Code"), in the event of a disposition by a non-U.S. person of a partnership interest in a partnership in which (i) 50% or more of the value of the gross assets consists of United States real property interests ("USRPIs"), as defined in Section 897(c) of the Code, and (ii) 90% or more of the value of the gross assets consists of USRPIs, cash, and cash equivalents, the transferee will be required to withhold 10% of the amount realized by the non-U.S. person upon the disposition. To inform XHR GP, Inc. (the "General Partner") and XHR LP (the "Partnership") that no withholding is required with respect to my redemption of my Common Units in the Partnership, I, _____, hereby certify the following:

1. I am not a nonresident alien for purposes of U.S. income taxation.

2. My U.S. taxpayer identification number (social security number) is _____.

3. My home address is: _____.

4. I agree to inform the General Partner promptly if I become a nonresident alien at any time during the three-year period immediately following the date of this notice.

5. I understand that this certification may be disclosed to the Internal Revenue Service by the General Partner and that any false statement contained herein could be punished by fine, imprisonment, or both.

_____
Name:

Under penalties of perjury, I declare that I have examined this certification and, to the best of my knowledge and belief, it is true, correct, and complete.

Date: _____

Name:
Title:

EXHIBIT D

NOTICE OF ELECTION BY PARTNER TO CONVERT LTIP UNITS INTO COMMON UNITS

The undersigned holder of LTIP Units hereby irrevocably: (i) elects to convert the number of LTIP Units in XHR LP (the "Partnership") set forth below into Common Units in accordance with the terms of the Agreement of Limited Partnership of the Partnership, as amended; and (ii) directs that any cash in lieu of Common Units that may be deliverable upon such conversion be delivered to the address specified below. The undersigned hereby represents, warrants and certifies that the undersigned: (a) has title to such LTIP Units, free and clear of the rights or interests of any other person or entity other than the Partnership or the General Partner; (b) has the full right, power, and authority to cause the conversion of such LTIP Units as provided herein; and (c) has obtained the consent to or approval of all persons or entities, if any, having the right to consent to or approve such conversion.

Name of Holder:
(Please Print: Exact Name as Registered with Partnership)

Number of LTIP Units to be Converted: _____

Date of this Notice: _____

(Signature of Holder: Sign Exact Name as Registered with Partnership)

(Street Address)

(City) (State) (Zip Code)

Signature Guaranteed by: _____

EXHIBIT E

NOTICE OF ELECTION BY PARTNERSHIP TO FORCE CONVERSION OF LTIP UNITS INTO COMMON UNITS

XHR LP (the "Partnership") hereby elects to cause the number of LTIP Units held by the holder of LTIP Units set forth below to be converted into Common Units in accordance with the terms of the Agreement of Limited Partnership of the Partnership, as amended, effective as of _____ (the "Conversion Date").

Name of Holder:

(Please Print: Exact Name as Registered with Partnership)

Number of LTIP Units to be Converted: _____

Date of this Notice: _____

XENIA HOTELS & RESORTS, INC.
DIRECTOR COMPENSATION PROGRAM
(AS AMENDED AND RESTATED AS OF SEPTEMBER 17, 2015)

This Xenia Hotels & Resorts, Inc. (the " Company ") Director Compensation Program (this " Program ") for non-employee directors of the Company (the " Directors ") shall be effective as of September 17, 2015 (the " Effective Date ").

Cash Compensation

Annual base retainers will be paid in the following amounts to Directors:

Director:	$70,000
Chair of Audit Committee:	$20,000
Chair of Compensation Committee:	$20,000*
Chair of Nominating and Governance Committee:	$15,000
Non-Chair Committee Member:	$5,000
Non-Executive Chairman (additional retainer):	$105,000

* Effective as of February 4, 2015.

All annual base retainers will be paid in cash quarterly in arrears promptly following the end of the applicable calendar quarter, but in no event more than thirty (30) days after the end of such quarter.

Equity Compensation

Initial Grant:	Each Director who is initially elected or appointed to serve on the board of directors of the Company (the " Board ") after the Effective Date shall be automatically granted on the effective date of such initial election or appointment shares of common stock of the Company (" Common Stock ") with a value equal to $75,000 (the " Initial Grant "), *provided,* that if such initial election or appointment does not occur at an annual meeting of the Company's stockholders, the value of the Initial Grant shall equal the product of (i) $75,000 multiplied by (ii) a fraction, the numerator of which equals the number of full calendar months from the effective date of such election or appointment through the first anniversary of the most recent annual meeting of the Company's stockholders and the denominator of which equals twelve.
Annual Grant:	Each Director who is serving on the Board as of the date of each annual meeting of the Company's stockholders and who is re-elected as a Director at such annual meeting shall, on the date of such annual meeting, be automatically granted LTIP Units (as defined in the Third Amended and Restated Agreement of Limited Partnership of XHR LP, as amended or amended and restated from time to time) of XHR LP (" LTIP Units ") with a value of $75,000 (the " Annual Grant ").

Each Initial Grant and Annual Grant shall be fully vested as of the applicable date of grant.

Election to Receive Common Stock	With respect to each Annual Grant, a Director may elect in advance to receive an equivalent number of fully vested shares of Common Stock in lieu of LTIP Units. Such election must be made not later than December 31 of the calendar year preceding the year in which such Annual Grant is made, or, if such Director initially becomes a Director after such December 31 and prior to the next annual meeting, then the earlier of (x) the fifth (5 th) day following the effective date of such Director's initial election or appointment, or (y) the day immediately preceding the date of such Annual Grant (in any case, or such earlier date as may be established by the Board in its discretion).
Non-Accredited Investors:	Notwithstanding the foregoing, in the event that a Director does not qualify as an "accredited investor" within the meaning of Regulation D of the Securities Act of 1933, as amended, on the date of any grant of LTIP Units to such Director pursuant to this Program, then such Director shall not receive such grant of LTIP Units and in lieu thereof shall automatically be granted an equivalent number of fully vested shares of Common Stock.

Miscellaneous

For purposes of determining the number of LTIP Units or shares of Common Stock, as applicable, subject to each Initial Grant and each Annual Grant, the dollar value of such grant shall be divided by the market closing price of a share of Common Stock on the date of such grant (or, in the event that the date of grant is not a trading day, then on the immediately preceding trading day), and shall be rounded up to the nearest whole LTIP Unit or share of Common Stock, as applicable.

The grant of any LTIP Units or shares of Common Stock under this Program shall be subject to the applicable Company equity incentive plan under which the grant is made and, to the extent determined by the Company, the terms set forth in a written agreement in a form prescribed by the board of directors of the Company (the " Board ") or a committee designated by the Board. The grant of any LTIP Units under this Program shall also be subject to the terms of the Third Amended and Restated Agreement of Limited Partnership of XHR LP, as amended or amended and restated from time to time.

Effectiveness, Amendment, Modification and Termination

This Program shall become effective as of the Effective Date, and as of the Effective Date shall replace and supersede all previous director compensation programs of the Company. This Program may be amended, modified or terminated by the Board at any time and from time to time in its sole discretion.

Exhibit 31.1

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

I, Marcel Verbaas, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Xenia Hotels & Resorts, Inc.;

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

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

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

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

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

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 12, 2015

/s/ MARCEL VERBAAS

Marcel Verbaas

President
and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

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

I, Andrew J. Welch, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Xenia Hotels & Resorts, Inc.;

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

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

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

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

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

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 12, 2015

/s/ ANDREW J. WELCH

Andrew J. Welch

Executive Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

Exhibit 32.1

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

In connection with the Quarterly Report of Xenia Hotels & Resorts, Inc. ("XHR") on Form 10-Q for the period ending September 30, 2015 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned officers of XHR certify, pursuant to 18 U.S.C. section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to such officer's knowledge:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of XHR.

Date: November 12, 2015

/s/ MARCEL VERBAAS

Marcel Verbaas

President
and Chief Executive Officer
(Principal Executive Officer)

/s/ ANDREW J. WELCH

Andrew J. Welch

Executive Vice President, Chief Financial
Officer and Treasurer
(Principal Financial Officer)

A signed original of this written statement required by Section 906 has been provided to XHR and will be retained by XHR and furnished to the Securities and Exchange Commission or its staff upon request.

The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as a part of the Report or on a separate disclosure document.