
Section 1: DEF 14A (DEF 14A)

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

SCHEDULE 14A

**Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only** (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to Section 240.14a-11(c) or Section 240.14a-12

CONDOR HOSPITALITY TRUST, INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

1) Title of each class of securities to which transaction applies:

2)

Aggregate number of securities to which transaction applies:

3)

Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):

4)

Proposed maximum aggregate value of transaction:

5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

1) Amount Previously Paid:

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

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CONDOR HOSPITALITY TRUST, INC.

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
To Be Held on June 15, 2016**

The Annual Meeting of the shareholders of Condor Hospitality Trust, Inc. will be held at DoubleTree Bethesda, 8120 Wisconsin Avenue, Bethesda, Maryland, 20814, on Wednesday, June 15, 2016, at 4:00 p.m., Eastern time, for the following purposes:

Holders of common stock and Series D convertible preferred stock voting as a single class will vote:

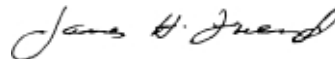
1. To elect nine directors to serve on the Board of Directors until the annual meeting of shareholders in 2017 or until their successors have been duly elected and qualified;
2. To eliminate the requirement that the Board of Directors receive certain shareholder representations in connection with conversions of Series D convertible preferred stock as long as the Board is able to obtain the opinion of counsel specified in Article IX(A)(7) of the Amended and Restated Articles of Incorporation;
3. To approve the 2016 Stock Plan;
4. To hold an advisory vote on executive compensation.
5. To ratify the appointment of KPMG LLP as independent auditors for 2016.
6. To transact such other business as may properly come before the Annual Meeting and any adjournments thereof.

Only holders of common stock and Series D convertible preferred stock of the Company of record as of the close of business on April 15, 2016 will be entitled to notice of and to vote, with respect to matters such shareholders will vote upon, at the Annual Meeting and any adjournments thereof.

We enclose, as a part of this Notice, a Proxy Statement which contains further information regarding the Annual Meeting and the items of business.

Whether or not you plan to attend the Annual Meeting, we urge you to vote promptly. You may vote your shares by completing, signing, dating and mailing the Proxy Card in the enclosed envelope, whether or not you plan to attend the Annual Meeting. If you execute a proxy by mailing in the proxy card, but later to decide to attend the Annual Meeting in person you may, if you wish, vote personally on all matters at any time before your proxy is voted.

By Order of the Board of Directors,



JAMES H. FRIEND
Chairman of the Board

Bethesda, Maryland

May 16, 2016

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CONDOR HOSPITALITY TRUST, INC.

PROXY STATEMENT

GENERAL INFORMATION

This Proxy Statement is provided in connection with the solicitation of proxies by the Board of Directors of Condor Hospitality Trust, Inc. (the “Company”) for use at the annual meeting of shareholders to be held on Wednesday, June 15, 2016 and any adjournments thereof (the “Annual Meeting”). The mailing address of the principal executive offices of the Company is 3 Bethesda Metro Center, Suite 700, Bethesda, Maryland 20814. This Proxy Statement, the Proxy Card, Notice of Meeting and the Company’s Annual Report, all enclosed herewith, are first being mailed to the shareholders of the Company on or about May 16, 2016.

The Proxy Solicitation

The Proxy Card, if you are a holder of common stock or Series D convertible preferred stock, is the means by which you actually authorize another person to vote your shares in accordance with your instructions. This Proxy Statement provides you with information that you may find useful in determining how to vote.

The solicitation of proxies is being made by the Company through the telephone, electronic communication and use of the mails. The cost of preparing and mailing this Proxy Statement and accompanying material, will be borne by the Company. Proxies may also be solicited by directors, director nominees and employees of the Company who will not be specially compensated for their solicitation. Proxies may be solicited by mail, electronic communications and by telephone call.

Revocation and Voting of Proxies

Execution of a proxy will not affect a shareholder’s right to attend the Annual Meeting and to vote in person. Any shareholder giving a proxy has the power to revoke it by submitting a properly executed proxy bearing a later date, by delivering written notice of revocation to the Secretary of the Company before or at the Annual Meeting or by attending the meeting and voting in person. Proxies will extend to, and will be voted at, any properly adjourned session of the Annual Meeting. The proxy will be voted as specified by the shareholder in the space(s) provided on the applicable Proxy Card. If no specification is made, the proxy will be voted “for” the nominees for directors set for the on the proxy card and all other matters as recommended by the Board of Directors.

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Shareholders to be held on June 15, 2016.

The proxy statement and annual report to shareholders for the fiscal year ended December 31, 2015 are available under “Investor Relations” at our website: <http://condorhospitality.com>.

Voting Rights of Holders of the Common Stock and the Series D Convertible Preferred Stock

Only those holders of record of the common stock and the Series D convertible preferred stock at the close of business on April 15, 2016, are entitled to notice of and to vote at the Annual Meeting, or any postponements or adjournments of the meeting, on each matter presented to such holders at the Annual Meeting. At the close of business on April 15, 2016, the Company had 4,941,878 shares of common stock outstanding and 6,245,156 shares of voting Series D convertible preferred stock outstanding.

The holders of the common stock and the holders of the Series D convertible preferred stock will vote together as one voting group. Each share of common stock entitles the record holder thereof to one vote upon

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each matter to be voted upon at the Annual Meeting. At this Annual Meeting, each share of the Series D convertible preferred stock entitles the record holder thereof to 6.25 votes per share upon each matter to be voted upon at the Annual Meeting. Cumulative voting is not permitted.

At the close of business on April 15, 2016, the record date, there were 4,941,878 shares of common stock outstanding, representing 4,941,878 votes entitled to be cast at the Annual Meeting and 6,245,156 shares of Series D convertible preferred stock representing 39,032,225 votes entitled to be cast at the Annual Meeting. Accordingly, the aggregate number of votes that may be cast by the holders of the common stock and the Series D convertible preferred stock at this Annual Meeting, voting together as one voting group, is 43,974,103 votes.

Quorums

The presence in person or by proxy of shareholders entitled to cast a majority of all the votes entitled to be cast by the holders of the common stock and Series D convertible preferred stock, voting as one group, will constitute a quorum for all matters upon which such holders of are entitled to vote. Shares represented by proxy or in person at the Annual Meeting, including shares represented by proxies that reflect abstentions, will be counted as present in the determination of a quorum. Proxies relating to “street name” shares that are voted by brokers on some matters will be treated as shares present for purposes of determining the presence of a quorum, but will not be treated as shares entitled to vote at the annual meeting on those matters as to which authority to vote is withheld by the broker (“broker non-votes”). Please note that if you hold your shares through a broker, your broker may no longer vote your shares on certain matters in the absence of your specific instructions as to how to vote. In order for your vote to be counted, please make sure that you submit your vote to your broker.

Vote Required

The nine nominees for election to the Board of Directors by the holders of the common stock and Series D convertible preferred stock, voting as one group, receiving the most votes cast at the Annual Meeting by the holders of the common stock and the Series D convertible preferred stock, will be elected directors; therefore broker non-votes will not affect the outcome of the election of these directors.

Approval of the amendment of the Company’s Amended and Restated Articles of Incorporation will require the approval of the holders of at least a majority of the votes represented by the outstanding shares of common stock and the Series D convertible preferred stock voting together as a single class. Abstentions and broker non-votes have the same effect as a vote against the proposal.

The proposals to approve the 2016 Stock Plan, the ratification of the appointment of the auditors and the approval of the advisory say-on-pay resolution on executive compensation will be decided by the affirmative vote of the holders of a majority of the votes represented by the outstanding shares of common stock and Series D convertible preferred stock voting as one class, present in person or represented by proxy at the meeting and entitled to vote. Abstentions will be counted; they will have the same effect as a vote against the matter. Broker non-votes will be disregarded.

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OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

The following table sets forth the beneficial ownership of our common stock and preferred stock as of April 15, 2016, by the following persons (a) each shareholder known to us to beneficially own more than 5% of the outstanding shares of our common stock, (b) each director or nominee, (c) each executive officer named in the Summary Compensation Table and (d) all directors and executive officers as a group. A person has beneficial ownership over shares if he or she has or shares voting or investment power over the shares, or the right to acquire that power within 60 days of April 15, 2016.

With respect to our continuing qualification as a real estate investment trust, our Amended and Restated Articles of Incorporation (the “Articles”) contain an ownership limitation, which prohibits both direct and indirect ownership of more than 9.9% of the outstanding shares of our common stock or 9.9% of any series of our preferred stock. Our Articles permit the Board of Directors, in its sole discretion, to exempt a person from this ownership limit if the person provides representations and undertakings that enable the Board to determine that granting the exemption would not result in the Company losing its qualification as a REIT. Under the Internal Revenue Service (IRS) rules, REIT shares owned by certain entities are considered owned proportionately by owners of the entities for REIT qualification purposes. The holders of the Series D convertible preferred stock provided representations and undertakings necessary for the Board to grant such an exemption.

Name of Beneficial Owner	Title of Class	Amount and Nature of Beneficial Ownership	Percent of Class(1)
Real Estate Strategies L.P. 2 Church Street Hamilton DO HM CX, Bermuda	Series D convertible preferred stock	3,245,156(2)	52%
SREP III Flight – Investco, L.P. 150 California St., Suite 850 San Francisco, CA	common stock	21,543,948(2)	48.9%
	Series D convertible preferred stock	3,000,000(3)	48%
	common stock	18,750,000(3)	42.6%
He Zhengxu Institute of Math, AMSS, CAS Zhongguancun, Haidian District Beijing 100080, PRC	common stock	462,622(4)	9.4%
JCP Investment Partnership, L.P. 1177 West Loop South Suite 1650 Houston, TX 77027	common stock	269,805(5)	5.5%
J. William Blackham	common stock	657,894(6)	12.2%
John M. Sabin	common stock	11,130	
James H. Friend	common stock	4,255	
Donald J. Landry	common stock	14,156	
Daniel R. Elsztain	common stock	7,680	
Daphne J. Dufresne	common stock	3,000	
Jeff Giller	Series D convertible preferred stock	3,000,000(7)	48%
	common stock	18,750,000	42.6%
Mark D. Linehan	common stock	0	
Brendan MacDonald	Series D convertible preferred stock	3,000,000(8)	48%
	common stock	18,750,000	42.6%
Jonathan J. Gantt	common stock	0	
Jeffrey W. Dougan	common stock	4,403(9)	
All directors and executive officers as a group (12 persons)	common stock	19,452,518(10)	44.2%

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- (1) Unless otherwise indicated, beneficial ownership of any named individual does not exceed 1% of the outstanding class of securities. In calculating the indicated percentage, the denominator includes the shares of common stock that could be acquired by the person through the exercise of options or warrants within 60 days of April 5, 2016. The denominator excludes the shares of common stock that would be acquired by any other person upon such exercise.
- (2) Real Estate Strategies L.P. (“RES”), an investment vehicle indirectly controlled by IRSA Inversiones y Representaciones Sociedad Anónima (“IRSA”), an Argentinean-based publicly traded company, acquired 3,245,156 shares of Series D convertible preferred stock from the Company in an exchange on March 16, 2016 for 3,000,000 shares of Series C convertible preferred stock, and accrued and unpaid dividends. Up to 20,282,225 shares of common stock may be issued upon conversion of the Series D convertible preferred stock.

Based on information appearing in Amendment No. 3 to a Schedule 13D filed by RES with the Securities and Exchange Commission on March 23, 2016, RES has shared voting and shared dispositive power over 1,261,723 shares of common stock and the 3,245,156 shares of Series D convertible preferred stock. RES and its affiliates, for purposes of Section 13(d)(3) of the Exchange Act, consists of Eduardo S. Elsztain, and the following entities controlled, either directly or indirectly, by Mr. Elsztain: Consultores Assets Management S.A. , Consultores Venture Capital Uruguay S.A., Agroinvestment S.A., Idalgir S.A., Consultores Venture Capital Ltd., Ifis Limited, Inversiones Financieras del Sur S.A., Cresud Sociedad Anónima Comercial, Inmobiliaria, Financiera y Agropecuaria, IRSA, Tyrus S.A., Jiwin S.A., Efanur SA and RES.

RES also holds a convertible promissory note (the “Note), convertible into 101,159 shares of Series D convertible preferred stock (which are convertible into 632,249 shares of common stock) that are not included in the share totals because the Note is not currently convertible pursuant to a provision in the Note which prohibits conversion if RES and its affiliates would hold more than 49% in the aggregate of the voting stock of the Company. RES also hold 3,750,000 warrants, convertible into 3,750,000 shares of common stock that are not included in the share totals, because the warrants are not currently exercisable pursuant to a provision in the warrants which prohibits exercise if RES and its affiliates would hold more than 34% of the voting stock of the Company.

- (3) SREP III Flight-Investco, L.P. (“SREP”), an affiliate of StepStone Group LP, acquired 3,000,000 shares of Series D convertible preferred stock from the Company in a private transaction on March 16, 2016. Up to 18,750,00 shares of common stock may be issued on conversion of the Series D convertible preferred stock.
- (4) Based solely on Schedule 13G filed by the beneficial owner with the SEC on February 2, 2015.
- (5) Based solely on a Schedule 13D appeared filed by JCP Investment Partnership, L.P., a Texas limited partnership on April 20, 2015, and its group members JCP Investment Partners, a Texas limited partnership, JCP Investment Holdings LLC, a Texas limited liability company, JCP Investment Management, LLC, a Texas limited liability company, James C. Pappas, Edward M. Collie and Michael Sutton.
- (6) Includes 430,000 shares of common stock which Mr. Blackham has the right to acquire through the exercise of an employment grant warrant.
- (7) Mr. Giller is a member of StepStone Group Real Estate Holdings LLC, general partner of StepStone Group Real Estate LP, the sole member and investment manager of StepStone REP III (GP), LLC, the general partner of SREP., the record holder of the 3,000,000 shares of Series D convertible preferred stock, which are convertible into 18,750,00 shares of common stock. Mr. Giller may be deemed a participant in the control of the voting, disposition or purchase of these shares and thus may be deemed to share beneficial ownership of these shares. Mr. Giller disclaims beneficial ownership of these shares except to the extent of his pecuniary interest therein, and the inclusion of these shares in this table shall not be an admission of beneficial ownership of all of the reported securities for any purpose.
- (8) Mr. MacDonald is a member of StepStone Group Real Estate Holdings LLC, general partner of StepStone Group Real Estate LP, the sole member and investment manager of StepStone REP III (GP), LLC, the general partner of SREP the record holder of the 3,000,000 shares of Series D convertible preferred stock, which are convertible into 18,750,00 shares of common stock. Mr. MacDonald may be deemed a participant in the control of the voting, disposition or purchase of these shares and thus may be deemed to share

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beneficial ownership of these shares. Mr. MacDonald disclaims beneficial ownership of these shares except to the extent of his pecuniary interest therein, and the inclusion of these shares in this table shall not be an admission of beneficial ownership of all of the reported securities for any purpose.

- (9) Includes 2,083 shares of common stock which Mr. Dougan has the right to acquire through the exercise of options.
- (10) Includes 432,083 shares of common stock which the directors and executive officers have the right to acquire through the exercise of options and warrants and 18,750,000 shares of common stock issuable upon conversion of preferred stock (see footnotes 7 and 8 above).

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CORPORATE GOVERNANCE

Independence

The Articles and the Nasdaq Stock Market listing standards each require that a majority of the Board of Directors are independent directors. The articles of incorporation defines an independent director as a person who is not an officer or employee of the Company or an affiliate of (a) any advisor to the Company under an advisory agreement, (b) any lessee of any property of the Company, (c) any subsidiary of the Company, or (d) any partnership which is an affiliate of the Company.

The Nasdaq Stock Market listing standards defines an independent director as a person other than an executive officer or employee of the Company or any other individual having a relationship which, in the opinion of the Board of Directors, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. The following persons are not considered independent under the listing standards:

- a director who is, or at any time during the past three years was, employed by the Company or by any parent or subsidiary of the Company;
- a director who accepted or who has a family member who accepted any compensation from the Company in excess of \$120,000 during any period of twelve consecutive months within the three years preceding the determination of independence, other than the following:
 - compensation for Board or Board committee service;
 - compensation paid to a family member who is an employee (other than an executive officer) of the Company ; or
 - benefits under a tax-qualified retirement plan, or non-discretionary compensation;
- a director who is a family member of an individual who is, or at any time during the past three years was, employed by the Company as an executive officer;
- a director who is, or has a family member who is, a partner in, or a controlling shareholder or an executive officer of, any organization to which the Company made, or from which the Company received, payments for property or services in the current or any of the past three fiscal years that exceed 5% of the recipient's consolidated gross revenues for that year, or \$200,000, whichever is more, other than the following:
 - payments arising solely from investments in the Company's securities; or
 - payments under non-discretionary charitable contribution matching programs;
- a director who is, or has a family member who is, employed as an executive officer of another entity where at any time during the past three years any of the executive officers of the Company serve on the compensation committee of such other entity; or
- a director who is, or has a family member who is, a current partner of the Company's outside auditor, or was a partner or employee of the Company's outside auditor who worked on the Company's audit at any time during any of the past three years.

Board of Directors

The current nine-member Board of Directors is comprised of a majority of independent directors, as defined by the Nasdaq Stock Market listing standards and the Articles. The Board of Directors has determined that the following directors are independent under the Nasdaq Stock Market listing standards and the Articles: Ms. Dufresne and Messrs. Elsztain, Friend, Giller, Landry, Linehan, MacDonald and Sabin.

The Board of Directors held 14 meetings in 2015. During 2015, all directors attended at least 75% of all Board meetings and meetings of the committees on which they served. The non-employee directors met in

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executive session at nine board meetings in 2015 without management present, and intend to meet in executive session without management present at future board meetings.

The Company has not adopted a formal policy on Board members' attendance at its annual meetings of shareholders, although all Board members are encouraged to attend and historically most have done so. Seven Board members attended the Company's 2015 Annual Meeting of Shareholders.

The Company's Board of Directors has four standing committees: an Investment Committee, Compensation Committee, Nominating Committee and an Audit Committee. The Board of Directors may, from time to time, form other committees as circumstances warrant. Such committees have the authority and responsibility delegated to them by the Board of Directors.

The Company entered into an Investor Rights Agreement dated March 16, 2016 with SREP and StepStone Group Real Estate LP pursuant to which (a) John M. Dinkel, Kelly A. Walters and George R. Whittemore resigned as members of the Board of Directors and (b) the Company appointed three director nominees selected by StepStone to the Board of Directors, Jeff Giller, Brendan MacDonald and Mark Linehan. The Company also agreed to maintain the Board of Directors at nine members.

Board Leadership and Risk Oversight

The Board leadership structure consists of a non-employee Chairman, which the Board believes is appropriate for the Company at this time. The Board of Directors is primarily responsible for overseeing the Company's risk management processes. This responsibility has been delegated by the Board of Directors to the Audit Committee and the Compensation Committee, each with respect to the assessment of the Company's risks and risk management in its respective areas of oversight.

Compensation Committee

Currently, the Compensation Committee consists of Messrs. Sabin (Chairman), Elsztain and MacDonald. During 2015, the Compensation Committee consisted of Messrs. Whittemore (Chairman), Landry, Sabin and Elsztain. All current members of the Compensation Committee are independent within the meaning of the Nasdaq Global Market listing standards. This committee makes recommendations to the Board regarding executive compensation policy, the actual compensation of Directors and executive officers, and any benefit plans for the Company's management team. The Compensation Committee held three meetings during 2015. The committee operates pursuant to a written charter adopted by the Board of Directors. A copy of the charter is available on our website at <http://condorhospitality.com> in the Investor Relations section under "Governance Docs."

Nominating Committee

Currently, the Nominating Committee consists of Messrs. Landry (Chairman), Elsztain and MacDonald. During 2015, the Nominating Committee consisted of Messrs. Sabin, Friend and Landry (Chairman). The committee operates pursuant to a written charter adopted by the Board of Directors. A copy of the charter is available on our website at <http://condorhospitality.com> in the Investor Relations section under "Governance Docs."

Under its charter, the Nominating Committee is to consist of not less than three members. Each member of the Nominating Committee is independent within the meaning of the Nasdaq Stock Market listing standards.

The Nominating Committee is responsible for selecting those individuals to recommend for election to the board. The Nominating Committee will consider shareholder nominations for directors if made (1) in writing by a shareholder entitled to vote in the election of Directors generally and (2) pursuant to the company bylaws. In

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order to be considered, in accordance with the Company's bylaws, shareholder nominations must be received by the Secretary, at the Company's office in Norfolk, Nebraska, not later than (1) with respect to an election to be held at an annual meeting of shareholders, 90 days in advance of such meeting, and (2) with respect to an election to be held at a special meeting of shareholders for the election of Directors, the close of business on the 7th day following the date on which notice of such meeting is first given to shareholders.

In order to be valid, a shareholder nomination must set forth (1) the name and address of the shareholder who intends to make the nomination; (2) the name and address of the person or persons to be nominated; (3) a representation that the shareholder is a record holder of stock of the Company entitled to vote at the meeting and intends to appear in person or by proxy at the meeting to nominate the person or persons specified in the notice; (4) a description of all arrangements or understandings between the shareholder and each nominee and any other person or persons (naming such persons) pursuant to which the shareholder is making the nomination; (5) such other information regarding each nominee proposed by such shareholder as would be required to be included in a proxy statement filed pursuant to the proxy rules of the Securities and Exchange Commission, had the nominee been nominated, or intended to be nominated, by the Board of Directors; and (6) the written consent of each nominee to serve as a director if elected. Any candidates submitted by a shareholder or shareholder group are reviewed and considered in the same manner as all other candidates.

The Nominating Committee identifies director nominees through a combination of referrals, including by management, existing board members and shareholders, and direct solicitations, where warranted. Once a candidate has been identified the Nominating Committee reviews the individual's experience and background, and may discuss the proposed nominee with the source of the recommendation. If the committee believes it to be appropriate, committee members may meet with the proposed nominee before making a final determination whether to recommend the individual as a nominee to the entire Board of Directors to stand for election to the board.

Among the factors that the committee considers when evaluating proposed nominees are their experience in the hospitality industry and knowledge of and experience in business matters, finance, capital markets and mergers and acquisitions. The committee may request references and additional information from the candidate prior to reaching a conclusion. The committee is under no obligation to formally respond to recommendations, although as a matter of practice, every reasonable effort is made to do so.

StepStone has the right to have up to three directors nominated for election, and RES has the right to have up to four directors nominated for election. See "Certain Relationships and Transactions" below.

The Nominating Committee held five meetings during 2015.

Audit Committee

Currently, the Audit Committee consists of Messrs. Sabin (Chairman), Friend and Linehan. During 2015, the Audit Committee consisted of Messrs. Sabin (Chairman), Friend, and Whittemore. All members of the Audit Committee are independent within the meaning of the Nasdaq Stock Market listing standards. The Audit Committee is responsible for the engagement of the independent registered public accounting firm, reviews with the independent registered public accounting firm the plans and results of the audit engagement, approves professional services provided by the independent registered public accounting firm, reviews the independence of the independent registered public accounting firm, considers the range of audit and non-audit fees and reviews the adequacy of the Company's internal accounting controls. The Audit Committee pre-approves all audit and non-audit services performed by the independent auditor. The Board of Directors has determined that Messrs. Sabin and Linehan are audit committee financial experts within the meaning of regulations of the Securities and Exchange Commission (the "SEC"). The Audit Committee operates pursuant to a written charter adopted by the Board of Directors. A copy of the charter is available on our website at <http://condorhospitality.com> in the Investor Relations section under "Governance Docs." The Audit Committee held seven meetings during 2015.

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The Audit Committee has a written policy with respect to its review and approval or ratification of transactions between the Company and a director, executive officer or related person covered by the SEC's rule S-K 404(a).

Investment Committee

Currently, the Investment Committee currently consists of Ms. Dufresne and Messrs. Landry (Chairman), Elsztain and MacDonald. During 2015, the Investment Committee consisted of Messrs. Landry (Chairman), Elsztain, Sabin, Whittemore and Friend. The Investment Committee's primary responsibility is to review and approve or reject the Company's proposed acquisition and divestiture of hotel properties, other investments in hotel properties, or other Company assets. The committee approves guidelines and processes for acquisitions to be presented to the Board of Directors, makes recommendations to the Board and senior management regarding acquisitions, reviews due diligence and financial analysis for hotel acquisition, divestiture and investments, and makes recommendations on the Board's acquisition and divestment strategies. The committee has the authority to approve hotel acquisitions within the purchase price authority as set by the Board from time to time, and to approve of any hotel divestiture in accordance with divestiture strategy established by the Board.

Shareholder Communications with the Board of Directors

The Company provides an informal process for shareholders to send communications to the Board of Directors. Shareholders who wish to contact the Board of Directors or any of its members may do so in writing to Board of Directors, Condor Hospitality Trust, Inc., 1800 West Pasewalk Avenue, Suite 200, Norfolk, NE 68701. Correspondence directed to an individual board member will be referred to that member. Correspondence not directed to a particular board member will be referred to the Chairman of the Board.

Compensation Committee Interlocks and Insider Participation

None of the members of the Compensation Committee was an officer or employee of the Company or any of its subsidiaries during 2015. No executive officer of the Company served as a member of the compensation committee or as a director of any company where an executive officer of such company is a member of the Compensation Committee or is a director of the Company.

Certain Relationships and Related Transactions

On March 16, 2016, the Company entered into a series of agreements providing for:

- the issuance and sale of the Series D convertible preferred stock in a private transaction to SREP, an affiliate of StepStone Group LP;
- the cash redemption of all of the outstanding Series A preferred stock and Series B preferred stock; and
- the exchange of all of the outstanding Series C convertible preferred stock for Series D convertible preferred stock.

SREP Stock Purchase Agreement. On March 16, 2016, the Company and SREP entered into a Stock Purchase Agreement (the "Stock Purchase Agreement") pursuant to which the Company issued and sold 3,000,000 shares of Series D convertible preferred stock to SREP on the same date for an aggregate purchase price of \$30,000,000. The Stock Purchase Agreement required that \$20,147,000 of the purchase price be deposited into an escrow account for purposes of effecting the redemption of the Series A preferred stock and Series B preferred stock and that the remaining amount of the purchase price be delivered to the Company.

Redemption. With notice given for redemption to occur on April 15, 2016, and the redemption funds deposited in escrow, all rights of the holders of the Series A preferred stock and Series B preferred stock terminated, except the right to receive the redemption price. All shares of the Series A preferred stock and Series B preferred stock were redeemed on April 15, 2016.

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RES Exchange. The Company entered into an Agreement (the “Exchange Agreement”) dated March 16, 2016 with RES and IRSA pursuant to which all 3,000,000 outstanding shares of Series C convertible preferred stock were exchanged for 3,000,000 shares of Series D convertible preferred stock. Pursuant to the Exchange Agreement, in lieu of payment of accrued and unpaid dividends in the amount of \$4,947,370 on the Series C convertible preferred stock, the Company (a) paid to RES an amount of cash equal to \$1,484,211, (b) issued to RES 245,156 shares of Series D convertible preferred stock (such that RES, IRSA and their affiliates do not beneficially own in excess of 49% of the voting stock of the Company) and (c) issued to RES a promissory note, bearing interest at 6.25% per annum, in the principal amount of \$1,011,599 and convertible into a number of shares of Series D Stock that would have otherwise been issued on account of the remaining accrued and unpaid dividends but for the foregoing 49% limitation (the “Note”).

RES at its option may at any time elect to convert the Note, in whole or part, by notice delivered to the Company, into a number of shares of Series D convertible preferred stock, determined by dividing the principal amount of the Note to be converted by \$10.00, provided that, any such conversion shall be reduced such that RES, together with its affiliates, does not beneficially own more than 49% of the voting stock of the Company. Any such conversion reduces the principal amount of the Note proportionally.

Series D Convertible Preferred Stock. Each share of the Series D convertible preferred stock is convertible, at the option of the holder, at any time into a number of shares of common stock determined by dividing the conversion price of \$1.60 into an amount equal to the \$10.00 face value per share of the Series D convertible preferred stock plus accrued and unpaid dividends, if any. Upon the closing of a “qualified offering”, each outstanding share of Series D convertible preferred stock will automatically be converted into a number of shares of common stock determined by dividing the conversion price of \$1.60 into the \$10.00 face value per share, which is equal to a rate of 6.25 shares of common stock for each share of Series D convertible preferred stock. A “qualified offering” is a single offering of common stock of at least \$50 million or up to three offerings in the aggregate of at least \$75 million, all with certain minimum price requirements per share.

The holders of Series D convertible preferred stock vote their Series D convertible preferred stock as a single class with the holders of the common stock on all matters submitted to such holders for vote or consent. For each such vote or consent, each share of Series D convertible preferred stock entitles the holder to cast one vote for each whole vote (rounded to the nearest whole number) that such holder would be entitled to cast had such holder converted its Series D convertible preferred stock into shares of common stock as of the date immediately prior to the record date for determining the shareholders of the Company eligible to vote on any such matter.

As long as the Series D convertible preferred stock is outstanding, the holders of the shares, which include RES and StepStone, have the right to vote separately as a class to approve certain significant corporate events, including the merger, consolidation, liquidation, or sale of substantially all of the assets of the Company or the sale by the Company of common stock or securities convertible into common stock equal to 20% or more of the outstanding common stock or voting stock.

RES Warrants. In February 2012, in connection with the purchase of the Series C convertible preferred stock, the Company issued warrants (“Warrants”) to RES to purchase 3,750,000 shares of common stock. The Warrants are exercisable at any time on or before January 31, 2017 if following the exercise RES’s ownership of the Company’s voting stock does not exceed 34%. The Warrants are exercisable at an exercise price of \$1.92 per share of common stock. The exercise price may be paid in cash, or the holder may also elect to pay the exercise price by having the Company withhold a sufficient number of shares from the exercise with a market value equal to the exercise price.

RES Investor Rights and Conversion Agreement. The Company entered into an Investor Rights and Conversion Agreement (the “RES Investor Rights and Conversion Agreement”) dated February 1, 2012 with RES and IRSA pursuant to which the Company granted RES and its affiliates and their respective subsidiaries, among other rights, the right to purchase equity shares or securities convertible into equity shares in future Company offerings on a pro rata basis based on their share ownership.

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RES Registration Rights Agreement. The Company entered into a registration rights agreement (the “RES Registration Rights Agreement”) dated February 1, 2012 with RES and IRSA. The Registration Rights Agreement requires the Company to register for resale by the holders the common stock issued upon conversion of the Series C convertible preferred stock and upon exercise of the Warrants, these rights have been carried forward into the Series D convertible stock. The RES Registration Rights Agreement also grants RES the right to participate in certain future underwritten offerings of securities by the Company.

RES Directors Designation Agreement. The Company entered into a directors designation agreement (the “RES Directors Designation Agreement”) dated February 1, 2012 with RES and IRSA pursuant to which the Company will appoint up to four directors designated by RES and IRSA to the Board of Directors.

RES may appoint the following number of directors if it owns the indicated percentage of voting power:

<u>Voting Power</u>	<u>No. of Directors</u>
34%	4
22% or more but less than 34%	3
14% or more but less than 22%	2
7% or more but less than 14%	1

StepStone Investor Rights Agreement. The Company entered into an StepStone Investor Rights Agreement (the “StepStone Investor Rights Agreement”) dated March 16, 2016 with SREP and StepStone Group Real Estate LP (“StepStone”) pursuant to which (a) Messrs. Dinkel, Walters and Whittemore resigned as members of the Board of Directors and (b) the Company appointed three director nominees selected by StepStone to the Board of Directors, Messrs. Giller, MacDonald and Linehan. The Company also agreed to maintain the Board of Directors at no more than nine members.

StepStone may nominate the following number of directors if it beneficially owns the indicated percentage of voting power of the Company: (a) three directors if it owns 22% or more of the outstanding voting power, (b) two directors if it owns 14% or more but less than 22% of the outstanding voting power, and (c) one director if it owns 7% or more but less than 14% of the outstanding voting power.

The StepStone Investor Rights Agreement also requires the Company to register the resale of the common stock issued to StepStone or specified affiliates upon conversion of the Series D convertible preferred stock.

The Company granted StepStone and its affiliates, among other rights, the right to purchase equity shares or securities convertible into equity shares in future Company offerings on a pro rata basis based on their share.

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ITEM 1. ELECTION OF DIRECTORS

Nominees for Directors

The Articles provide that the Board of Directors can set the number of directors, but also provide that the Board of Directors must have no less than three nor more than eleven directors. Pursuant to the term of the StepStone Investor Rights Agreement and the RES Director Designation Agreement, the Board of Directors has set the number of directors at nine. The Board of Directors is presently comprised of nine members. Nine directors will be elected at the Annual Meeting and will serve a term expiring at the next annual meeting or until a successor is selected. Each of the nominees is currently a director and has served continuously since joining the Board.

The Board of Directors has no reason to doubt the availability of the nominees, and all have consented to serve as a director of the Company if elected and all have consented to being named as nominee in this proxy statement. If any nominee becomes unavailable or unwilling to serve as a director for any reason, the person named as proxy on the Proxy Card is expected to consult with the Nominating Committee of the Company in voting the shares represented by the proxies, and as required pursuant to agreements with RES and/or StepStone, including voting for a substitute nominee.

Pursuant to the designation of RES, Messrs. Elsztain, Friend, Sabin and Landry have been nominated for election as members of the Board. At least one of the directors designated by RES will be appointed to each committee of the Board of Directors. As long as RES beneficially owns 7% or more of the voting power of the capital stock of the Company, the RES designees will be nominated and recommended for election at each annual meeting of the Company stockholders.

Pursuant to the designation of SREP, Messrs. Giller, Linehan and MacDonald have been nominated for election as members of the Board. At least one of the directors designated by SREP will be appointed to each committee of the Board of Directors. As long as SREP beneficially owns 7% or more of the voting power of the capital stock of the Company, the SREP designees will be nominated and recommended for election at each annual meeting of the Company stockholders.

The names of the nine director nominees submitted for election by the holders of the common stock and the Series D convertible preferred stock, voting as one group, and certain information about the nominees, are set forth below.

J. William Blackham, *Director, President and Chief Executive Officer*. Mr. Blackham, age 62, was appointed President and Chief Executive Officer and a member of the Board of Directors on March 2, 2015. Mr. Blackham, since 2008 to present, is a co-owner and the managing member of Trinity Investment Partners, LLC. Also since early 2011, he has served as the owner and managing member of Proximo Investments & Advisors, LLC, an investment and advisory company, and in various roles, including consultant, trustee and manager of affiliates, for Assured Administration, LLC. He was president and CEO of Eagle Hospitality, a hotel REIT which traded on the NYSE until its sale in 2007 and has been active for several decades in entities involved in real estate and hospitality development, acquisition and advisory services. Mr. Blackham holds an MBA from The Wharton School-The University of Pennsylvania and a BS from The Carroll School of Management-Boston College.

Mr. Blackham's extensive experience as a leader of real estate ventures, his public hospitality REIT experience, and his proven capital raising experience provides the Board with strong leadership and expertise in the hospitality REIT industry.

Daphne J. Dufresne, *Director*. Ms. Dufresne, age 43, has been a Managing Director of RLJ Equity Partners ("RLJ"), a private equity fund since 2006. Ms. Dufresne participated in building the RLJ investment team, raising \$230 million of institutional capital, and constructing a partnership with The Carlyle Group, a global

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private equity firm. Prior to RLJ, Ms. Dufresne was a Venture Partner during 2005 with Parish Capital Advisors, a \$425 million fund of funds for emerging and experienced institutional investors and a Principal from 1999 to 2005 at Weston Presidio Capital, a private equity organization with \$3.4 billion of assets under management. She also served as Associate Director in 1997 in the Bank of Scotland's Structured Finance Group. Ms. Dufresne received her B.S. from the University of Pennsylvania and her M.B.A. from the Harvard Business School. Ms. Dufresne has been a director of the Company since June 2015.

Ms. Dufresne extensive experience with capital sources and capital raising provides the Board with substantial experience and expertise in reviewing and improving the Company's capital structure.

Committees: Investment Committee

Daniel R. Elsztain, *Director*. Mr. Elsztain, age 43, obtained a degree in Economic Sciences from the Torcuato Di Tella University and has a Masters in Business Administration from the Austral IAE University. At present, he is a member of the board of IRSA Inversiones y Representaciones Sociedad Anónima ("IRSA"), a real estate public company listed both on the New York Stock Exchange ("NYSE") and the Buenos Aires Stock Exchange ("BASE"), as well as its Chief Operating Officer and other executive capacities since 2004. He is a board member of Alto Palermo S.A. (APSA), a retail public company listed both on NASDAQ and BASE. Mr. Elsztain has been a director of the Company since February 2012.

His extensive experience in IRSA's real estate operations and his participation on other public company boards provides the Board with a source of substantial lodging and real estate knowledge.

Committees: Compensation Committee, Nominating Committee and Investment Committee

James H. Friend, *Chairman of the Board*. Mr. Friend, age 64, has been president and CEO of Friend Development Group, LLC since 1997 and has been actively involved in the hotel and real estate business for more than 26 years. Mr. Friend has extensive experience in the development process, including ground-up development, renovations, adaptive re-use and mixed-use developments. He has particular expertise developing and financing complicated real estate projects in urban and suburban areas. Mr. Friend has arranged financing for hotel and other real estate projects in excess of \$600 million. He has worked closely with all major hotel brands, including Hilton, Marriott, Hyatt, Starwood, Intercontinental, Wyndham and Choice. He also has experience working with numerous luxury and independent luxury hotel brands as well as with branded and unbranded boutique hotels. Mr. Friend has partnered with major institutions, investment funds, high net worth families and significant hotel investment groups. He has advised NYSE companies, REIT's, banks, hedge funds and privately held companies in a wide range of real estate product types, including hotels, retail, assisted living, multi-family and mixed-use development.

Mr. Friend is a graduate of Stanford University and the Northwestern University School of Law. He is a member of the Bar of the State of New York. He has served on various philanthropic boards, including the Richard Tucker Music Foundation, board of directors of the Stanford Alumni Association and currently is the chairman of the Stanford New York Alumni. He also has served as an adjunct professor at the Tisch Center for Hospitality, Tourism and Sports Management at New York University. Mr. Friend has been a director of the Company since February 2012.

Mr. Friend's years of work in the hotel and real estate industry provides the Board with a diverse and unique source of hotel and real estate knowledge.

Committees: Audit Committee

Jeffrey Giller, *Director*. Mr. Giller, age 54, is a Partner and the Head of StepStone Real Estate LP, since June 2014, and chairs the Real Estate Investment Committee and focuses on management activities and global

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real estate investments. Mr. Giller was a founder, Managing Partner and the Chief Investment Officer of Clairvue Capital Partners since April 2010, a real estate manager which integrated with StepStone to establish StepStone Real Estate. Before Clairvue, he was a Managing Principal and Chief Investment Officer at Liquid Realty Partners from September 2005 to October 2009, an investment manager focused on real estate private equity secondaries. Mr. Giller has also held senior positions in other real estate private equity investment firms in the U.S. and Europe. As Managing Director of JER France, SA from 1995 to 2000, he was instrumental in starting, building and overseeing JER Partners' first offshore business, located in Paris, France. Mr. Giller earned an MBA from the University of Virginia and a BA from the University of California at Berkeley. Mr. Giller has been a director of the Company since March 2016.

Mr. Giller's substantial experience in leading real estate investment firms and capital raising provides the Board with unique leadership and capital raising experience.

Donald J. Landry, Director. Mr. Landry, age 67, is president and owner of Top Ten, an independent hospitality industry consulting company. Mr. Landry has over 45 years of lodging and hospitality experience in a variety of leadership positions. Most recently, Mr. Landry was the Chief Executive Officer, President and Vice Chairman of Sunburst Hospitality Inc. Mr. Landry has also served as President of Choice Hotels International, Inc., Manor Care Hotel Division and Richfield Hotel Management. Mr. Landry currently serves on the corporate advisory boards of Campo Architects, UniFocus and Windsor Capital Group and numerous nonprofit boards. Mr. Landry is a member of the board of trustees of Hersha Hospitality Trust. Mr. Landry is a frequent guest lecturer at the University of New Orleans where he serves on the board of the School of Hospitality, Restaurant and Tourism. Mr. Landry holds a bachelor of science from the University of New Orleans, which awarded him Alumnus of the Year in 1999. Mr. Landry is a Certified Hotel Administrator. Mr. Landry has been a director of the Company since February 2012.

Mr. Landry's more than 45 years of experience in the lodging and real estate industries, including his roles as Chief Executive Officer, President and Vice Chairman of Sunburst Hospitality Inc. and President of Choice Hotels International, Inc., Manor Care Hotel Division and Richfield Hotel Management provides the Board with an experienced source on lodging and real estate industries.

Committees: Nominating Committee and Investment Committee

Mark D. Linehan, Director. Mr. Linehan, age 54, has served as President and Chief Executive Officer of Wynmark Company since he founded the company in 1993. Wynmark Company is a private real estate investment and development company with interests in properties in California, Nevada, Oregon and Montana. Prior to founding Wynmark Company, Mr. Linehan was a Senior Vice President with the Trammell Crow Company in Los Angeles, California. Before that, Mr. Linehan was with Kenneth Leventhal & Co. (now Ernst & Young LLP), a Los Angeles-based public accounting firm. He has served on the board of Hudson Pacific Properties (NYSE:HPP) since their IPO. In addition, Mr. Linehan is actively involved with the community through his service on the board of Direct Relief, the UC Santa Barbara Foundation, and the National Cowboy and Western Heritage Museum. Mr. Linehan received a Bachelor of Arts degree in Business Economics from the University of California, Santa Barbara and is a Certified Public Accountant. Mr. Linehan has been a director of the Company since March 2016.

Mr. Linehan's extensive experience in real estate investment and development as well as his expertise in accounting matters and service on public company committees provides the Board with an experienced public company director and a source of real estate development and accounting knowledge for public companies.

Committees: Audit Committee

Brendan MacDonald, Director. Mr. MacDonald, age 37, is a Partner of StepStone Real Estate LP since June 2014, a member of the real estate investment committee, with a primary focus on sourcing and executing investments on behalf of StepStone's real estate fund and separate account vehicles. Mr. MacDonald was a

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founding partner of Clairvue Capital Partners since April 2010, a real estate investment manager which integrated with StepStone to establish StepStone Real Estate. At Clairvue, he was an investment committee member and focused on sourcing, underwriting and managing investments in the U.S., Europe and Latin America. Before Clairvue, he was a Director at Liquid Realty Partners, from January 2007 to October 2009, an investment manager focused on real estate private equity secondaries and held an acquisitions role at Babcock and Brown. Earlier in his career he completed GE Capital's Financial Management Program and was part of GE's global Sponsor Finance business. Mr. MacDonald received an MBA from Harvard Business School and a BS from Indiana University. Mr. MacDonald has been a director of the Company since March 2016.

Mr. MacDonald's years of experience in real estate investment and capital raising provides the Board with significant expertise in growing the Company.

Committees: Compensation Committee, Nominating Committee and Investment Committee

John M. Sabin, Director. Since May 2011, Mr. Sabin, age 61, has been the Executive Vice President and Chief Financial Officer of Revolution LLC as well as the Chief Financial Officer of The Stephen Case Foundation and the Case Family Office. Previously he was the Chief Financial Officer and General Counsel of Phoenix Health Systems, Inc. a private healthcare information technology outsourcing and consulting firm, from October 2004 to May 2011. Mr. Sabin was the Chief Financial Officer, General Counsel and Secretary of NovaScreen Biosciences Corporation, a private bioinformatics and contract research biotech company, from January 2000 to October 2004. Prior to joining NovaScreen, Mr. Sabin served as a finance executive with Hudson Hotels Corporation, Vistana, Inc., Choice Hotels International, Inc., Manor Care, Inc. and Marriott International, Inc. all of which were public companies at the time of his service. In his professional life Mr. Sabin has had commercial lease experience with a national law firm, transactional real estate experience with national hospitality and health care firms, commercial real estate financing experience, IPO experience, as well as experience as an audit committee and board member of several other public companies. Mr. Sabin is a member of the board of trustees of Hersha Hospitality Trust. Mr. Sabin has received Bachelor of Science degrees in Accounting and in University Studies; a Masters of Accountancy and a Masters in Business Administration from Brigham Young University, and he also received a Juris Doctor from the J. Reuben Clark Law School at Brigham Young University. Mr. Sabin is a licensed CPA and is admitted to the bar in several states. Mr. Sabin has been a director of the Company since February 2012.

Mr. Sabin's qualifications include substantial hospitality industry experience, as well as his substantial legal, finance and accounting experience. His current and prior service as both General Counsel and Chief Financial Officer of various companies provides the Board with valuable insights with respect to finance, accounting, legal and corporate governance matters.

Committees: Audit Committee and Compensation Committee

Unless authority for the above nominees is withheld, the person named as proxy on the Proxy Card will vote the shares represented by the enclosed proxy card, if executed and returned, "for" the election of the nominees named above.

StepStone, pursuant to the StepStone Investor Rights Agreement, and RES, pursuant to the RES Director Designation Agreement, will vote FOR each of the above nine nominees.

The Board of Directors Unanimously Recommends a Vote "FOR" each of the Nominees.

COMPENSATION DISCUSSION AND ANALYSIS

The following compensation discussion and analysis provides information which the Compensation Committee of the Board of Directors (the “Committee”) believes is relevant to an assessment and understanding of compensation awarded to, earned by or paid to the Company’s executive officers listed in the summary compensation table (named executive officers). This discussion should be read in conjunction with the summary compensation table and related tables below.

Compensation Practices. The Company had significant senior level management changes in 2015 with the employment of a new Chief Executive Officer and Chief Financial Officer. The Committee anticipates that it may develop additional compensation practices not reflected in this discussion or the associated tables as the Company’s business evolves under the new senior management.

Compensation Overview and Objective. The Committee has the responsibility for developing and maintaining an executive compensation policy for named executive officers that creates a direct relationship between pay levels and corporate performance and returns to shareholders. The objective of the Company’s compensation program is to attract and retain a high caliber of management who will manage the Company in a manner that will promote its goals to achieve long term profitability and to advance the interest of the Company’s shareholders. The compensation program for named executive officers seeks to achieve the objective of retaining a high caliber of management by:

- providing overall competitive pay levels,
- creating proper incentives to enhance shareholder value,
- rewarding superior performance, and
- compensating at levels that are justified by the returns available to shareholders.

Senior Management Transition

Following Mr. Walters’ announcement in September 2014 of his intention to step down as Chief Executive Officer of the Company, the Board of Directors formed a Search Committee consisting of Messrs. Friend, Landry and Sabin (Chairman). The Search Committee was tasked with searching for, evaluating, and providing the Board of Directors with candidates for the position of Chief Executive Officer. The Search Committee reviewed candidates and conducted interviews through February 2015. On March 2, 2015, Mr. Blackham was appointed Chief Executive Officer of the Company by the Board of Directors, following the committee’s successful search and evaluation and based on the committee’s recommendation. Ferguson Partners Ltd. was retained by the Search Committee to identify executive officer candidates for Chief Executive Officer and Chief Financial Officer, and was paid \$250,000 for these services.

Chief Executive Officer Transition. The terms of Mr. Blackham’s employment were approved by the Committee. Mr. Blackham’s employment agreement has a three year term, and under the employment agreement he (i) receives an annual base salary of \$350,000, (ii) receives consideration for an annual cash bonus and (iii) is eligible to participate in any Company long-term incentive program. Pursuant to his 2015 annual bonus plan, he had a target performance bonus equal up to 100% of his base salary for achieving key performance objectives of market capitalization growth, developing and executing the 2015 business plan, executing a property acquisition and divestment plan, improving the performance of the legacy hotel portfolio and leading the management team. The Committee determined that Mr. Blackham met 95% of the 2015 performance goals and awarded him 95% of his base salary as his bonus.

As an inducement to accept employment, Mr. Blackham received a warrant to purchase 657,894 shares of common stock. Mr. Blackham has exercised the warrant to purchase 227,894 shares of common stock and may exercise the balance of the warrant, in whole or in part, until March 2, 2018, to purchase 430,000 shares of common stock at \$1.92 per share.

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As an inducement to accept employment, Mr. Blackham was granted an equity award of 5,263,152 long-term incentive plan units (“LTIP Units”), representing profit interests in the Company’s operating partnership. The LTIP Units are earned in one-third increments upon the Company’s common stock achieving price per share milestones of \$3.50, \$4.50 and \$5.50 respectively. Earned LTIP Units vest in March 2018, or earlier upon a change in control of the Company, and can be redeemed at the rate of one share of common stock for each eight earned LTIP Units for up to 657,894 shares of common stock.

As an inducement to Mr. Walters to continue as Chief Executive Officer until his successor was appointed, the Committee granted him three months base salary and benefits to be paid in accordance with the Company’s customary payroll practices following his resignation as Chief Executive Officer.

Chief Financial Officer Transition. Jonathan J. Gantt joined Condor as Senior Vice President and Chief Financial Officer on October 27, 2015. The terms of Mr. Gantt’s employment were approved by the Committee. Mr. Gantt’s annual base salary is \$215,000. He is eligible for annual cash bonuses of up to 40% of his base salary for achievement of performance targets when set by the Committee. He is eligible for equity awards of up to 60% of his base salary for achievement of performance targets when set by the Committee. He received \$20,000 on employment commencement in recognition of bonus forfeiture at his former employer and as relocation expenses. He is entitled to participate in Condor’s employee benefit plans and 401K plan.

As an inducement to Ms. Scarpello to continue as Chief Financial Officer until her successor was appointed, the Committee granted her four and one-half months base salary and benefits to be paid in accordance with the Company’s customary payroll practices following her resignation as Chief Financial Officer.

Components of Compensation. The Company’s executive compensation has three components, each of which is intended to support the overall compensation objective of retaining a high caliber of management. The three components are base salary, annual bonuses, and equity incentives.

Base Salary. Base salary is targeted to be competitive to attract and retain executives qualified to manage a hotel REIT. Base salary is intended to compensate the executive for satisfying the requirements of the position. Salaries for executive officers are typically reviewed by the Compensation Committee on an annual basis and may be changed based on the individual’s performance or a change in competitive pay levels in the marketplace.

Annual Bonuses. The Compensation Committee determined that Mr. Blackham met 95% of his annual 2015 performance objectives, and awarded him a performance bonus equal to 95% of his base salary. In recognition of Mr. Dougan’s performance as Chief Operating Officer in 2015, the Compensation Committee approved a cash bonus of \$30,750.

Equity Incentive Plan. Equity stock incentives were previously provided primarily through grants of stock options to executive officers pursuant to the shareholder approved Company 2006 Stock Plan. The Committee recognizes the value of equity incentives in assisting the Company in the hiring and retaining of management personnel and in enhancing the long-term mutuality of interest between the Company shareholders and its directors, officers and employees. Stock options are granted at the market value on the date of the grant and have value only if the Company’s stock price increases. Employees must be employed by the Company at the time of vesting in order to exercise the options.

No equity awards were granted under the Company 2006 Stock Plan to the named executive officers in 2015. The 2006 Stock Plan expired on December 31, 2015, and the Company has adopted, and is presenting to the Company shareholders for approval, the 2016 Stock Plan, for the benefit of its named officers and other employees. If approved by the Company shareholders, it is expected that equity awards under the 2016 Stock Plan will be granted in 2016 as part of the compensation for Company employees.

The Company does not have a pension plan. The Company’s executive officers may participate in its 401(k) Plan on the same terms as other participating employees. The Company does not maintain a perquisite program for its executive officers.

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Compensation Committee Report

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis with management and, based on such review and discussion, has recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this proxy statement.

COMPENSATION COMMITTEE

John M. Sabin (Chairman)
Daniel R. Elsztain
Brendan MacDonald

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Summary Compensation Table

<i>Name and Principal Position</i>	<i>Year</i>	<i>Salary</i>	<i>Bonus</i>	<i>Stock Awards</i>	<i>Option Awards</i>	<i>Non-Equity Incentive Plan Compensation</i>	<i>All Other Compensation</i>	<i>Total</i>
		<i>(\$)</i>	<i>(\$)</i>	<i>\$(1)</i>	<i>\$(1)</i>		<i>\$(2)</i>	<i>(\$)</i>
J. William Blackham(3) President and Chief Executive Officer	2015	321,465	0	341,280	311,020	332,500	10,600	1,316,865
Jonathan J. Gantt(4) Chief Financial Officer and Senior Vice President	2015	32,281	0	0	0	0	21,813	54,094
Jeffrey W. Dougan(5) Chief Operating Officer	2015	209,609	30,750	0	0	0	8,269	248,628
	2014	190,000	19,000	0	0	0	8,425	217,425
	2013	84,038	25,000	22,750	5,000	0	4,362	141,150
Kelly A. Walters(6) Former Chief Executive Officer	2015	74,572	0	0	0	0	81,897	156,469
	2014	290,000	0	0	0	0	10,400	300,400
	2013	290,000	0	0	0	0	10,200	300,200
Corrine L. Scarpello(7) Former Chief Financial Officer	2015	169,315	0	0	0	0	38,848	208,163
	2014	200,100	0	0	0	0	8,133	208,233
	2013	200,100	0	0	0	0	8,408	208,508
Patrick E. Beans(8) Former Treasurer	2015	133,846	0	0	0	0	17,002	150,848
	2014	145,000	0	0	0	0	5,850	150,850
	2013	133,846	0	0	0	0	5,354	139,200

- (1) These columns reflect the grant date fair value of the stock awards, performance shares and stock options (warrants in the case of Mr. Blackham) granted in accordance with FASB Accounting Standards Codification Topic 718. The performance share award and warrants were granted to Mr. Blackham as an inducement to accept employment. The maximum performance share award value, if earned (exclusive of increase in performance share value based on increases in the Company's stock price), would be 1.5 times the amount shown in the "Stock Awards" column for Mr. Blackham. See "Grants of Plan Based Awards for Fiscal 2015". See footnote 12 to the Company's consolidated financial statements for the assumptions used in the valuation of these awards.
- (2) Amounts for the named executive officers represent contributions credited by the Company during 2015, 2014 and 2013 to its 401(k) plan. Mr. Gantt received \$20,000 on employment commencement in recognition of bonus forfeiture at his former employer and as relocation expenses. Amounts include post-employment severance of (a) \$75,845 for Mr. Walters, (b) \$30,784 for Ms. Scarpello, and (c) \$11,153 for Mr. Beans.
- (3) Mr. Blackham became our President and Chief Executive Officer in March 2015 with an annual base salary of \$350,000. Mr. Blackham earned \$332,500 for achievement of performance goals under his 2015 Annual Bonus Plan which is reported in the "Non-Equity Incentive Plan Compensation" column.
- (4) Mr. Gantt became our Senior Vice President and Chief Financial Officer in October 2015, with an annual base salary of \$215,000.
- (5) Mr. Dougan was paid a discretionary cash bonus of \$30,750 for 2015.
- (6) Mr. Walters was our Chief Executive Officer until March 2015.
- (7) Ms. Scarpello was our Chief Financial Officer until October 2015.
- (8) Mr. Beans was our Treasurer until November 2015.

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Grants of Plan-Based Awards for Fiscal 2015

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards \$(1)			Estimated Future Payouts Under Equity Incentive Plan Awards (# of shares)(1)			All Other Stock Awards: Number of Shares of Stock or Units (#)	All Other Awards: Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards (\$/share) (2)	Grant Date Fair Value of Stock and Option Awards \$(3)
		Threshold	Target	Maximum	Threshold	Target	Maximum				
		J. William Blackham	3/2/15 3/2/15	0	N/A	350,000	219,298				

- (1) Non-equity incentive awards were made with respect to Mr. Blackham's 2015 annual incentive plan. Equity incentive plan awards represent partnership interests in the Company's operating partnership. On March 2, 2015, the Company granted an equity award of 5,263,152 LTIP units, representing profit interests in the Company's operating partnership, to Mr. Blackham. The LTIP units are earned in one-third increments upon the Company's common stock achieving price per share milestones of \$3.50, \$4.50, and \$5.50, respectively. Earned LTIP Units vest in March 2018, or earlier upon a change in control of the Company, and can be redeemed at the rate of one share of common stock for each eight earned LTIP units for up to 657,894 of shares of common stock.
- (2) On March 2, 2015, the Company granted a warrant to Mr. Blackham as an inducement material to his acceptance of employment. The warrant entitles Mr. Blackham to purchase a total of 657,894 shares of common stock with a grant date price at (i) \$1.52 per share (the adjusted closing bid price of the common stock on Nasdaq on March 2, 2015) if at least one-third but not more than one-half of the shares were purchased on or prior to March 17, 2015, and (ii) \$1.92 per share for shares purchased after. The warrant has a three-year term. Mr. Blackham exercised the warrant in part to purchase 227,894 shares on March 11, 2015 at the price of \$1.52 per share. The warrant remains exercisable for 430,000 shares at an exercise price of \$1.92 per share. As of December 31, 2015, the total unrecognized compensation cost related to the warrants was approximately \$214,000, which is expected to be recognized over the next 26 months.
- (3) See footnote 12 to the Company's consolidated financial statements for the assumptions used in valuing the awards.

Outstanding Equity Awards at Fiscal Year-End

Name	Option Awards				Stock Awards			
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable (1)	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#) (2)	Market Value of Shares or Units of Stock That Have Not Vested (\$)	Market Value of Unearned Shares, Units or Rights That Have Vested (#)(3)	Equity Incentive Awards: Market or Payout Value of Unearned Shares, Units or Rights That Have Vested (\$)(3)
J. William Blackham	430,000	0	1.92	March 2, 2018			438,596	548,245
Jeffrey W. Dougan	2,083	1,042	8.08	July 15, 2017	1,042	1,302		

- (1) The options expiring on July 15, 2017 vested and will vest in equal one-third increments on July 15, 2014, 2015 and 2016.
- (2) The restricted shares for Mr. Dougan vested and will vest in one-third increments on July 15, 2014, 2015, and 2016. Market value is based on the closing price of the common stock on December 31, 2015.
- (3) Number shown is based on the target number of LTIPs which can be earned. See Compensation Discussion and Analysis for a description of the provisions of the LTIPs. The market value is based on the closing market price of the common stock at the end of the 2015 fiscal year (\$1.25 per share).

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Option Exercises and Stock Vested in 2015

<u>Name</u>	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise \$(1)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting \$(2)
J. William Blackham	227,894	54,694		
Jeffrey W. Dougan			1,042	2,852

- (1) Difference between the exercise price of the warrant and market price on date of exercise.
(2) Based on the market price on vesting date.

Equity Compensation Plan Information

The following table provides information about the Company's common stock that may be issued upon exercise of options, warrants, and rights under existing equity compensation plans as of December 31, 2015:

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted average exercise price of outstanding options, warrants, and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (including securities plans reflected in column(a)) (c)
Equity compensation plans approved by security holders	2,500	\$ 7.84	0(1)
Equity compensation plans not approved by security holders	433,125	1.96	0
Total	435,625	\$ 2.00	0

- (1) Represents shares issuable under the Company's 2006 Stock Plan. On December 31, 2015, the 2006 Stock Plan expired. Expiration of the 2006 Stock Plan does not impact awards issued under the plan prior to its expiration.

Potential Payments Upon Termination or Change-in-Control

If the employment of Mr. Blackham is terminated with cause, he will receive (i) accrued and unpaid base salary to the date of termination, (ii) the accrued and unused vacation to the date of termination, (iii) unpaid expense reimbursements, and (iv) vested amounts under qualified retirement plans. In addition, if he terminates employment without good reason he will also receive unpaid bonuses earned for completed prior fiscal years. If his employment is terminated without cause or if he terminates employment with good reason, in addition to the foregoing, he will receive: (i) an amount equal to one times (1x) base salary, (ii) an amount equal to one times (1x) the average annual bonus previously earned for up to the prior three (3) years, (iii) the immediate vesting of equity awards solely subject to time vesting, and (iv) any awards, not yet earned but may be earned based on the achievement of the applicable performance criteria, vested at a pro rata amount based on the performance period to the date of termination. Additionally, the Company will also pay his COBRA premiums during the period that he elects to receive COBRA coverage under the Company's group health plans, not to exceed 18 months. If within 12 months following a change in control his employment is terminated other than for cause or by reason of death or disability or he terminates his employment for good reason, the additional base salary payment will be increased to two times (2x) base salary and the annual bonus payment will be increased to two times (2x) the average annual bonus previously earned for up to the prior three (3) years.

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“Cause” under Mr. Blackham’s employment agreement includes certain (i) dishonest or fraudulent actions, felony conviction, (ii) a material failure to devote substantially all of his business time to the business of the Company or to follow the Company’s good faith instructions and directives; (iii) unreasonable and material neglect, refusal or failure to perform assigned duties; (iv) material breach by him of his employment agreement, the Company’s Code of Business Conduct and Ethics or similar codes; (v) any act bringing substantial public disrespect or scandal or ridicule of the Company, or (vi) any governmental regulatory agency recommends or orders that the Company terminate his employment or relieve him of his duties. “Change in Control” under Mr. Blackham’s employment agreement includes certain acquisitions of 50% or more of common stock or voting power of the Company, certain changes in the Board of Directors, or certain mergers or similar transactions if the shareholders prior to the transaction do not hold 50% of the voting power afterwards, or a liquidation or sale of than 50% of the Company assets.

Mr. Dougan’s restricted stock award agreement provides that his restricted stock award immediately vests in the event of a change of control (as defined in the Company 2006 Stock Plan). A change in control, defined in the Company’s 2006 Stock Plan, generally occurs if: (i) a person, entity or group (excluding Company plans) acquires 50% or more of the Company’s common stock or total voting power of the Company’s voting securities; (ii) incumbent directors or their replacements (whose election or nomination was approved by at least a majority of then incumbent directors) cease to constitute a majority of the board; (iii) a reorganization, merger, consolidation, or sale of substantially all of the Company’s assets occurs unless the Company’s shareholders prior to the transaction own after the transaction 50% or more of the voting power of the Company’s securities; and (iv) the Company is liquidated or dissolved. If such a change in control had occurred on the last day of fiscal 2015, the value of unvested restricted stock held by Mr. Dougan would have been \$1,302. The unvested restricted stock for Mr. Dougan is set forth in the Outstanding Equity Awards at Fiscal Year-End table.

Executive Officers of the Company

Information on our President and Chief Executive Officer, Mr. Blackham, is included above with information on our director nominees. Our other executive officers at April 15, 2016, their ages, positions held, and the business experience of each during the past five years are, as follows:

Jonathan J. Gantt, age 34, Senior Vice President and Chief Financial Officer since October 2015. Mr. Gantt served as Director, Treasury, Capital Markets and M&A of Starwood Hotels & Resorts Worldwide, Inc. (NYSE: HOT) from July 2013 to October 2015. From July 2011 to July 2013 he attended the Tuck School of Business at Dartmouth, from which he received his Masters of Business Administration degree, with distinction. He served as an associate and analyst with Summer Street Capital Partners from February 2007 to July 2011. Prior to Summer Street Capital Partners, he served on the asset management team of HEI Hotels. Mr. Gantt is a graduate of the School of Hotel Administration at Cornell University, from which he received Bachelor of Science degree, with distinction.

Arinn Cavey, age 36, Chief Accounting Officer since September 2015. Prior to joining the Company, Ms. Cavey was employed with KPMG LLP since September 2002, last serving as an Audit Senior Manager. She has extensive audit experience in the consumer and industrial markets industries. She has provided professional audit services to publicly-held SEC registrants in accordance with PCAOB requirements and U.S. GAAP as well as to private companies in accordance with AICPA requirements. She is a Certified Public Accountant and holds a Bachelor of Science degree in Accounting from Drake University.

Jeffrey W. Dougan, age 56, Senior Vice President and Chief Operating Officer since July 2013. Mr. Dougan he is responsible for overseeing the Company’s third party management companies, hotel operations, as well as maintaining relationships with current and future brand families. Mr. Dougan previously served more than 25 years in the hospitality industry. From June 2008 to July 2013, Mr. Dougan was a former Vice President of Operations for Stonebridge Hospitality where he oversaw a diverse hotel portfolio featuring eight different brands in a variety of segments. He has held a number of industry positions with leading

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companies, including Vice President of Operations at Sage Hospitality Resources, Area Operations Manager at the Homestead Village in Colorado and New Mexico, and General Manager at the Grand Aspen Hotel and the Dillon Comfort Suites, both in Colorado. Mr. Dougan holds a Bachelor of Science degree in Business Administration from the Rochester Institute of Technology.

Director Compensation

<i>Name</i>	<i>Fees Earned or Paid in Cash (\$)</i>	<i>Stock Awards (\$)</i>	<i>Option Awards (\$)</i>	<i>Total (\$)</i>
Daphne J. Dufresne	16,153	0	0	16,153
John Dinkel	16,153	0	0	16,153
Daniel R. Elsztain	27,500	7,449	0	34,949
James H. Friend	58,000	4,407	0	62,407
Donald J. Landry	30,000	11,167	0	41,167
John M. Sabin	31,500	7,449	0	38,949
Kelly A. Walters	16,983	0	0	16,983
George R. Whittemore	31,500	7,449	0	38,949

Ms. Dufresne and Mr. Dinkel joined the Board of Directors in June 2015. Mr. Walters became a non-executive director in March 2015. Messrs. Dinkel, Walters and Whittemore resigned from the Board in March 2016.

During 2015, Directors receive an annual retainer of \$20,000. Additionally, directors received fees of \$1,000 per board meeting attended in person and \$500 per telephonic board meeting. Committee chairmen received compensation as follows: Audit Committee chairman annual retainer of \$3,000 and Compensation Committee chairman annual retainer of \$1,500. Each Audit Committee member, other than the chairman, receives a fee of \$375 per quarter. From time to time, directors, as authorized representatives of the Board, engage in Board duties outside of meetings, and receive fees for the performance of such additional Board duties in an hourly or daily amount previously set by the Board. Mr. Friend received additional fees of \$28,000 in connection with performance of additional Board duties related to the transition of the Company's new chief executive officer. The Investment Committee chairman receives a monthly fee of \$750. Each member of the Investment Committee who is an independent director, other than the chairman, receives a monthly fee of \$500. The fees to the Investment Committee were paid quarterly in common stock issued under the 2006 Stock Plan, based on a value per share equal to the average of the closing price of the common stock during the first 20 trading days of the year. If the 2016 Stock Plan is approved by Company shareholders the Investment Committee members who have not received equity compensation in 2016 are expected to receive equity compensation for their service since January 1, 2016.

AUDIT COMMITTEE REPORT

The Audit Committee of the Board of Directors is comprised of three Directors, each of whom satisfies the independence and financial literacy requirements of the Nasdaq Stock Market listing standards. The Board of Directors has determined that Mr. Sabin and Mr. Linehan are audit committee financial experts (as defined by the Securities and Exchange Commission). The Audit Committee operates under a written charter adopted by the Board of Directors. The Audit Committee reviews and reassesses the charter annually and recommends any changes to the Board for approval. Management is responsible for the Company's internal controls and the financial reporting process. The independent registered public accounting firm is responsible for performing an independent audit of the Company's consolidated financial statements in accordance with U.S. generally accepted auditing standards and for issuing a report thereon. The Audit Committee's responsibility is to monitor and oversee these processes. In this context, the Audit Committee has met and held discussions with management and KPMG LLP ("KPMG"), the Company's independent registered public accounting firm for the fiscal year ended December 31, 2015.

Management represented to the Audit Committee that the Company's consolidated financial statements were prepared in accordance with accounting principles generally accepted in the United States of America, and the Audit Committee has reviewed and discussed the audited consolidated financial statements with management and KPMG.

The Audit Committee received from and discussed with KPMG the written disclosures and the letter required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant's communications with the Audit Committee concerning independence. The Audit Committee also discussed with KPMG any matters required to be discussed by Auditing Standards No. 16, as amended, as adopted by the Public Company Accounting Oversight Board relating to communications between the Audit Committee and the independent auditors.

Based upon the Audit Committee's discussions with management and KPMG and the Audit Committee's review of the representation of management and the report of KPMG to the Audit Committee, the Audit Committee recommended that the Board of Directors include the audited consolidated financial statements in the Company's Annual Report on Form 10-K for the year ended December 31, 2015 filed with the Securities and Exchange Commission.

THE AUDIT COMMITTEE

John M. Sabin (Chairman)
James H. Friend
Mark D. Linehan

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ITEM 2: APPROVE AN AMENDMENT TO THE AMENDED AND RESTATED ARTICLES OF INCORPORATION TO ELIMINATE THE REQUIREMENT THAT THE BOARD OF DIRECTORS RECEIVE CERTAIN SHAREHOLDER REPRESENTATIONS IN CONNECTION WITH CONVERSIONS OF SERIES D CONVERTIBLE PREFERRED STOCK AS LONG AS THE BOARD IS ABLE TO OBTAIN THE OPINION OF COUNSEL SPECIFIED IN SECTION (A)(7) OF ARTICLE IX OF THE ARTICLES.

The Board of Directors has approved, and recommends that the Company's shareholders approve, an amendment to the Articles to eliminate the requirement that the Board of Directors receive certain shareholder representations and undertakings in connection with conversions of Series D convertible preferred stock as long as the Board is able to obtain the opinion of counsel specified in Section (A)(7) of Article IX of the Articles.

The amendment, attached hereto as Appendix A, amends Section (A)(7) of Article IX of the Articles to add the underscored text:

"7. Exception. The Ownership Limit shall not apply to the acquisition of shares of Equity Stock by an underwriter that participates in a public offering of such shares for a period of 90 days following the purchase by such underwriter of such shares provided that the restrictions contained in Section (A)(2) of Article IX hereof will not be violated following the distribution by such underwriter of such shares. In addition, the Board of Directors, upon receipt of a ruling from the Internal Revenue Service or an opinion of counsel in each case to the effect that the restrictions contained in Section (A)(2)(b), Section (A)(2)(c), and/or Section (A)(2)(d) of Article IX hereof will not be violated, may exempt a Person from the Ownership Limit provided that (i) the Board of Directors obtains such representations and undertakings from such Person as are reasonably necessary to ascertain that no individual's Beneficial Ownership or Constructive Ownership of shares of Equity Stock will violate the Ownership Limit and (ii) such Person agrees in writing that any violation or attempted violation will result in such transfer to the Trust of shares of Equity Stock pursuant to Section (A)(3) of Article IX hereof except the foregoing Section (A)(7)(i) and Section (A)(7)(ii) shall not be required for a Person with respect to Series D Cumulative Convertible Preferred Stock so long as the Board of Directors is able to obtain the opinion of counsel specified in this Section (A)(7) of Article IX."

Our Articles generally prohibit any shareholder from beneficially owning more than 9.9% of our common stock or 9.9% of any class or series of our preferred stock (the "Ownership Limit"). Section (A)(7) of Article IX of the Articles, however, provides for an exemption from the Ownership Limit, provided the Board of Directors receive representations and undertakings from holders of the securities that no individual's beneficial ownership or constructive ownership will violate the Ownership Limit and an opinion of counsel that certain legal requirements for REIT status will not be violated.

The Series D convertible preferred stock is convertible into common stock pursuant to its terms. When a holder converts Series D convertible preferred stock into common stock, the percentage ownership of Series D convertible preferred stock for each of the non-converting holders will increase. A non-converting holder will be concurrently required to convert shares to assure that the non-converting holder will not exceed the Ownership Limit with respect to Series D convertible preferred Stock, unless such holder provides the representations and undertakings required under Section (A)(7) of Article IX and the Board of Directors obtains the specified opinion of counsel. The amendment of the Articles will eliminate the requirement for a non-converting holder to provide such representations and undertakings concerning individual beneficial ownership or constructive ownership if the Company can obtain the opinion of counsel that certain legal requirements for REIT status will not be violated.

The opinion of counsel will be sufficient for the Board of Directors to issue the exemption to non-converting holders of Series D convertible preferred stock, and the elimination of the requirement to obtain representations and undertakings from the non-converting holders concerning individual beneficial ownership or constructive ownership will streamline the conversion process.

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Vote Required

Approval of the amendment of the Company's Articles requires the approval of the holders of at least a majority of the votes represented by the outstanding shares of common stock and the Series D convertible preferred stock voting together as a single class. Abstentions and broker non-votes have the same effect as a vote against the proposal.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" APPROVAL OF ITEM 2.

ITEM 3: APPROVAL OF THE 2016 STOCK PLAN

General

The Company's 2006 Stock Plan has expired. The Board of Directors has adopted the Company 2016 Stock Plan (the "Plan"), subject to shareholder approval. The Board of Directors recognizes the value of stock incentives in motivating superior performance, encouraging and providing for the acquisition of an ownership interest in the Company by participants, and enabling the Company to attract and retain the services of a management team responsible for the long-term financial success of the Company. The Plan requests authorization for the issuance of up to 3,000,000 shares of common stock; provided, however, awards under this Plan may not exceed 250,000 shares of common stock prior to the conversion into common stock of all of the shares the Series D convertible preferred stock (convertible into 39,032,225 shares of common stock).

The following is a summary of the material terms of the Plan.

Administration. Under the Plan, the Compensation Committee (the "Committee") of the Board of Directors may grant stock options, stock appreciation rights, restricted stock, restricted stock units, performance shares, deferred stock units and other forms of stock-based compensation to directors, officers and other employees of the Company and its subsidiaries. The number of grantees may vary from year to year. The number of employees currently eligible to participate in the Plan is estimated to be approximately 16. The Committee administers the Plan and its determinations are binding upon all persons participating in the Plan.

Available Shares. The maximum number of shares of the Company's common stock that may be issued under the Plan is 3,000,000; provided, however, awards under this Plan may not exceed 250,000 shares of common stock prior to the conversion into common stock of all of the shares the Series D convertible preferred stock (convertible into 39,032,225 shares of common stock). Any shares of common stock subject to an award under the Plan which for any reason is cancelled, terminated or otherwise settled without the issuance of any common stock are again available for awards under the Plan. Shares of stock subject to options or stock appreciation rights shall be deducted from the Plan share reserve based on the gross number of shares of stock exercised, and the shares of stock subject to an award that are retained by the Company or tendered to the Company to pay the exercise price or withholding taxes shall not become available again for issuance under the Plan. Any shares repurchased by the Company in the open market shall not increase the number of shares available for issuance under the Plan.

The shares may be unissued shares or treasury stock. If there is a stock split, stock dividend, recapitalization, spinoff, exchange or other similar corporate transaction or event affecting the Company's common stock, appropriate adjustments shall be made by the Committee in the number of shares issuable in the future and in the number of shares and price under all outstanding grants made before the event.

Grants Under The Plan

Stock Options for Employees: The Committee may grant employees nonqualified options and options qualifying as incentive stock options. The option price of either a nonqualified stock option or an incentive stock option will be the fair market value of the common stock on the date of grant. Options qualifying as incentive stock options must meet certain requirements of the Internal Revenue Code. The Committee shall determine the methods of payment upon exercising an option, which may include paying the option price in cash, or withholding shares otherwise issuable on exercise of the option, or delivering other shares of common stock. The term of each option will be fixed by the Committee but may not exceed ten years from the date of grant. The Committee will determine the time or times when each option is exercisable. Options may be made exercisable in installments, and the exercisability of options may be accelerated by the Committee. Other than in connection with a change in capitalization (as described above), the exercise price of a stock option may not be reduced. Stock options may not be granted under the Plan in consideration for the delivery of the Company common stock

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in payment of the exercise price or tax withholding under any other stock option, i.e., no “reloads”. Unless otherwise provided by the Committee at the time of grant, if the employment of an optionholder is involuntarily terminated within one year of a change-in-control of the Company (as defined in the Plan), then all outstanding options of such employee become immediately exercisable.

Stock Options of Acquired Companies: The Committee may also grant stock options in replacement of or upon assumption of options previously issued by companies acquired by the Company by merger or stock purchase. Any options so replaced or assumed may have the same terms including exercise price as the options so replaced or assumed. Any such options shall not count against the share reserve limits.

Stock Appreciation Rights: The Committee may grant a stock appreciation right (a “SAR”) in conjunction with an option granted under the Plan or separately from any option. Each SAR granted in tandem with an option may be exercised only to the extent that the corresponding option is exercised, and such SAR terminates upon termination or exercise of the corresponding option. Upon the exercise of a SAR granted in tandem with an option, the corresponding option will terminate. SAR’s granted separately from options may be granted on such terms and conditions as the Committee establishes; however, the term of each SAR may not exceed ten years from the date of grant. If an employee exercises a SAR, the employee will generally receive a payment equal to the excess of the fair market value at the time of exercise of the shares with respect to which the SAR is being exercised over the price of such shares as fixed by the Committee at the time the SAR was granted; the price fixed by the Committee at the time the SAR was granted will be the fair market value of the common stock on the date of grant. Payment may be made in cash, in shares of the Company common stock, or any combination of cash and shares as the Committee determines. Other than in connection with a change in capitalization (as described above), the exercise price of a stock appreciation right may not be reduced. Unless otherwise provided by the Committee at the time of grant, if the employment of an SAR holder is involuntarily terminated within one year of a change-in-control (as defined in the Plan) of the Company, then all outstanding SARs of such employee become immediately exercisable.

Restricted Stock: The Committee may grant awards of restricted stock to employees under the Plan. The restrictions on such shares shall be established by the Committee, which may include restrictions relating to continued employment and the Company financial performance. The Committee may issue such restricted stock awards without any cash payment by the employee, or with such cash payment as the Committee may determine. Unless otherwise provided by the Committee at the time of grant, if the employment of a restricted stock/unit holder is involuntarily terminated within one year of a change-in-control of the Company (as defined in the Plan), all restrictions for such employee lapse. The Committee has the right to accelerate the vesting of restricted shares and to waive any restrictions. The Committee intends to grant acceleration or waiver of restricted stock provisions only in the case of special circumstances.

Other Stock-Based Awards: The Committee may grant other stock-based awards and other awards to participants under the Plan that are based in whole or in part by reference to, or otherwise based on the fair market value of the Company common stock, on such terms as the Committee may determine. Such awards may include restricted stock units, which may be settled in common stock or otherwise, performance share awards which are the subject of one or more performance criteria, and deferred stock units, which entitle the participant to receive shares (or cash or other property if so determined by the Committee) at a future time. The Committee may make appropriate provision for the effect of a change-in-control (as defined in the Plan) on restricted stock units, deferred stock units, and performance-based awards. For participants covered by any Company executive incentive plan, the performance measures for performance share awards will be those designated in such plan.

Dividend Equivalent Right: No dividends nor dividend equivalents shall be paid on stock options or stock appreciation rights. The Committee may provide, in connection with the grant of restricted stock or other stock-based awards, that any dividends declared on common stock or dividend equivalents be paid to the participant, accumulated for the benefit of the participant and paid to the participant after the expiration of any restrictions, or not paid or accumulated.

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Director Participation: Non-employee directors may receive awards under the Plan upon approval by the Board of Directors. With respect to awards to such directors, all rights, powers and authorities vested in the Committee under the Plan are instead to be exercised by the board.

Tax Withholding: The Committee may permit an employee to satisfy applicable federal, state and local tax withholding requirements through the delivery to the Company of previously-acquired shares of common stock or by having shares otherwise issuable under the Plan withheld by the Company.

Other Information: Except as permitted by the Committee, awards under the Plan are not transferable except by will or under the laws of descent and distribution. Unless terminated by action of the board, the Plan will continue in effect until June 15, 2026, but awards granted prior to such date will continue in effect until they expire in accordance with their original terms. The board may also amend the Plan as it deems advisable. Amendments which (1) materially modify the requirements for participation in the Plan, (2) increase the number of shares of the Company common stock subject to issuance under the Plan, (3) change the minimum exercise price for stock options as provided in the Plan, (4) eliminate the prohibitions on repricing and reloads, or (5) extend the term of the Plan must be submitted to shareholders for approval. No amendment or termination shall affect the rights of any participant with respect to a previously granted award without the written consent of the participant.

Federal Income Tax Consequences

With respect to incentive stock options, if the holder of an option does not dispose of the shares acquired upon exercise of the option within one year from the transfer of such shares to such employee, or within two years from the date the option to acquire such shares is granted, then for federal income tax purposes (1) the optionee will not recognize any income at the time of exercise of the option; (2) the excess of the fair market value of the shares as of the date of exercise over the option price will constitute an "item of adjustment" for purposes of the alternative minimum tax; and (3) the difference between the option price and the amount realized upon the sale of the shares by the optionee will be treated as a long-term capital gain or loss. the Company will not be allowed a deduction for federal income tax purposes in connection with the granting of an incentive stock option or the issuance of shares thereunder.

With respect to the grant of options which are not incentive stock options, the person receiving an option will recognize no income on receipt thereof. Upon the exercise of the option, the optionee will recognize ordinary income in the amount of the difference between the option price and the fair market value of the shares on the date the option is exercised. the Company generally will receive an equivalent deduction at that time.

With respect to restricted stock awards and other stock awards, an amount equal to the fair market value of the Company shares distributed to the employee (in excess of any purchase price paid by the employee) will be includable in the employee's gross income at the time of receipt unless the award is not transferable and subject to a substantial risk of forfeiture as defined in Section 83 of the Internal Revenue Code (a "Forfeiture Restriction"). If an employee receives an award subject to a Forfeiture Restriction, the employee may elect to include in gross income the fair market value of the award. In the absence of such an election, the employee will include in gross income the fair market value of the award subject to a Forfeiture Restriction on the earlier of the date such restrictions lapse or the date the award becomes transferable. the Company generally is entitled to a deduction at the time and in the amount that the income is included in the gross income of an employee.

With respect to restricted stock units, deferred stock units, performance shares and stock appreciation rights, the amount of any cash (or the fair market value of any common stock) received will be subject to ordinary income tax in the year of receipt of the stock or cash and the Company generally will be entitled to a deduction for such amount.

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Vote Required

The favorable vote of the holders of a majority of the votes represented by the outstanding shares of common stock and Series D convertible preferred stock voting as one class present in person or represented by proxy at the meeting and entitled to vote at the annual meeting is required for approval of the Plan.

New Plan Benefits

Independent directors serving as members of the Investment Committee receive their committee fees in the shares common stock if available under a shareholder approved stock plan, priced as the average of the closing price of the stock for the first 20 trading days of the calendar year.

The table sets forth shares of common stock grants to be issued to members of the Investment Committee for committee fees accrued for the quarter ended March 31, 2016, in each case contingent on shareholder approval of the 2016 Stock Plan. No grants were made to executives, or to other non-employee directors, or to other employees.

2016 Stock Plan

<u>Name and Position</u>	<u>Dollar Value (\$)(1)</u>	<u>Number of Shares of Common Stock</u>
Donald J. Landry	3,524	1,991
Daniel R. Elsztain	2,349	1,327
James H. Friend	2,349	1,327
John M. Sabin	2,349	1,327
All executive officers as a group	0	0
All non-employee directors as a group	10,571	5,972
All employees, exclusive of executive officers, as a group	0	0

- (1) Based on the \$1.77 closing price of a share of common stock on grant date of April 15, 2016. The actual value of such shares will vary based on the price of a share of common stock.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE “FOR” THE APPROVAL OF THE 2016 STOCK PLAN.

ITEM 4: ADVISORY VOTE ON EXECUTIVE COMPENSATION

The Company is asking its shareholders to provide advisory approval of the compensation paid to named executive officers. Shareholders are being asked to vote on the following resolution:

RESOLVED, that the shareholders approve, on an advisory basis, the compensation paid to the Company's named executive officers, as disclosed in the Company's proxy statement for the 2016 annual meeting of stockholders pursuant to the compensation disclosure rules of the Securities and Exchange Commission, including the Compensation Discussion and Analysis, the compensation tables and the related narrative discussion.

The Company believes that its compensation programs have served to achieve the objectives of providing overall competitive pay levels, creating proper incentives to enhance shareholder value, rewarding superior performance, and compensating at levels that are justified by the returns available to shareholders.

The Company conducted its first advisory vote on executive compensation in May 2013. Over two-thirds of the votes cast in May 2013 were in favor of a say-on-pay vote every three years. The say-on-pay resolution passed with over 88% of the vote in May 2013.

The Company encourages shareholders to read about its compensation objectives and components of compensation in the Compensation Discussion and Analysis. Some of the more significant elements of the compensation practices are these:

- Base salary targeted to be competitive to attract and retain executives qualified to manage a hotel REIT.
- Consideration of annual bonus based on Company performance.
- Equity incentives in enhancing the long-term mutuality of interest between shareholders and executives.

The Company does not maintain a pension plan or a perquisite program for executive officers. The Company's last stock plan and proposed stock plan prohibits option repricing.

To enhance shareholder value, the Company is engaged in a strategic plan to dispose of non-strategic assets, improve its balance sheet, and acquire higher quality, premium-branded select-service properties. In October 2015, the Company acquired three premium-branded hotels in an off-market transaction for \$42.5 million. In 2015, the Company sold 17 non-core hotels for gross proceeds of \$54.7 million. Following the close of the fourth quarter 2015, due to management efforts in 2015, the Company sold three non-core hotels with an aggregate of 364 rooms for combined gross proceeds of \$7.0 million. These excess proceeds are expected to be recycled into properties that fit the Company's new investment criteria.

Additionally, under the management of the named executive officers, in October 2015, the Company successfully closed a \$10.0 million mortgage loan with Huntington National Bank which was used to refinance an existing loan with Citigroup Global Markets Realty Corp. that was set to mature in November 2015. The loan was the last remaining significant loan maturity in 2015 and positions the Company with no significant 2016 loan maturities. The execution by management of the disposition and acquisition strategy and balance sheet improvement is believed to have enhanced the Company's capital raise \$30.0 million in a private placement transaction with an affiliate of the StepStone Group in March 2016.

The Compensation Committee approved performance awards to Mr. Blackham for meeting performance goals under his 2015 Annual Performance Plan, and approved a discretionary bonus to Mr. Dougan for portfolio performance and enhancing management companies' performance.

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This advisory resolution, commonly referred to as a “say-on-pay” resolution, is nonbinding on the Board of Directors. Although non-binding, the board of directors and the Compensation Committee will review and consider the voting results when making future decisions regarding the Company’s executive compensation programs.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE “FOR” APPROVAL OF ITEM 4.

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ITEM 5. RATIFICATION OF THE SELECTION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The following table presents the fees for professional audit services rendered by KPMG LLP for the audit of the Company's consolidated financial statements for the fiscal years ended December 31, 2015 and 2014, and fees billed for other services rendered by KPMG during those periods.

Year Ended December 31,	2015	2014
Audit Fees(1)	\$ 421,850	\$ 582,000
Audit Related Fees	0	0
Tax Fees(2)	160,053	135,065
All Other Fees	0	0
Total	\$ 581,903	\$ 717,265

- (1) Includes fees billed for professional services rendered by KPMG for the audit of the Company's fiscal 2015 and 2014 annual financial statements, and review of the Company's quarterly financial statements during 2015 and 2014.
- (2) Includes fees billed for professional services rendered by KPMG for tax compliance, tax advice, and tax planning.

The Audit Committee has determined that the provision of the non-audit services performed by KPMG during the 2015 and 2014 fiscal years is compatible with maintaining KPMG's independence from the Company.

Pursuant to the terms of the Company's Audit Committee Charter, the Audit Committee is responsible for the appointment, compensation and oversight of the work performed by the Company's independent accountants. The Audit Committee, or a designated member of the Audit Committee, must pre-approve all audit (including audit-related) and non-audit services performed by the independent accountants in order to assure that the provisions of such services do not impair the accountants' independence. The Audit Committee has delegated interim pre-approval authority to Mr. Sabin, Chairman of the Audit Committee. Any interim pre-approval of permitted non-audit services is required to be reported to the Audit Committee at its next scheduled meeting.

KPMG's principal function is to audit the consolidated financial statements of the Company and its subsidiaries and, in connection with that audit, to review certain related filings with the SEC and to conduct limited reviews of the financial statements included in the Company's quarterly reports.

The Audit Committee has appointed KPMG as the Company's independent registered public accounting firm for fiscal year 2016 and requests that shareholders ratify this appointment. A representative of KPMG is expected to be present at the Annual Meeting and will have the opportunity to make a statement and to respond to appropriate questions. In the event the shareholders do not ratify the appointment, the appointment will be reconsidered by the Audit Committee.

**The Board of Directors Recommends a Vote "FOR" Ratification of the Selection of KPMG
as the Company's Independent Accountants for Fiscal Year 2016.**

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SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Under United States securities laws, the Company's directors and executive officers, and persons who own more than 10% of our common stock, are required to report their ownership of the common stock and any changes in ownership to the Securities and Exchange Commission (the "SEC"). These persons are also required by SEC regulations to furnish the Company with copies of these reports. Specific due dates for these reports have been established, and the Company is required to report in this Proxy Statement any failure to file such reports by those due dates during the 2015 fiscal year.

Based solely upon a review of the reports furnished to the Company or written representations from the Company's directors and executive officers, the Company believes that all of these filing requirements were satisfied by the Company's directors and executive officers, and owners of more than 10% of the common stock on a timely basis except Form 4's for each of Mr. Walters and Ms. Scarpello reporting shares deducted to cover vesting of restricted stock awards were inadvertently filed eleven days late.

SHAREHOLDER PROPOSALS

If any shareholder intends to present a proposal to be considered for inclusion in the Company's proxy materials in connection with the 2017 Annual Meeting, the proposal must be in proper form and must be received by the Company at its office in Norfolk, Nebraska, on or before January 16, 2017.

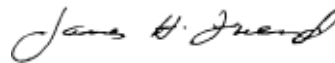
The Company's bylaws set forth certain procedures which shareholders must follow in order to nominate a director or present any other business at an annual shareholders' meeting. Generally, a shareholder must give timely notice to the Secretary of the Company. To be timely, such notice must be received by the Company at its principal executive offices not less than ninety days prior to the annual meeting. The bylaws specify the information which must accompany such shareholder notice. Details of the provision of the bylaws may be obtained by any shareholder from the Secretary of the Company.

OTHER MATTERS

As of the date of this Proxy Statement, management knows of no other business to be brought before the Annual Meeting. If any other matters properly come before the Annual Meeting, the proxies will be voted on such matters in accordance with the judgment of the persons named as proxies therein, or their substitutes, present and acting at the meeting.

The Company will furnish to each beneficial owner of Common Stock entitled to vote at the Annual Meeting, upon written request to the attention of Investor Relations at 1800 West Pasewalk Avenue, Suite 200, Norfolk, NE 68701, additional copies of the Company's Annual Report on Form 10-K, as amended, for the fiscal year ended December 31, 2015, including the financial statements and financial statement schedules as filed by the Company with the SEC.

By Order of the Board of Directors,



James H. Friend
Chairman

May 16, 2016

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APPENDIX A

Section (A)(7) of Article IX of the Amended and Restated Articles of Incorporation of Condor Hospitality Trust, Inc. are proposed to be amended by adding the underscored text below:

“7. Exception. The Ownership Limit shall not apply to the acquisition of shares of Equity Stock by an underwriter that participates in a public offering of such shares for a period of 90 days following the purchase by such underwriter of such shares provided that the restrictions contained in Section (A)(2) of Article IX hereof will not be violated following the distribution by such underwriter of such shares. In addition, the Board of Directors, upon receipt of a ruling from the Internal Revenue Service or an opinion of counsel in each case to the effect that the restrictions contained in Section (A)(2)(b), Section (A)(2)(c), and/or Section (A)(2)(d) of Article IX hereof will not be violated, may exempt a Person from the Ownership Limit provided that (i) the Board of Directors obtains such representations and undertakings from such Person as are reasonably necessary to ascertain that no individual’s Beneficial Ownership or Constructive Ownership of shares of Equity Stock will violate the Ownership Limit and (ii) such Person agrees in writing that any violation or attempted violation will result in such transfer to the Trust of shares of Equity Stock pursuant to Section (A)(3) of Article IX hereof (except the foregoing Section (A)(7)(i) and Section (A)(7)(ii) shall not be required from a Person with respect to Series D Cumulative Convertible Preferred Stock so long as the Board of Directors is able to obtain the opinion of counsel specified in this Section (A)(7) of Article IX).”

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ANNEX

Note: Pursuant to Instruction 3 to Item 10 of Schedule 14A of the Securities Exchange Act of 1934, the following written plan document, which is not being mailed to stockholders with the proxy statement, is being filed in electronic format as an annex to this proxy statement filing.

CONDOR HOSPITALITY TRUST 2016 STOCK PLAN

SECTION 1

NAME AND PURPOSE

1.1 NAME. The name of the plan shall be the Condor Hospitality Trust 2016 Stock Plan (the “Plan”).

1.2. PURPOSE OF PLAN. The purpose of the Plan is to foster and promote the long-term financial success of the Company and increase stockholder value by (a) motivating superior performance by means of stock incentives, (b) encouraging and providing for the acquisition of an ownership interest in the Company by Participants and (c) enabling the Company to attract and retain the services of a management team responsible for the long-term financial success of the Company.

SECTION 2

DEFINITIONS

2.1 DEFINITIONS. Whenever used herein, the following terms shall have the respective meanings set forth below:

- (a) “Act” means the Securities Exchange Act of 1934, as amended.
- (b) “Award” means any Option, Stock Appreciation Right, Restricted Stock, or Other Stock-Based Award granted under the Plan, including Awards combining two or more types of Awards in a single grant.
- (c) “Board” means the Board of Directors of the Company.
- (d) “Code” means the Internal Revenue Code of 1986, as amended.
- (e) “Committee” means the Compensation Committee of the Board, or its successor, or such other committee of the Board to which the Board delegates power to act under or pursuant to the provisions of the Plan.
- (f) “Company” means Condor Hospitality Trust, Inc. a Maryland corporation (and any successor thereto) and its Subsidiaries.
- (g) “Eligible Director” means a person who is serving as a member of the Board and who is not an Employee.
- (h) “Employee” means any employee of the Company or any of its Subsidiaries.
- (i) “Fair Market Value” means, on any date, the closing price of the Stock as reported on the Nasdaq Stock Exchange (or on such other recognized market or quotation system on which the trading prices of the Stock are traded or quoted at the relevant time) on such date. In the event that there are no Stock transactions reported on such exchange (or such other system) on such date, Fair Market Value shall mean the closing price on the immediately preceding date on which Stock transactions were so reported.

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- (j) “Option” means the right to purchase Stock at a stated price for a specified period of time. For purposes of the Plan, an Option may be either (i) an Incentive Stock Option within the meaning of Section 422 of the Code or (ii) a Nonstatutory Stock Option.
- (k) “Other Stock-Based Award” means an award of a share of Stock or units of common stock, including restricted stock units and deferred stock units, to a Participant subject to such terms as the Committee may determine.
- (l) “Participant” means any Employee, Eligible Director or consultant (a non-employee who performs bona fide services for the Company) designated by the Committee to participate in the Plan.
- (m) “Plan” means the Condor Hospitality Trust 2016 Stock Plan, as in effect from time to time.
- (n) “Restricted Stock” shall mean a share of Stock granted to a Participant subject to such restrictions as the Committee may determine.
- (o) “Series D Stock” means the Company’s Series D convertible cumulative preferred stock.
- (p) “Stock” means the Common Stock of the Company, par value \$0.01 per share.
- (q) “Stock Appreciation Right” means the right, subject to such terms and conditions as the Committee may determine, to receive an amount in cash or Stock, as determined by the Committee, equal to the excess of (i) the Fair Market Value, as of the date such Stock Appreciation Right is exercised, of the number shares of Stock covered by the Stock Appreciation Right being exercised over (ii) the aggregate exercise price of such Stock Appreciation Right.
- (r) “Subsidiary” means any corporation or partnership in which the Company owns, directly or indirectly, 50% or more of the total combined voting power of all classes of stock of such corporation or of the capital interest or profits interest of such partnership.

2.2 GENDER AND NUMBER. Except when otherwise indicated by the context, words in the masculine gender used in the Plan shall include the feminine gender, the singular shall include the plural, and the plural shall include the singular.

SECTION 3

ELIGIBILITY AND PARTICIPATION

The only persons eligible to participate in the Plan shall be those Participants selected by the Committee.

SECTION 4

POWERS OF THE COMMITTEE

4.1 COMMITTEE MEMBERS. The Plan shall be administered by the Committee comprised of no fewer than two members of the Board. Each Committee member shall satisfy the requirements for (i) an “independent director” for purposes of the Company’s corporate charter, (ii) an “independent director” under rules adopted by the Nasdaq Stock Exchange, (iii) a “non-employee director” for purposes of Rule 16b-3 under the Exchange Act, and (iv) an “outside director” under Section 162(m) of the Code.

4.2 POWER TO GRANT. The Committee shall determine the Participants to whom Awards shall be granted, the type or types of Awards to be granted, and the terms and conditions of any and all such Awards. The Committee may establish different terms and conditions for different types of Awards, for different Participants receiving the same type of Awards, and for the same Participant for each Award such Participant may receive, whether or not granted at different times.

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4.3 ADMINISTRATION. The Committee shall be responsible for the administration of the Plan. The Committee, by majority action thereof, is authorized to prescribe, amend, and rescind rules and regulations relating to the Plan, to provide for conditions deemed necessary or advisable to protect the interests of the Company, and to make all other determinations necessary or advisable for the administration and interpretation of the Plan in order to carry out its provisions and purposes. Determinations, interpretations, or other actions made or taken by the Committee pursuant to the provisions of the Plan shall be final, binding, and conclusive for all purposes and upon all persons.

4.4 DELEGATION BY COMMITTEE. The Committee may, at any time and from time to time, (a) delegate to one or more of its members all or any of its responsibilities and powers, including the responsibilities and authority described under Sections 4.2 and 4.3, and (b) grant authority to Employees or designate Employees of the Company to execute documents on behalf of the Committee or to otherwise assist the Committee in the administration and operating of the Plan.

SECTION 5

STOCK SUBJECT TO PLAN

5.1 NUMBER. The number of shares of Stock subject to Awards under the Plan may not exceed 3,000,000 shares of Stock, provided, however, Awards under this plan may not exceed 250,000 shares of Stock prior to the conversion into Stock of all of the shares the Series D Stock.

The shares to be delivered under the Plan may consist, in whole or in part, of treasury Stock or authorized but unissued Stock, not reserved for any other purpose.

5.2 AVAILABILITY OF STOCK NOT ISSUED PURSUANT TO AWARDS. Any shares of Stock subject to an Award which for any reason are cancelled, terminated or otherwise settled without the issuance of any Stock shall again be available for Awards under the Plan. Notwithstanding the foregoing, shares of Stock subject to Options or Stock Appreciation Rights shall be deducted from the Plan share reserve based on the gross number of shares of Stock exercised and not deducted based on the net number of shares of Stock delivered; the shares of Stock subject to an Award that are tendered to the Company or retained by the Company to pay the exercise price or withholding taxes shall be deducted from the Plan share reserve and shall not become available again for issuance under the Plan.

5.3 ADJUSTMENT IN CAPITALIZATION. In the event of any Stock dividend or Stock split, recapitalization (including, without limitation, the payment of an extraordinary dividend), merger, consolidation, combination, spin-off, distribution of assets to stockholders, exchange of shares, or other similar corporate transaction or event, (i) the aggregate number of shares of Stock available for Awards under Section 5.1 and (ii) the number of shares and exercise price with respect to Options and the number, prices and dollar value of other Awards, shall be appropriately adjusted by the Committee, whose determination shall be conclusive.

5.4 DIVIDEND EQUIVALENT RIGHTS. No dividends or dividend equivalents shall be paid on Options or Stock Appreciation Rights. The Committee may at the time of a Restricted Stock or Other Stock-Based Award provide that any dividends declared on common stock or dividend equivalents be (i) paid to the Participant, (ii) accumulated for the benefit of the Participant and paid to the Participant only after the expiration of any restrictions, or (ii) not paid or accumulated.

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SECTION 6

STOCK OPTIONS

6.1 GRANT OF OPTIONS. Options may be granted to Participants at such time or times as shall be determined by the Committee. Options granted under the Plan may be of two types: (i) Incentive Stock Options and (ii) Nonstatutory Stock Options. The Committee shall have complete discretion in determining the number of Options, if any, to be granted to a Participant. Each Option shall be evidenced by an Option agreement that shall specify the type of Option granted, the exercise price, the duration of the Option, the number of shares of Stock to which the Option pertains, the exercisability (if any) of the Option in the event of death, retirement, disability or termination of employment, and such other terms and conditions not inconsistent with the Plan as the Committee shall determine. Options may also be granted in replacement of or upon assumption of options previously issued by companies acquired by the Company by merger or stock purchase, and any options so replaced or assumed may have the same terms including exercise price as the options so replaced or assumed; any such options shall not count against the limits established in Section 5.1.

6.2 OPTION PRICE. Nonstatutory Stock Options and Incentive Stock Options granted pursuant to the Plan shall have an exercise price which is not less than the Fair Market Value on the date the Option is granted.

6.3 EXERCISE OF OPTIONS. Options awarded to a Participant under the Plan shall be exercisable at such times and shall be subject to such restrictions and conditions as the Committee may impose, subject to the Committee's right to accelerate the exercisability of such Option in its discretion. Notwithstanding the foregoing, no Option shall be exercisable for more than ten years after the date on which it is granted.

6.4 PAYMENT. The Committee shall establish procedures governing the exercise of Options, which shall require that written notice of exercise be given and that the Option price be paid in full in cash or cash equivalents, including by personal check, at the time of exercise or pursuant to any arrangement that the Committee shall approve. The Committee may, in its discretion, permit a Participant to make payment (i) by tendering, either by actual delivery of shares or by attestation, shares of Stock already owned by the Participant valued at its Fair Market Value on the date of exercise or (ii) by electing to have the Company retain Stock which would otherwise be issued on exercise of the Option, valued at its Fair Market Value on the date of exercise. As soon as practicable after receipt of a written exercise notice and full payment of the exercise price, the Company shall deliver to the Participant a certificate or certificates representing the acquired shares of Stock. The Committee may permit a Participant to elect to pay the exercise price upon the exercise of an Option by irrevocably authorizing a third party to sell shares of Stock (or a sufficient portion of the shares) acquired upon exercise of the Option and remit to the Company a sufficient portion of the sale proceeds to pay the entire exercise price and any required tax withholding resulting from such exercise. The Committee may approve other methods of payment.

6.5 INCENTIVE STOCK OPTIONS. Notwithstanding anything in the Plan to the contrary, no term of this Plan relating to Incentive Stock Options shall be interpreted, amended or altered, nor shall any discretion or authority granted under the Plan be so exercised, so as to disqualify the Plan under Section 422 of the Code, or, without the consent of any Participant affected thereby, to cause any Incentive Stock Option previously granted to fail to qualify for the Federal income tax treatment afforded under Section 421 of the Code.

6.6 NO REPRICING. Other than in connection with the change in capitalization (as described in Section 5.3 of the Plan), the terms of Awards may not be amended to reduce the exercise price of Options or Stock Appreciation Rights or cancel outstanding Options or Stock Appreciation Rights in exchange for cash, other awards or Options or Stock Appreciation Rights with an exercise price that is less than the exercise price of the original Option or Stock Appreciation Right.

6.7 NO RELOAD GRANTS. Options shall not be granted under the Plan in consideration for the delivery of Stock to the Company in payment of the exercise price and/or tax withholding obligation under any other Option.

SECTION 7

DIRECTOR AWARDS

7.1 DIRECTOR AWARDS. Any Award or formula for granting an Award under the Plan made to Eligible Directors shall be approved by the Board. With respect to awards to such directors, all rights, powers and authorities vested in the Committee under the Plan shall instead be exercised by the Board.

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SECTION 8

STOCK APPRECIATION RIGHTS

8.1 SAR'S IN TANDEM WITH OPTIONS. Stock Appreciation Rights may be granted to Participants in tandem with any Option granted under the Plan, either at or after the time of the grant of such Option, subject to such terms and conditions, not inconsistent with the provisions of the Plan, as the Committee shall determine. Each Stock Appreciation Right shall only be exercisable to the extent that the corresponding Option is exercisable, and shall terminate upon termination or exercise of the corresponding Option. Upon the exercise of any Stock Appreciation Right, the corresponding Option shall terminate.

8.2 OTHER STOCK APPRECIATION RIGHTS. Stock Appreciation Rights may also be granted to Participants separately from any Option, subject to such terms and conditions, not inconsistent with the provisions of the Plan, as the Committee shall determine.

8.3 LIMITATIONS. The provisions of Sections 6.2, 6.3, 6.6 and 6.7 of the Plan shall also apply to Stock Appreciation Rights.

SECTION 9

RESTRICTED STOCK

9.1 GRANT OF RESTRICTED STOCK. The Committee may grant Restricted Stock to Participants at such times and in such amounts, and subject to such other terms and conditions not inconsistent with the Plan as it shall determine. Each grant of Restricted Stock shall be subject to such restrictions, which may relate to continued employment with the Company, performance of the Company, or other restrictions, as the Committee may determine. Each grant of Restricted Stock shall be evidenced by a written agreement setting forth the terms of such Award.

9.2 REMOVAL OF RESTRICTIONS. The Committee may accelerate or waive such restrictions in whole or in part at any time in its discretion.

SECTION 10

OTHER STOCK-BASED AWARDS

10.1 GENERAL. The Committee may grant Awards of Stock and Awards that are valued in whole or in part by reference to, or are otherwise based on the Fair Market Value of, Shares. Such other stock-based awards shall be in such form, and dependent on such conditions, as the Committee shall determine, including, without limitation, the right to receive or vest with respect to, one or more shares of Stock (or the equivalent cash value of such Stock) upon the completion of a specified period of service, the occurrence of an event, and/or the attainment of performance objectives. Such other stock-based awards may include the awards referenced in Sections 10.2 and 10.3.

10.2 RESTRICTED STOCK UNITS. Restricted Stock Units represent an unfunded and unsecured obligation of the Company. Settlement of a Restricted Stock Unit upon expiration of the deferral or vesting period shall be made in Stock or otherwise as determined by the Committee.

10.3 PERFORMANCE SHARES. Performance shares are awards the grant, issuance, retention, vesting and/or settlement of which is subject to the satisfaction of one or more of the performance criteria established by the Committee. With respect to Participants covered by any Company executive incentive plan, the performance measures shall be those designated in such executive incentive plan.

10.4 DEFERRED STOCK UNITS. Deferred Stock Units shall entitle the Participant to receive shares of Stock (or the equivalent value in cash or other property if so determined by the Committee) at a future time as determined by the Committee or as determined by the Participant within guidelines established by the Committee in the case of voluntary deferral elections.

SECTION 11

AMENDMENT, MODIFICATION, AND TERMINATION OF PLAN

11.1 GENERAL. The Board may from time to time amend, modify or terminate any or all of the provisions of the Plan, subject to the provisions of this Section 11.1. The Board may not change the Plan in a manner which would prevent outstanding Incentive Stock Options granted under the Plan from being Incentive Stock Options without the written consent of the optionees concerned. Furthermore, the Board may not make any amendment which would (i) materially modify the requirements for participation in the Plan, (ii) increase the number of shares of Stock subject to Awards under the Plan pursuant to Section 5.1, (iii) change the minimum exercise price for stock options as provided in Section 6.2, (iv) eliminate the prohibitions in Sections 6.6 and 6.7, or (v) extend the term of the Plan, in each case without the approval of a majority of the outstanding shares of Stock entitled to vote thereon. No amendment or modification shall affect the rights of any Participant with respect to a previously granted Award without the written consent of the Participant.

11.2 TERMINATION OF PLAN. No further Awards shall be granted under the Plan subsequent to June 15, 2026, or such earlier date as may be determined by the Board.

SECTION 12

MISCELLANEOUS PROVISIONS

12.1 NONTRANSFERABILITY OF AWARDS. Except as otherwise provided by the Committee, Awards under the Plan are not transferable, except by will or by the laws of descent and distribution.

12.2 BENEFICIARY DESIGNATION. Each Participant under the Plan may from time to time name any beneficiary or beneficiaries (who may be named contingent or successively) to whom any benefit under the Plan is to be paid or by whom any right under the Plan is to be exercised in case of his death. Each designation will revoke all prior designations by the same Participant shall be in a form prescribed by the Committee, and will be effective only when filed in writing with the Company. In the absence of any such designation, Awards outstanding at death may be exercised by the Participant's surviving spouse, if any, or otherwise by his estate.

12.3 NO GUARANTEE OF EMPLOYMENT OR PARTICIPATION. Nothing in the Plan shall interfere with or limit in any way the right of the Company or any Subsidiary to terminate any Participant's employment at any time, nor confer upon any Participant any right to continue in the employ of the Company or any Subsidiary. No Employee shall have a right to be selected as a Participant, or, having been so selected, to receive any future Awards.

12.4 TAX WITHHOLDING. The Company shall have the power to withhold, or require a Participant or Eligible Director to remit to the Company, an amount sufficient to satisfy federal, state, and local withholding tax requirements on any Award under the Plan, and the Company may defer issuance of Stock until such requirements are satisfied. The Committee may, in its discretion, permit a Participant to elect, subject to such conditions as the Committee shall impose, (i) to have shares of Stock otherwise issuable under the Plan withheld by the Company or (ii) to deliver to the Company previously acquired shares of Stock, in each case having a Fair Market Value sufficient to satisfy all or part of the Participant's estimated total federal, state and local tax obligation associated with the transaction.

12.5 CHANGE OF CONTROL. Unless otherwise provided by the Committee at the time of grant, if a Triggering Event for a Participant shall occur within the 12-month period beginning with a Change of Control of the Company, then, for such Participant, all outstanding options and stock appreciation rights shall become immediately exercisable and all restrictions with respect to Restricted Stock shall lapse. The Committee may make appropriate provision for the effect of a Change of Control on Restricted Stock Units, Deferred Stock Units and performance-based Awards. "Triggering Event" shall mean the involuntary termination of employment of a Participant with the Company. "Change of Control" shall mean:

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- (i) The acquisition (other than from the Company) by any person, entity or “group”, within the meaning of Section 13(d)(3) or 14(d)(2) of the Act (excluding any acquisition or holding by (i) the Company or its subsidiaries, (ii) any employee benefit plan of the Company or its subsidiaries which acquires beneficial ownership of voting securities of the Company, and (iii) anyone pursuant to rights to acquire common stock or voting power held as of the date this Plan is approved by the Company’s stockholders) of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Act) of 50% or more of either the then outstanding shares of common stock or the combined voting power of the Company’s then outstanding voting securities entitled to vote generally in the election of directors;
- (ii) Individuals who, as of the date hereof, constitute the Board (as of the date hereof the “Incumbent Board”) cease for any reason to constitute at least a majority of the Board, provided that any person becoming a director subsequent to the date hereof whose election, or nomination for the election by the Company’s stockholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be, for purposes of this Plan, considered as though such person were a member of the Incumbent Board;
- (iii) Consummation of a reorganization, merger or consolidation, or sale or other disposition of substantially all of the assets of the Company (a “Business Combination”), in each case, unless following such Business Combination, the persons who were the beneficial owners of outstanding voting securities of the Company immediately prior to such Business Combination beneficially own directly or indirectly more than 50% of the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, of the Company resulting from such Business Combination (including a company which, as a result of such transaction, owns the Company or substantially all of the Company’s assets either directly or through one or more subsidiaries), in substantially the same proportions as their ownership, immediately prior to such Business Combination, of the outstanding voting securities of the Company; or
- (iv) The complete liquidation or dissolution of the Company.

12.6 AGREEMENTS WITH COMPANY. An Award under the Plan shall be subject to such terms and conditions, not inconsistent with the Plan, as the Committee may, in its sole discretion, prescribe. The terms and conditions of any Award to any Participant shall be reflected in such form of written document as is determined by the Committee or its designee.

12.7 COMPANY INTENT. The Company intends that the Plan comply in all respects with Rule 16b-3 under the Act, and any ambiguities or inconsistencies in the construction of the Plan shall be interpreted to give effect to such intention. If any provision of the Plan or an Award contravenes any regulations promulgated under Section 409A of the Code or could cause an Award to be subject to interest and penalties under Section 409A of the Code, such provision of the Plan or any Award shall be modified to maintain, to the maximum extent practicable, the original intent of the applicable provision without violating the provisions of Section 409A of the Code.

12.8 REQUIREMENTS OF LAW. The granting of Awards and the issuance of shares of Stock shall be subject to all applicable laws, rules, and regulations, and to such approvals by any governmental agencies or securities exchanges as may be required.

12.9 EFFECTIVE DATE. The Plan shall be effective upon its adoption by the Board subject to approval by the Company’s stockholders at the 2016 annual stockholders’ meeting.

12.10 GOVERNING LAW. The Plan, and all agreements hereunder, shall be construed in accordance with and governed by the laws of the State of Maryland.

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PROXY
CONDOR HOSPITALITY TRUST, INC.
1800 West Pasewalk Avenue, Suite 200, Norfolk, NE 68701

PROXY CARD

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

The undersigned hereby appoints each of J. William Blackham and James H. Friend, as proxy, each with the power to appoint such person's substitute, and hereby authorizes them to vote, as designated below, all the shares of common stock and Series D convertible preferred stock of Condor Hospitality Trust, Inc. held of record by the undersigned on April 15, 2016, at the annual meeting of shareholders to be held on June 15, 2016 or any adjournment thereof.

(Please date and SIGN on the reverse side)

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**ANNUAL MEETING OF SHAREHOLDERS OF
CONDOR HOSPITALITY TRUST, INC.**

June 15, 2016

NOTICE OF INTERNET AVAILABILITY OF PROXY MATERIAL:

The Notice of Meeting, proxy statement and proxy card
are available at <http://condorhospitality.com>

Please sign, date and mail your proxy card
in the envelope provided as soon as possible.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR ALL NOMINEES" IN THE ELECTION OF DIRECTORS. PLEASE MARK YOUR VOTE IN BLUE OR BLACK INK AS SHOWN HERE [X]

- (1) Election of Directors
- [] FOR ALL NOMINEES:
[] WITHHOLD AUTHORITY FOR ALL NOMINEES.
[] FOR ALL EXCEPT: (see instructions below)

NOMINEES:

- o J. William Blackham
- o Daphne J. Dufresne
- o Daniel R. Elsztain
- o James H. Friend
- o Jeff Giller
- o Donald J. Landry
- o J. Brendan MacDonald
- o Mark D. Linehan
- o John M. Sabin

INSTRUCTIONS: To withhold authority to vote for individual nominee(s), mark "FOR ALL EXCEPT" and fill in the circle next to each nominee you to withhold.

The Board of Directors recommends you vote FOR the following proposals.

- (2) Amend Article IX(a)(7) of the Amended and Restated Articles of Incorporation
- [] For
[] Against
[] Abstain
- (3) Approve 2016 Stock Plan
- [] For
[] Against
[] Abstain

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- (4) Advisory approval of the Company's executive compensation.
- For
- Against
- Abstain
- (5) Ratify the selection of KPMG LLP as the Company's independent registered public accounting firm for 2016.
- For
- Against
- Abstain
- (6) In their discretion, the proxies are authorized to vote upon such other business as may properly come before the meeting.

This proxy, when properly executed, will be voted in the manner directed herein by the undersigned shareholder. If no direction is made, this proxy will be voted in accordance with the Board of Directors' recommendations, and in their discretion for any other matters coming before the meeting.

DATED: _____, 2016

Please sign exactly as your name or names appear on this Proxy. When shares are held jointly, each holder should sign. When signing as executor, administrator, attorney, trustee or guardian, please give full title as such. If signer is a corporation, please sign full corporate name by duly authorized officer, giving full title as such. If signer is a partnership, please sign in partnership name by authorized person.

Signature

Signature (if held jointly)

PLEASE MARK, SIGN, DATE AND RETURN THE PROXY CARD PROMPTLY USING THE ENCLOSED ENVELOPE.

To change the address on your account, please check the box at right and indicate your new address in the address space above. Please note that changes to the registered name(s) on the account may not be submitted via this method. []

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