

## Managers and Operational Agreements

All of our hotels are managed by third parties pursuant to management or operating agreements, with some of such hotels also subject to separate franchise or license agreements addressing matters pertaining to operation under the designated brand. Under these agreements, the managers generally have sole responsibility and exclusive authority for all activities necessary for the day-to-day operation of the hotels, including establishing room rates, securing and processing reservations, procuring inventories, supplies and services, providing periodic inspection and consultation visits to the hotels by the managers' technical and operational experts and promoting and publicizing the hotels. The managers provide all managerial and other employees for the hotels, review the operation and maintenance of the hotels, prepare reports, budgets and projections, and provide other administrative and accounting support services to the hotels. These support services include planning and policy services, divisional financial services, product planning and development, employee staffing and training, corporate executive management and certain in-house legal services. We have certain approval rights over budgets, capital expenditures, significant leases and contractual commitments, and various other matters.

As of February 20, 2017, our hotels are managed by the following hotel management companies:

<u>Manager</u>	<u># of hotels</u>	<u>Brands</u>
Marriott International, Inc. . . . .	68	Ritz-Carlton®, JW Marriott®, Marriott Marquis®, Marriott®, Courtyard by Marriott®, Residence Inn by Marriott®, W®, Westin®, Sheraton®, Luxury Collection®, St. Regis®
Hyatt Hotels Corporation . . . . .	8	Grand Hyatt®, Hyatt Regency®
AccorHotels . . . . .	4	ibis®, Novotel®, Fairmont®, Swissôtel®
HEI Hotels & Resorts . . . . .	3	Westin®, Sheraton®
Hilton Hotels & Resorts . . . . .	2	Hilton®, Embassy Suites®
Crestline Hotels & Resorts . . . . .	2	Marriott®, Hilton®
Sage Hospitality . . . . .	2	Marriott®, Curio—A Collection by Hilton®
Kokua Hospitality . . . . .	2	Axiom Hotel®, Hyatt Place®
Destination Hotels . . . . .	2	Autograph Collection by Marriott®, YVE Hotel Miami®
Davidson Hotels & Resorts . . . . .	<u>3</u>	Marriott®, Sheraton®, The Don CeSar®
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These management agreements can affect the value of the property associated with it based on the pricing and flexibility of the agreement. We often will seek to negotiate the terms of an agreement, including termination rights, in order to provide greater value to the associated asset. In certain instances, such termination rights may only be exercisable after the payment of a fee or upon sale of a property. In other instances, the exercise of such termination rights may be conditioned upon a requirement that the property remain subject to a franchise agreement, or may be limited as to the number of management agreements that can be terminated within a given year. Currently, 31 of our properties include termination rights that provide us with additional flexibility. We have an additional ten properties currently operating under agreements that will end within the next 20 years, with no further extension options exercisable by the manager. See “*Performance Termination Rights*” and “*Special Termination Rights*” described below.

*General Terms and Provisions*—Agreements governing our hotels managed by brand owners (Marriott, Hyatt, Hilton and AccorHotels, above) typically include the terms described below:

- *Term and fees for operational services.* The initial term of our management and operating agreements generally is 10 to 25 years, with one or more renewal terms at the option of the manager. The majority of our management agreements condition the manager’s right to exercise options for specified renewal terms upon the satisfaction of specified economic performance criteria. The manager typically receives