

Chesapeake Lodging Trust  
Form DEF 14A  
April 30, 2019  
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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 §240.14a-12

**CHESAPEAKE LODGING TRUST**

**(Name of Registrant as Specified In Its Charter)**

**(Name of Person(s) Filing Proxy Statement, if Other Than The Registrant)**

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Dear Shareholder:

On behalf of the Board of Trustees, we are pleased to invite you to attend the 2019 Annual Meeting of Shareholders of Chesapeake Lodging Trust, to be held on June 19, 2019 at 9 a.m., local time, at the offices of Polsinelli PC, located at 1401 Eye Street, NW, Suite 800, Washington, DC 20005. You may attend the meeting in person or by proxy. Only shareholders or their legal proxy holders will be allowed to attend the 2019 Annual Meeting. To be admitted to the 2019 Annual Meeting, you must present a form of government-issued photo identification and an admission ticket, valid proof of ownership of the Trust's common shares as of April 24, 2019 or a valid legal proxy. Please refer to page 44 of this proxy statement for more logistical information about attending the 2019 Annual Meeting.

Your vote is important. We strongly urge you to cast your vote as soon as possible, even if you currently plan to attend the meeting in person. You may vote your shares by following the instructions on the proxy card or the voting instruction card you received.

We appreciate your investment in the Trust and look forward to seeing you at our 2019 Annual Meeting.

Sincerely,

Thomas A. Natelli

Chairman of the Board of Trustees

James L. Francis

President and Chief Executive Officer

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**NOTICE OF THE 2019 ANNUAL MEETING**

The 2019 Annual Meeting of Shareholders (the "2019 Annual Meeting") of Chesapeake Lodging Trust, a Maryland real estate investment trust (the "Trust"), will be held at the time and place and for the purposes indicated below.

**Time and Date:** 9 a.m., local time, on June 19, 2019

**Place:** Polsinelli PC  
1401 Eye Street, NW, Suite 800, Washington, DC 20005

**Items of Business:** To elect seven trustees from the nominees named in the attached proxy statement to serve until the 2020 Annual Meeting or until their successors are elected and qualified (Proposal 1);

To ratify the appointment of Ernst & Young LLP as the Trust's independent registered public accounting firm for the year ending December 31, 2019 (Proposal 2);

To approve, through a non-binding advisory vote, the Trust's executive compensation program (Proposal 3);

To consider a non-binding shareholder proposal, if properly presented at the 2019 Annual Meeting (Proposal 4); and

To transact such other matters as may properly come before the meeting and any adjournment or postponement thereof.

**Recommendations of the Board:** The Board of Trustees unanimously recommends that you vote on the proxy card or voting instruction form as follows:

FOR each of the trustee nominees in Proposal 1; FOR Proposal 2; FOR Proposal 3; and AGAINST Proposal 4.

**Adjournments and Postponements:** Any action on the items of business described above may be considered at the 2019 Annual Meeting at the time and on the date specified above or at any time and date to which the 2019 Annual Meeting may be properly adjourned or

postponed.

**Record Date:**

Our Board of Trustees has set April 24, 2019 as the record date for determining the holders of the Trust's common shares that are eligible to vote at the 2019 Annual Meeting.

**Voting:**

**Your vote is very important.** To ensure your representation at the meeting, please vote your shares as soon as possible, even if you currently plan to attend. You are urged to submit your proxy card in the envelope provided to you so that your shares can be voted at the 2019 Annual Meeting in accordance with your instructions. For specific instructions on voting, please refer to the instruction on voting beginning on page 2 or on the proxy card or voting instruction form.

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If you have any questions or require any assistance voting your shares, please contact our proxy solicitor at the following telephone numbers or address:

MacKenzie Partners

(212) 929-5500 or toll-free (800) 322-2885

1407 Broadway, 27<sup>th</sup> Floor, New York, New York 10018

**Corporate Headquarters:** 4300 Wilson Boulevard, Suite 625, Arlington, Virginia 22203  
By Order of the Board of Trustees

Graham J. Wootten,

Senior Vice President,

Chief Accounting Officer and Secretary

April 30, 2019

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**CHESAPEAKE LODGING TRUST**

**PROXY STATEMENT**

**2019 ANNUAL MEETING OF SHAREHOLDERS**

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**PROXY STATEMENT**

**2019 ANNUAL MEETING**

**June 19, 2019**

**GENERAL INFORMATION**

We are providing these proxy materials in connection with the solicitation by the Board of Trustees (the "Board") of Chesapeake Lodging Trust of proxies to be voted at our 2019 Annual Meeting and at any adjournment or postponement. The proxies will be used at our 2019 Annual Meeting to be held on June 19, 2019 beginning at 9 a.m., local time, at the offices of Polsinelli PC, located at 1401 Eye Street, NW, Suite 800, Washington, DC 20005. The proxy materials include our Notice of the 2019 Annual Meeting and Proxy Statement. These materials also include the proxy card and postage-paid return envelope or voting instruction form for the 2019 Annual Meeting.

This proxy statement contains important information regarding our 2019 Annual Meeting. It identifies the proposals on which you are being asked to vote, provides information that you may find useful in determining how to vote, and describes voting procedures. Our proxy materials are first being distributed on or about April 30, 2019 to holders of record of our common shares of beneficial interest at the close of business on April 24, 2019.

**Purpose of the Meeting**

Shareholders are being asked to vote on the following matters at the 2019 Annual Meeting:

the election of seven trustee nominees, identified in Proposal 1, to the Board;

the ratification of the appointment of Ernst & Young LLP as the Trust's independent registered public accounting firm for the year ending December 31, 2019 as set forth in Proposal 2;

the approval, on a non-binding advisory basis, of the Trust's executive compensation program as set forth in Proposal 3;

the consideration of a non-binding shareholder proposal as set forth in Proposal 4; and

the consideration of any other appropriate matters properly brought before the meeting or any adjournment or postponement of the meeting.

Other than the items of business described in this proxy statement, we are not aware of any other business to be acted upon at the 2019 Annual Meeting.

**Recommendations of the Board**

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The Board recommends that you vote as follows:

**FOR** election of seven trustee nominees nominated by the Board and named in Proposal 1;

**FOR** ratification of the appointment of Ernst & Young LLP as the Trust's independent registered public accounting firm for the year ending December 31, 2019 as set forth in Proposal 2;

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**FOR** approval, on a non-binding advisory basis, of the Trust's executive compensation program as set forth in Proposal 3; and

**AGAINST** the non-binding shareholder proposal set forth in Proposal 4.

If you grant a proxy on your proxy card, the persons named as proxy holders, James L. Francis, Douglas W. Vicari and Graham J. Wootten, or any of them, will have the discretion to vote your shares on those matters for which such action is permitted by Rule 14a-4(c) at the meeting or any adjournment or postponement thereof. If any of our nominees becomes unable or for good cause unwilling to serve, the persons named as proxy holders will vote all shares represented by your validly submitted proxy for such other candidate or candidates as may be nominated by the Board.

## **Who May Attend the Meeting and Vote**

Only holders of record of our common shares outstanding at the close of business on the record date of April 24, 2019 will be entitled to receive notice of and to vote at the meeting or at any adjournment or postponement of the 2019 Annual Meeting. On the record date, we had 60,765,796 common shares issued and outstanding.

Only shareholders or their legal proxy holders will be allowed to attend the 2019 Annual Meeting. To be admitted to the 2019 Annual Meeting, you must present a form of government-issued photo identification and an admission ticket, valid proof of ownership of the Trust's common shares as of April 24, 2019 or a valid legal proxy. Please refer to page 44 of this proxy statement for more logistical information about attending the 2019 Annual Meeting.

## **Quorum**

The presence in person or by proxy of the holders of a majority of the outstanding common shares will constitute a quorum for the transaction of business at the 2019 Annual Meeting. Abstentions and broker non-votes, as described below, will be counted in determining whether a quorum exists. If the shareholders present or represented by proxy at the 2019 Annual Meeting constitute holders of less than a majority of the shares entitled to vote, the meeting may be adjourned to a subsequent date for the purpose of obtaining a quorum.

## **Voting Rights**

Each holder of common shares is entitled to cast one vote for each common share owned on April 24, 2019, the record date of the 2019 Annual Meeting. With respect to the election of each nominee for trustee and with respect to all other matters, shareholders may vote **For**, **Against** or **Abstain**.

## **Voting Your Shares**

***Voting shares prior to, or without attending, the 2019 Annual Meeting.*** We strongly urge you to cast your vote as soon as possible, even if you currently plan to attend the meeting in person. Whether you hold shares directly as the shareholder of record or through a bank, broker, trustee or other nominee as the beneficial owner, you may direct how your shares are voted prior to, or without attending, the 2019 Annual Meeting.

Shareholders of record may submit proxies by completing, signing, and dating their proxy card and returning it in the accompanying pre-addressed, postage-prepaid envelope. Your proxy card must be received no later than June 18, 2019 for your shares to be voted at the 2019 Annual Meeting. If you are a beneficial owner, that is, you hold your common shares through a bank, broker, trustee or other nominee, you must provide your nominee with appropriate

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voting instructions as set forth on the voting instruction card you receive from your nominee no later than 11:59 p.m. EDT on June 18, 2019. If you do not provide your nominee with these

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instructions, your nominee will not have discretionary authority to vote your shares on your behalf on Proposals 1, 3, or 4, which are non-routine matters. As a result, your failure to provide these instructions will result in a broker non-vote for Proposals 1, 3, and 4. Beneficial owners may provide instructions to their bank, broker, trustee or other nominee holding their shares in one of these three ways:

**By Internet** Beneficial owners may give instructions over the Internet by following the instructions on the voting instruction card you received from your nominee.

**By Telephone** Beneficial owners may give instructions by telephone by calling the number on the voting instruction card you received from your nominee and following the instructions. You will need to have the control number that appears on the proxy or voting instruction card available when voting.

**By Mail** Beneficial owners may give instructions by completing, signing and dating their voting instruction card received from your nominee and mailing it in the accompanying pre-addressed, postage-prepaid envelope.

We encourage you to provide voting instructions to the organization that holds your shares. Please return your completed proxy card or voting instruction form to your broker and contact the person responsible for your account, or vote by internet or telephone so that your vote can be counted.

***Voting shares in person at the 2019 Annual Meeting.*** Shares held in your name as the shareholder of record may be voted in person at the 2019 Annual Meeting. Shares for which you are the beneficial owner but not the shareholder of record may be voted in person only if you obtain a legal proxy from the bank, broker, trustee or nominee that holds your shares giving you the right to vote the shares. Even if you plan to attend the 2019 Annual Meeting, we recommend that you vote by proxy as described above so that your vote will be counted if you later decide not to attend the meeting.

***If additional matters are presented at the 2019 Annual Meeting.*** Other than the items of business described in this proxy statement, we are not aware of any other business to be acted upon at the 2019 Annual Meeting. If you grant a proxy, the persons named as proxy holders, James L. Francis, Douglas W. Vicari and Graham J. Wootten, or any of them, will have the discretion to vote your shares on any additional matters properly presented for a vote at the meeting. If any nominee becomes unable or for good cause unwilling to serve, the Board may recommend a substitute nominee. The shares represented by all validly submitted proxies may be voted in favor of the election of such substitute nominee.

## **Changing Your Vote**

You may change your vote before the vote at the 2019 Annual Meeting in accordance with the following procedures. If you are a shareholder of record, you may change your vote by granting a new proxy bearing a later date (which automatically **revokes** the earlier proxy), by providing a written notice of revocation to our Secretary at the Trust's headquarters address in Arlington, Virginia, no later than June 18, 2019, or by attending the 2019 Annual Meeting and voting in person. Attendance at the meeting alone will not cause your previously granted proxy to be revoked unless you specifically make that request. For shares you hold beneficially in the name of a bank, broker, trustee or other nominee, you may change your vote by submitting new voting instructions to your bank, broker, trustee or nominee by 11:59 p.m. EDT on June 18, 2019, or, if you have obtained a legal proxy from your bank, broker, trustee or other

nominee giving you the right to vote your shares, by attending the 2019 Annual Meeting and voting in person.

**Required Vote**

***Election of Trustees.*** Under our bylaws, to be elected in an uncontested election, trustee nominees must receive the affirmative vote of a majority of the votes cast, which means that the number of shares voted for a nominee must exceed the number of shares voted against that nominee. Common shares not voted (whether by abstention, broker non-vote or otherwise) will not be counted as a vote cast for or against a nominee's election.



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If an incumbent trustee were to fail to be re-elected by a majority of votes cast, that trustee would be required under our bylaws to tender his or her resignation to the Board. The Nominating and Corporate Governance Committee will make a recommendation to the Board on whether to accept or reject the resignation, or whether other action should be taken. The Board is required to act on the Committee's recommendation and publicly disclose its decision and its rationale within 90 days after the election results are certified. Notwithstanding the foregoing, our bylaws require the Board to accept any such resignation if the nominee has received more votes against than for his or her election at each of two consecutive annual meetings of shareholders.

***Ratification of Independent Registered Public Accounting Firm.*** Approval of this proposal requires that the number of votes cast for the proposal exceeds the number of votes cast against the proposal. Any common shares not voted (whether by abstention, broker non-vote or otherwise) will not affect the vote.

***Non-binding Advisory Vote to Approve the Trust's Executive Compensation Program.*** Approval of this proposal requires that the number of votes cast for the proposal exceeds the number of votes cast against the proposal. Any common shares not voted (whether by abstention, broker non-vote or otherwise) will not affect the vote. Although this proposal is not binding on us, the Board and its Compensation Committee will consider the results of the shareholder vote in determining future executive compensation matters.

***Non-binding Shareholder Proposal.*** Approval of the non-binding shareholder proposal, if properly presented at the 2019 Annual Meeting, requires that the number of votes cast for the proposal exceeds the number of votes cast against the proposal. Any common shares not voted (whether by abstention, broker non-vote or otherwise) will not affect the vote. If approved, the shareholder proposal would be a non-binding recommendation to the Board.

## **Proxy Solicitation Costs**

The Trust will pay the cost of preparing, assembling, printing, mailing, and distributing its proxy materials. We will also bear the cost of soliciting votes. The Trust will provide copies of these proxy materials to banks, brokerage houses, fiduciaries, and custodians holding in their names our common shares beneficially owned by others so that they may forward these proxy materials to the beneficial owners. Our trustees, officers or employees may solicit proxies or votes for us in person, or by mail, telephone, electronic communication or other means. They will not receive any additional compensation for these solicitation activities. We will enlist the help of banks, brokers and other nominee holders in soliciting proxies for the 2019 Annual Meeting from their customers who are beneficial owners of our common shares and will reimburse those firms for their reasonable related out-of-pocket expenses. MacKenzie Partners, Inc. has been retained to assist us in the solicitation of proxies, for which they will receive an estimated fee of \$10,000, plus reimbursement of their normal and customary expenses.

## **Inspector of Elections**

The inspector of elections will be a representative from our transfer agent, AST, LLC.

## **CORPORATE GOVERNANCE AND BOARD MATTERS**

### **Corporate Governance Highlights**

The Board and the Trust have instituted strong corporate governance practices, a number of which are described below, to ensure that the Trust operates in ways that support the long-term interests of our shareholders. Important corporate governance practices of the Trust include the following:

All of our trustees are elected annually.

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Our shareholders are permitted to act to amend our bylaws or make new bylaws.

We have a majority vote standard for trustee elections and a trustee resignation policy.

We do not have a shareholder rights plan (poison pill), and the Board is generally restricted from adopting a poison pill without prior shareholder approval unless compelled by its fiduciary duties to adopt one.

We have opted out of Maryland's anti-takeover statutes, and may not elect to take advantage of these to deter a change in control without future shareholder approval.

Five of our seven trustees are independent, including our Chairman.

We have a robust shareholder engagement program and are responsive to the feedback received from our shareholders regarding corporate governance matters.

We separate the positions of Chairman and CEO.

Our trustees and senior executives are subject to meaningful share ownership guidelines.

Mergers and other business combinations involving the Trust generally may be approved by a simple majority vote.

We maintain a policy that prohibits trustees and senior executives from hedging and pledging shares they own in the Trust.

The Trust's Equity Plan (the "Equity Plan") contains a "clawback" policy which requires our chief executive officer, chief financial officer and certain other individuals to reimburse us for certain incentive-based compensation if we are required to prepare an accounting restatement in certain circumstances.

The "Compensation Discussion and Analysis" section of this proxy statement discusses in more detail the Trust's compensation-related governance practices, which are designed to align the interests of management with those of our shareholders.

## **Board Leadership Structure and Role in Risk Oversight**

Our Board currently consists of seven trustees. Our Board is elected annually by our shareholders in accordance with our bylaws. Our bylaws provide that a majority of the entire Board may establish, increase or decrease the number of trustees, provided that the number of trustees shall never be less than one or more than eleven. All of our executive

officers serve at the discretion of our Board.

The Board exercises substantial independent oversight over the Trust's business. As discussed in greater detail below, a majority of the trustees on the Board, including our non-executive Chairman of the Board, are independent under the New York Stock Exchange ( NYSE ) listing standards, and each of the Board's Audit, Compensation, and Nominating and Corporate Governance Committees are comprised entirely of independent trustees. Also, by separating the roles of Chief Executive Officer and Chairman of the Board, we ensure a greater role for our independent trustees in the oversight of the Trust. We believe this leadership structure is most appropriate for us because, in addition to enhancing independent oversight, it also enables our Chief Executive Officer to focus on the day-to-day leadership and performance of the Trust. In 2018, the Board held six (6) meetings, and each trustee attended at least 75% of all meetings of the Board and the standing committees of the Board on which he or she served. The Board believes that evaluating how senior management identifies, assesses, manages and monitors the various risks confronting the Trust is one of its most important areas of oversight. In carrying out this critical responsibility, the Board oversees the Trust's risk management function through regular discussions with senior management. While the Board has primary responsibility for overseeing the Trust's risk management function, each committee of the Board also considers risk within its area of responsibility. For example, the Audit Committee is primarily responsible for reviewing risks relating to

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accounting and financial controls, and the Compensation Committee reviews risks related to compensation matters. The Board is apprised by the committee chairs of significant risks and management's response to those risks via periodic reports. While the Board and its committees oversee the Trust's risk management function, management is responsible for implementing day-to-day risk management processes and reporting to the Board and its committees on such matters.

## **Trustee Independence and Corporate Governance**

Our Board currently consists of seven trustees, each of whom is identified below. Our Board has determined that each of our trustees, aside from Messrs. Francis and Vicari, is independent, as defined by the NYSE listing standards. Our Board has three committees, the principal functions of which are briefly described below. Each of these committees is comprised entirely of independent trustees, as defined by the NYSE listing standards. Moreover, the Compensation Committee is comprised exclusively of individuals intended to qualify as non-employee trustees for purposes of Rule 16b-3 of the Exchange Act of 1934.

In light of the historical low levels of in-person shareholder participation at the Trust's past annual meetings, in early 2018 the Board eliminated its policy requiring trustees' attendance at annual meetings of shareholders. None of the trustees or any outside shareholder attended the 2018 Annual Meeting in person. Because of the routine nature of the 2019 Annual Meeting, members of the Board likewise are not expected to attend the 2019 Annual Meeting.

We have adopted charters for all three of our standing Board committees. You may obtain current copies of these charters on the "Corporate Governance" page of our website at [www.chesapeakelodgingtrust.com](http://www.chesapeakelodgingtrust.com).

***Audit Committee.*** Our Audit Committee is comprised of Messrs. Eckert and Nuechterlein and Ms. Brunner. Mr. Eckert chairs the committee. Messrs. Eckert and Nuechterlein have been determined by our Board to be audit committee financial experts within the meaning of applicable Securities and Exchange Commission (the "SEC") rules. Our Audit Committee met four (4) times in 2018.

The Audit Committee's primary duties and assigned roles are to:

serve as an independent and objective body to monitor and assess our compliance with legal and regulatory requirements, our financial reporting processes and related internal control systems and the performance, generally, of our internal audit function;

oversee the audit and other services of our independent registered public accounting firm and be directly responsible for the appointment, independence, qualifications, compensation and oversight of the independent registered public accounting firm, who reports directly to the Audit Committee;

provide an open avenue of communication among the independent registered public accounting firm, financial and senior management, the firm to which the Trust has outsourced its internal auditing function and our Board;

resolve any disagreements between management and the independent registered public accounting firm regarding financial reporting;

review and discuss with management policies and guidelines to govern the process by which management assesses and manages the Trust's risks, including the Trust's major financial risk exposures and the steps management has taken to monitor and control such exposures; and

consider and approve certain transactions between us and our trustees, executive officers, trustee nominees or 5% or greater beneficial owners, any of their immediate family members or entities affiliated with them.

**Compensation Committee.** Our Compensation Committee is comprised of Messrs. Hill, Natelli and Eckert. Mr. Hill chairs the committee. Our Compensation Committee met three (3) times in 2018.

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The Compensation Committee's principal functions are to:

evaluate the performance of and compensation paid by us to our President and Chief Executive Officer and other executive officers and trustees;

administer the Equity Plan;

conduct a risk assessment of the Trust's overall compensation policies; and

produce a report on executive compensation required to be included in our proxy statement for our annual meeting of shareholders or our Annual Report on Form 10-K, including the Compensation Discussion and Analysis section.

Pursuant to its charter, the Compensation Committee has the authority to delegate any of its authority or responsibilities to individual members of the committee or a subcommittee of the Compensation Committee, but did not delegate any of its responsibilities during 2018. The Compensation Committee also has the authority to retain outside compensation consultants for advice. The Compensation Committee is directly responsible for the appointment, compensation and oversight of any such consultant, and the Trust is responsible for providing appropriate funding for payment of reasonable compensation to any such consultant, as determined by the Compensation Committee. In selecting a consultant, the Compensation Committee evaluates its independence by considering the following six factors and any other factors the Compensation Committee deems relevant to the consultant's independence from management:

provision of other services to the Trust by the person that employs the consultant;

amount of fees paid by the Trust to the person that employs the consultant, as a percentage of that person's total revenue;

policies and procedures of the person that employs the consultant regarding prevention of conflicts of interest;

any business or personal relationship between the consultant and any member of the Compensation Committee;

ownership by the consultant of the Trust's shares; and

any business or personal relationship between the consultant, or any person that employs the consultant and any executive officer of the Trust.

In 2018, the Compensation Committee retained Frederic W. Cook & Co. ( FW Cook ) as an independent consultant to advise it on executive and non-employee trustee compensation matters. FW Cook reports directly to our Compensation Committee, and does no other work for the Trust. As requested, a representative of FW Cook attends meetings, participates in executive sessions, and communicates with Compensation Committee members outside of meetings. The Compensation Committee considered the above six factors and determined that FW Cook qualifies as an independent compensation consultant in accordance with applicable SEC and NYSE rules. For a further discussion of the Compensation Committee's decision-making processes with respect to executive compensation, as well as the advice provided by FW Cook, see Compensation Discussion and Analysis .

***Nominating and Corporate Governance Committee.*** Our Nominating and Corporate Governance Committee is comprised of Messrs. Hill and Nuechterlein and Ms. Brunner. Mr. Nuechterlein chairs the committee. Our Nominating and Corporate Governance Committee met twice in 2018. The Nominating and Corporate Governance Committee's principal functions are to:

identify individuals qualified to become Board members and recommend to our Board candidates for election or re-election to the Board;

consider and make recommendations to our Board concerning the size and composition of our Board, committee structure and makeup, retirement policies and procedures affecting Board members; and



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take a leadership role with respect to the development, implementation and review of our corporate governance principles and practices.

The Nominating and Corporate Governance Committee's charter sets forth certain criteria for the committee to consider in evaluating potential trustee nominees. The charter requires that the committee select nominees who have the highest personal and professional integrity, who shall have demonstrated exceptional ability and judgment and who shall be most effective, in conjunction with the other nominees to the Board, in collectively serving our long-term interests and those of our shareholders. The committee also is required to assess whether the candidate possesses the skills, knowledge, perspective, broad business judgment and leadership, relevant specific industry or regulatory affairs knowledge, business creativity and vision, all in the context of an assessment of the perceived needs of the Board at that time. While the Trust does not have a formal diversity policy, the Board and the Nominating and Corporate Governance Committee believe that considerations of diversity are, and will continue to be, an important component relating to the Board's composition, as multiple and varied points of view contribute to a more effective decision-making process. In this regard, the Board understands the importance of diversity to many of the Trust's shareholders, and has noted the empirical evidence published over the last few years highlighting the potential correlation between enhanced board diversity and improved performance. Accordingly, the Nominating and Corporate Governance Committee considers diversity of race, ethnicity, gender, age, cultural background, professional experiences and expertise and education in evaluating trustee candidates for Board membership. For those trustee candidates that appear upon first consideration to meet the committee's criteria, the committee will engage in further research to evaluate their candidacy.

In making recommendations for trustee nominees for election at an annual meeting of shareholders, the Nominating and Corporate Governance Committee will consider any written suggestions received by our Secretary, not less than 90 nor more than 120 days prior to the anniversary of the prior year's annual meeting of shareholders. Suggestions must be mailed to our Secretary at our corporate headquarters. The manner in which trustee nominee candidates suggested in accordance with this policy are evaluated does not differ from the manner in which candidates recommended by other sources are evaluated.

## **Executive Sessions**

Consistent with the NYSE's corporate governance listing standards, our Board has adopted Principles of Corporate Governance that, among other things, call for the non-officer trustees to meet in regularly scheduled executive sessions without management. Mr. Natelli, our non-executive Chairman of the Board, presides at these executive sessions.

## **Board Communications and Corporate Governance**

The Board values the input and insights of the Trust's shareholders and believes that effective shareholder engagement strengthens the Board's role as an informed and engaged fiduciary. The Trust is committed to serving our shareholders interests, and recognizes that communicating with shareholders on a regular basis is a critical component of the Trust's corporate governance program. As part of this commitment, management actively engages with our shareholders in order to fully understand their viewpoints concerning the Trust, to gather feedback on what we can do better and to help our shareholders understand our performance and strategy. In addition to answering questions from shareholders on our quarterly earnings calls, the Trust's management regularly engages with investors by participating in industry media conferences, through frequent in-person meetings with our shareholders and prospective investors, and by telephone with many shareholders at other times throughout the year to solicit input and answer questions on a variety of topics. Interested parties, including shareholders, may communicate their concerns directly to the full Board, the non-executive Chairman of the Board or the non-officer trustees as a group by writing to the Board, the non-executive Chairman of the Board or the non-officer trustees, at our corporate headquarters.



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The Board's engagement efforts center on the Trust's corporate governance practices, which it regularly reviews to ensure that the Trust's practices are consistent with prevailing trends and best practices and the views of our shareholders. The Board's responsive approach to corporate governance and willingness to assess and act on constructive proposals from shareholders has been proven throughout the Trust's existence. For example:

In 2011, acting in accordance with best practices in compensation governance, the Trust amended the employment contracts between the Trust and its executive officers to remove from each executive's employment agreement a provision that would have required the Trust to make gross-up payments to the executive in amounts equal to any excise taxes incurred by the executive pursuant to Section 4999 of the Internal Revenue Code as a result of his receipt of payments upon termination following a change in control.

In 2014, the Board deliberately considered the substance of each of three proposals submitted to the Trust by a shareholder and concluded that the substantive proposals were reasonable and in the best interests of the Trust's shareholders. As a result, the Trust implemented three corporate governance initiatives that reinforced the Board's strong commitment to shareholders' interests, particularly in respect of the decision to opt out of, and require shareholder approval before the Trust may elect to become subject to, any of three Maryland statutes that could be viewed as providing publicly traded entities organized in Maryland, like the Trust, with certain defenses against unsolicited or hostile takeover attempts.

In 2015, in response to a shareholder's non-binding proposal that was approved at the 2015 Annual Meeting of Shareholders, the Board approved and adopted a wholly new article of the Trust's bylaws, fully implementing the requested action recommended by the Trust's shareholders. The new bylaw provides that the Board is generally restricted from adopting a poison pill without prior shareholder approval unless compelled by its fiduciary duties to adopt one.

In 2016, in response to a shareholder's non-binding proposal that was approved at the Trust's 2016 Annual Meeting of Shareholders, the Board (i) approved and adopted an amendment to the Trust's bylaws to provide that the bylaws may be altered, amended or repealed, or new bylaws may be adopted, as provided in the Trust's charter, and (ii) recommended that the Trust's shareholders approve, at the Trust's 2017 Annual Meeting of Shareholders (the 2017 Annual Meeting), an amendment to the Trust's charter to permit shareholders to act to amend the bylaws or make new bylaws. At the recommendation of the Board, the Trust's shareholders approved such charter amendment at the 2017 Annual Meeting. As a result, the Trust's shareholders may act to amend the bylaws or make new bylaws upon receiving the affirmative vote of the holders of not less than a majority of the shares then outstanding and entitled to vote on the matter.

## **Code of Business Conduct and Ethics**

Our Board has adopted a Code of Business Conduct and Ethics that applies to each of our trustees, officers and employees. This code sets forth our policies and expectations on a number of topics, including:

compliance with laws, including insider trading;

anti-harassment and anti-discrimination matters;

preservation of confidential information relating to our business;

conflicts of interest;

reporting of illegal or unethical behavior or concerns regarding accounting or auditing practices;

corporate payments;

corporate opportunities; and

the protection and proper use of our assets.

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The Audit Committee reviews this code on an annual basis, and the Board will review and act upon any proposed additions or amendments to the code as appropriate. The code is posted on the Corporate Governance page of our website, [www.chesapeakelodgingtrust.com](http://www.chesapeakelodgingtrust.com). You may also obtain a copy of the code without charge by writing to our Secretary at our corporate headquarters. Any waivers of the code for executive officers or trustees will be posted on our website and similarly provided without charge upon written request to this address. No such waivers have been provided to date under the code.

We have established and implemented formal whistleblower procedures for receiving and handling complaints of employees, and have made an email address and a telephone hotline available for reporting illegal or unethical behavior as well as questionable accounting or auditing matters and other accounting, internal controls or auditing matters on a confidential, anonymous basis. Any concerns regarding accounting or auditing matters reported via email or to this hotline will be communicated directly to the Audit Committee.

## **Principles of Corporate Governance**

Our Principles of Corporate Governance address a number of other topics, including:

trustee independence and qualification standards;

trustee responsibilities, orientation and continuing education;

trustee compensation;

trustee attendance and retirement;

management succession;

annual Board self-evaluations; and

trustee communication, committees and access to management.

Our Nominating and Corporate Governance Committee reviews the Principles of Corporate Governance on an annual basis, and the Board will review and act upon any proposed additions or amendments to the Principles of Corporate Governance as appropriate.

The Principles of Corporate Governance are posted on the Corporate Governance page of our website, [www.chesapeakelodgingtrust.com](http://www.chesapeakelodgingtrust.com). You may also obtain a copy of our Principles of Corporate Governance without charge by writing to our Secretary at our corporate headquarters. See also Board Communications and Corporate Governance.

## **PROPOSAL 1**

## **ELECTION OF TRUSTEES**

### **Nominees for Trustee**

Upon the recommendation of our Nominating and Corporate Governance Committee, our Board has nominated the seven persons listed below to serve as trustees for the one-year term ending at our 2020 Annual Meeting, or until their successors, if any, are elected or appointed. All nominees currently serve as trustees on our Board and were elected by our shareholders at the 2018 Annual Meeting. Each nominee has advised of his or her willingness to be named as a nominee in the proxy statement and to continue serving on the Board if re-elected at the 2019 Annual Meeting, and we believe that each nominee will be able to serve if re-elected. If any nominee becomes unable or for good cause unwilling to serve, the persons named as proxy holders will vote all shares represented by your validly submitted proxy in favor of the remaining nominees and for substitute nominees, if designated by the Board.

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### **Trustee Qualifications**

Set forth below is information as of April 24, 2019 concerning each of the nominees for trustee:

**James L. Francis**, 57, is our President and Chief Executive Officer and a Trustee, positions he has held since our formation. Prior to co-founding the Trust, Mr. Francis served as the President and Chief Executive Officer and a director of Highland Hospitality Corporation ( Highland ), positions that he held from Highland's IPO in December 2003 to its sale in July 2007. Following the sale of Highland, Mr. Francis served as a consultant to the affiliate of JER Partners that acquired Highland until September 2008. Since September 2008, until our formation, Mr. Francis was a private investor. From June 2002 until joining Highland in December 2003, Mr. Francis served as the Chief Operating Officer, Chief Financial Officer and Treasurer of Barceló Crestline Corporation, and served as Executive Vice President and Chief Financial Officer of Crestline Capital Corporation, prior to its acquisition by Barceló, from December 1998 to June 2002. Prior to the spin-off of Crestline Capital from Host Hotels & Resorts, Inc. (formerly Host Marriott Corporation), Mr. Francis held various finance and strategic planning positions with Host Marriott and Marriott International, Inc. From June 1997 to December 1998, Mr. Francis held the position of Assistant Treasurer and Vice President Corporate Finance for Host Marriott, where he was responsible for Host Marriott's corporate finance function, business strategy and investor relations. Over a period of ten years, Mr. Francis served in various capacities with Marriott International's lodging business, including Vice President of Finance for Marriott Lodging from 1995 to 1997; Brand Executive, Courtyard by Marriott from 1994 to 1995; Controller for Courtyard by Marriott and Fairfield Inn from 1993 to 1994; Director of Finance and Strategic Planning for Courtyard by Marriott and Fairfield Inn from 1991 to 1993; and Director of Hotel Development Finance from 1987 to 1991. Mr. Francis received his B.A. in Economics and Business from Western Maryland College and earned an M.B.A. in Finance and Accounting from Vanderbilt University. Mr. Francis served as a member of the board of trustees of Chamber Street Properties from 2013 until its merger in December 2015 with Gramercy Property Trust Inc. Mr. Francis served on the board of trustees, as a member of the nominating and corporate governance committee, and as the compensation committee chairman of Gramercy Property Trust, a publicly traded REIT focused on acquiring, owning and operating industrial and office properties, from December 2015 until its merger in October 2018 with BRE Glacier, L.P. We believe Mr. Francis should serve on the Board due to his principal role in our founding and his extensive experience in the lodging industry.

**Douglas W. Vicari**, 59, is our Executive Vice President and Chief Financial Officer and a Trustee, positions he has held since our formation. Prior to co-founding the Trust, Mr. Vicari served as a principal with Paramount Hotel Group, a hotel owner, developer and operator, from January 2009 to June 2009. Previously, Mr. Vicari served as Executive Vice President and Chief Financial Officer of Highland from September 2003 until its sale in July 2007. Prior to joining Highland, Mr. Vicari served as Senior Vice President and Chief Financial Officer of Prime Hospitality Corp., a former NYSE-listed company acquired by an affiliate of The Blackstone Group in 2004, from August 1998 to July 2003, and also served on the board of directors of Prime Hospitality Corp. from May 1999 to July 2003. Prior to his appointment as Chief Financial Officer, he served as Vice President and Treasurer of Prime Hospitality Corp. from January 1991 to July 1998, and was an instrumental member of the management team that led the company out of bankruptcy in July 1992. From 1986 to 1991, Mr. Vicari was Director of Budgeting and Financial Planning for Prime Hospitality Corp. and was responsible for all budgeting, planning and forecasting. Prior to his tenure at Prime Hospitality Corp., Mr. Vicari held numerous management positions at Combustion Engineering (now a part of ABB Group) from 1981 to 1986. Mr. Vicari also served on the board of directors and as the audit committee chairman for Thunderbird Resorts Inc. (Euronext: TBIRD), a publicly traded gaming and lodging company, from 2007 to 2016. Mr. Vicari earned a B.S. in Accounting from the College of New Jersey and received his M.B.A. in Finance from Fairleigh Dickinson University. We believe Mr. Vicari should serve on the Board due to his principal role in our founding and his experience as a chief financial officer for other lodging companies.

**Thomas A. Natelli**, 59, is the non-executive Chairman of the Board. Since 1987, Mr. Natelli has served as President and Chief Executive Officer of Natelli Communities, a privately held real estate investment and development company. Under Mr. Natelli's leadership, Natelli Communities has earned numerous awards,



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including the prestigious Urban Land Institute National Award of Excellence for Large Scale Communities, Washington Metro Area Environmental Developer of the Year and Suburban Maryland Builder of the Year. Mr. Natelli currently serves as Chairman of the board of the School of Engineering at Duke University. Previously, Mr. Natelli served on the board of directors and was a member of the audit and nominating and corporate governance committees of Highland from its IPO until its sale in July 2007. In 2007, Mr. Natelli formed MargRock Entertainment, a music publishing and artist development and management services company, for which he currently serves as Principal. In 1999, Mr. Natelli co-founded eStara, Inc., a privately held technology company, for which he served as Chairman and Chief Executive Officer from its inception through its sale to Art Technology Group, Inc. in October 2006. From 1993 through 2003, Mr. Natelli served on the board of trustees of Suburban Hospital Healthcare System, after which he served as Chairman of the board of trustees and headed its executive committee until 2006. He also served on the board of directors of FBR National Bank and Trust, a wholly-owned affiliate of Friedman, Billings, Ramsey Group, Inc. Mr. Natelli is a past President of the Board of the Montgomery County Chamber of Commerce, and played a central role in creating the Montgomery Housing Partnership in 1989, a non-profit organization created to preserve and expand the supply of affordable housing in Montgomery County, Maryland. Mr. Natelli received a B.S. in Mechanical Engineering from Duke University in 1982. We believe Mr. Natelli should serve on the Board due to his extensive experience in the real estate industry, his entrepreneurial background and financial acumen. Mr. Natelli has served as a Trustee since our initial public offering ( IPO ) in 2010.

**Angelique G. Brunner**, 47, is a Trustee. Ms. Brunner founded her company, EB5 Capital, in 2008. As President, she oversees an investment portfolio with approximately \$500 million in assets raised in accordance with the EB-5 Immigrant Investor Program. Ms. Brunner's company has raised funds from investors in over 50 countries and has facilitated the development of more than 25 commercial real estate projects, including 11 hotels throughout the United States. From 2006 to 2008, Ms. Brunner served as Senior Business Manager at Fannie Mae where she completed over \$40 million in affordable housing equity investments creating over \$200 million in total development. From 2004 to 2006, Ms. Brunner served as Partner & Vice President of Finance at Neighborhood Development Company, a fully integrated real estate development and investment company located in Washington, DC. From 2003 to 2004, she was Director of Finance at National Capital Revitalization Corporation, a publically chartered entrepreneurial corporation that focuses on the revitalization of underserved neighborhoods. Previously, Ms. Brunner was a Vice President at CORE Capital Partners in Washington, DC, and a Consultant at Public Financial Management in Philadelphia, PA and San Francisco, CA. Ms. Brunner currently serves on the board of directors for the national EB-5 trade association, Invest in the USA (IIUSA), and was the inaugural chair of IIUSA's Policy Committee. She also represents the EB-5 Investment Coalition (EB-5IC) as its Industry Membership Chair & Spokesperson. Additionally, Ms. Brunner serves on the board of directors of the Washington Chapter of the American Institute of Architects (AIA DC) Washington Architectural Foundation (WAF) and is a member of the Urban Land Institute (ULI), the Real Estate Executive Council (REEC), and the Real Estate Roundtable (RER). Ms. Brunner earned a B.A. in Public Policy from Brown University in 1994 and an M.P.A. from Princeton University in 1997. We believe Ms. Brunner should serve on the Board based on her knowledge of the lodging industry, her significant experience and expertise in hotel and real estate development and her strong connections in the commercial real estate industry generally.

**Thomas D. Eckert**, 71, is a Trustee. From 2011 until October 2014, Mr. Eckert served as Chairman, and previously from 1997 to 2011 served as President and Chief Executive Officer, of Capital Automotive Real Estate Services, Inc., or Capital Automotive, a privately owned real estate company that owns and manages net-leased real estate for automotive retailers. Mr. Eckert was one of Capital Automotive's founders and led its IPO in February 1998. Mr. Eckert also served as President and Chief Executive Officer and a trustee of Capital Automotive from its founding until December 2005, when it was taken private. From 1983 to 1997, Mr. Eckert was employed by Pulte Home Corporation, a U.S. homebuilder, serving most recently as President of Pulte's Mid-Atlantic Region. Prior to working at Pulte, Mr. Eckert spent over seven years with the public accounting firm of Arthur Andersen LLP. Mr. Eckert is currently a director and member of the audit and compensation committees of DuPont Fabros Technology, Inc., a

publicly traded owner, developer and manager of wholesale data centers, and a director and chairman of the compensation committee of NVR, Inc., one of the largest

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homebuilders in the United States. In addition, Mr. Eckert formerly served as Chairman of the Board of The Munder Funds, a \$10 billion mutual fund group, until its acquisition by Victory Capital Holdings, Inc. in October 2014; as a trustee of The Victory Funds, a \$20 billion mutual fund group, until February 2015; and as a trustee and member of the audit and investment committees of Gramercy Property Trust, a publicly traded REIT focused on acquiring, owning and operating industrial and office properties, until its merger with BRE Glacier, L.P. in October 2018. He is also an Emeritus Trustee of The College Foundation at the University of Virginia. Mr. Eckert received his bachelor's degree in Business Administration from the University of Michigan in 1970. We believe Mr. Eckert should serve on the Board due to his extensive experience in the real estate industry, including as a chief executive officer of a publicly traded REIT. Mr. Eckert has served as a Trustee since our IPO in 2010.

**John W. Hill**, 64, is a Trustee. In 2013, Mr. Hill founded a professional services practice specializing in assisting clients in improving their financial management operations. Mr. Hill currently serves as a director and chairman of the audit committee of CoStar Group, Inc. From November 2013 to December 2018, Mr. Hill served as Chief Financial Officer for the City of Detroit, Michigan. From August 2004 until August 2012, Mr. Hill served as Chief Executive Officer of The Federal City Council, a not-for-profit, non-partisan organization dedicated to the improvement of Washington, DC. Previously, Mr. Hill served on the board of directors and was a member of the audit and compensation committees of Highland from January 2006 until Highland's sale in July 2007. From 2002 until 2004, Mr. Hill served as the Chief Executive Officer of In2Books, Inc. From 1999 until 2002, he was a partner with Andersen, LLP, where he was in charge of state and local consulting for North America. Previously, Mr. Hill also was a director of Marriott Corporation's Internal Audit Division in charge of all financial and operational audits of the hotel division and has been an audit manager for Coopers & Lybrand and Price Waterhouse. Mr. Hill has served on the board and audit committee of Prestwick Pharmaceuticals Inc., a non-public company. Mr. Hill currently serves on the boards of several not-for-profit organizations, including the DC Shakespeare Theatre Board and the National Minority Aids Council. He formerly served on the boards of the DC Children and Youth Investment Trust, the Mayor's Blue Ribbon Commission to Revitalize the DC Public Library, and the DC Public Library Board of Trustees. Mr. Hill earned a B.S. in Accounting from the University of Maryland, College Park in 1976 and passed the Maryland State CPA exam in 1977. We believe Mr. Hill should serve on the Board due to his extensive background in accounting and financial matters and his significant leadership experience through his longstanding role with the City of Detroit and The Federal City Council. Mr. Hill has served as a Trustee since our IPO in 2010.

**Jeffrey D. Nuechterlein**, 61, is a Trustee. In 2000, Mr. Nuechterlein founded and since inception has been Managing Partner of Nue Capital LLC. Based in Alexandria, Virginia, Nue Capital manages public and private equity investments. From 1997 until 2000, Mr. Nuechterlein served as Managing Director and Chief Investment Officer for pension fund investments at National Gypsum Company. From 1995 until 1996, Mr. Nuechterlein was Senior Counsel to the U.S. Trade Representative, and, from 1992 until 1995, he served as outside legal counsel to several U.S. semiconductor and steel companies. Mr. Nuechterlein also served as Special Assistant for Policy to the Governor of Virginia from 1990 until 1991 and he was Counsel to the U.S. Senate's Judiciary Subcommittee on Technology from 1989 until 1990. Mr. Nuechterlein is Chair of the Board of Directors of Cartica Management, a privately-held, long-only equity manager focused on investments in public companies in emerging markets; Cartica is registered as an investment advisor with the SEC. He is also presently serving on the Public Company Accounting Oversight Board's (PCAOB) Standing Advisory Group for a three-year term ending in December 2019. From 2014 until 2018, Mr. Nuechterlein served on the board of directors and as chairman of the audit committee of Barington/Hilco Acquisition Corp. (BHAC), previously a publicly traded company focused on consumer businesses located in the U.S. Mr. Nuechterlein served as chairman of the board of BHAC from February 2017 until January 2018. Until the company's sale in April 2014, Mr. Nuechterlein served as a director and member of the audit committee of The Jones Group, Inc. Among his non-profit activities, Mr. Nuechterlein serves on the board of Americans for Oxford, Inc., he is a Trustee of the Classical American Homes Preservation Trust in New York, a member of the Council on Foreign Relations, and he is a Trustee and Past President of The College Foundation at the University of Virginia.

Mr. Nuechterlein received his undergraduate and law degrees from the University of Virginia in 1979 and 1986, respectively, and his

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master's and D. Phil. degrees from Oxford University. We believe Mr. Nuechterlein should serve on the Board due to his extensive investment experience and his legal background. Mr. Nuechterlein has served as a Trustee since our IPO in 2010.

**The Board recommends that you vote FOR the election of each nominee named above.**

## **PROPOSAL 2**

### **RATIFICATION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTANTS**

The Audit Committee of the Board has appointed Ernst & Young LLP, as the independent registered public accounting firm for the Trust for the year ending December 31, 2019.

Although we are not required to seek shareholder ratification of the appointment of Ernst & Young LLP as the independent registered public accounting firm, we are asking shareholders to do so because we believe that it is a good corporate governance practice. If the shareholders do not ratify the appointment of Ernst & Young LLP, the Audit Committee will reconsider whether or not to retain Ernst & Young LLP as the independent registered public accounting firm for the Trust, but may determine to do so. Even if the appointment of Ernst & Young LLP is ratified by the shareholders, the Audit Committee may change the appointment at any time during the year if it determines that a change would be in the best interest of the Trust and its shareholders.

Representatives of Ernst & Young LLP, the independent registered public accounting firm for the Trust since its inception, will be in attendance at the 2019 Annual Meeting and will have the opportunity to make a statement if they desire to do so and to respond to any appropriate shareholder inquiries.

### **Pre-Approval Policy**

The Audit Committee has adopted a policy for the pre-approval of services provided by the independent registered public accounting firm. Under the policy, particular services or categories of services have been pre-approved, subject to a specific budget. At least annually, the Audit Committee is required to review and approve the list of pre-approved services and the threshold estimates of cost of performance of each. Ernst & Young LLP is required to provide detailed information regarding any services to be performed and an estimate of the costs of performance before commencing any work. Under its pre-approval policy, the Audit Committee has delegated pre-approval authority for audit related or non-audit services not exceeding \$100,000 to Mr. Eckert, one of its members. In determining whether a service may be provided pursuant to the pre-approval policy, consideration is given to whether the proposed service would impair the independence of Ernst & Young LLP or any other independent registered public accounting firm providing audit services to the Trust from time to time. In 2018 and 2017, all of the services provided by Ernst & Young LLP were approved by the Audit Committee in accordance with its policies and procedures.

### **Fees Billed to the Trust by Ernst & Young LLP for 2018 and 2017**

The following table shows the fees billed to us by Ernst & Young LLP for audit and other services provided for 2018 and 2017:

	<b>2018</b>	<b>2017</b>
Audit Fees (a)	\$ 655,200	\$ 661,303

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Audit-Related Fees (b)

Tax Fees (c)	141,857	126,000
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All Other Fees (d)

Total	\$ 797,057	\$ 787,303
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- (a) **Audit Fees** consist of fees and expenses billed for professional services rendered for the audit of the financial statements and services that are normally provided by Ernst & Young LLP in connection with statutory and regulatory filings or engagements, including the audit of the effectiveness of internal control over financial reporting. Audit Fees include fees for professional services rendered in connection with quarterly and annual financial statements and fees and expenses related to the issuance of consents and comfort letters by Ernst & Young LLP related to our filings with the SEC, as well as audit work required under the agreements governing certain of our debt financings.
- (b) **Audit-Related Fees** consist of fees and expenses for assurance and related services that are reasonably related to the performance of the audit or review of our financial statements that are not **Audit Fees**, including fees for the audits of the Trust's acquired hotels.
- (c) **Tax Fees** consist of fees and related expenses billed for professional services for tax compliance, tax advice and tax planning. These services include assistance regarding federal and state tax compliance and tax planning and structuring.
- (d) **All Other Fees** consist of fees and expenses for products and services that are not **Audit Fees**, **Audit-Related Fees** or **Tax Fees**.

**The Board recommends that you vote FOR the proposal to ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for the year ending December 31, 2019.**

## **Audit Committee Report**

The Audit Committee consists of three trustees, each of whom has been determined by the Board to meet the NYSE standards for independence and the SEC's requirements for audit committee member independence. The Audit Committee operates under a charter adopted by the Board. The Audit Committee's charter may be found on the Corporate Governance page of the Trust's website at [www.chesapeakelodgingtrust.com](http://www.chesapeakelodgingtrust.com).

The Audit Committee's responsibilities include appointing the Trust's independent registered public accounting firm, pre-approving audit and non-audit services provided by the firm, and assisting the Board in providing oversight to the Trust's financial reporting process. In fulfilling its oversight responsibilities, the Audit Committee meets with the Trust's independent registered public accounting firm, internal audit firm and management to review accounting, auditing, internal controls and financial reporting matters.

It is not the Audit Committee's responsibility to plan or conduct audits or to determine that the Trust's financial statements and disclosures are complete, accurate, and in accordance with U.S. generally accepted accounting principles and applicable laws, rules and regulations. Management is responsible for the Trust's financial statements, including the estimates and judgments on which they are based, as well as the Trust's internal controls, accounting policies, and the financial reporting process. The Audit Committee oversees the Trust's financial reporting process on behalf of the Board, in accordance with its charter. The independent registered public accounting firm is responsible for performing an independent audit of the Trust's consolidated financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States) and for issuing a report thereon. The Audit Committee's responsibility is to monitor and oversee these processes and necessarily relies on the work and assurances of the Trust's management and of the Trust's independent registered public accounting firm.

In this context, the Audit Committee has met with management and Ernst & Young LLP, the Trust's independent registered public accounting firm, and has reviewed and discussed with them the audited consolidated financial statements. Management represented to the Audit Committee that the Trust's consolidated financial statements were prepared in accordance with U.S. generally accepted accounting principles. The Audit Committee discussed with the

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independent registered public accounting firm matters required to be discussed by Auditing Standard No. 1301 (Communications with Audit Committees), as supplemented or amended, and as adopted by the PCAOB. The Audit Committee discussed with the Trust's independent registered public



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accounting firm the overall scope and plan for its audit. The Audit Committee met with the independent registered public accounting firm, with and without management present, to discuss the results of their examinations, the Trust's internal controls and the overall quality of the Trust's financial reporting.

The Trust's independent registered public accounting firm also provided to the Audit Committee the written disclosures and the letter required by the applicable rules of the Public Company Accounting Oversight Board, and the Audit Committee discussed with the independent registered public accounting firm that firm's independence. In addition, the Audit Committee has considered whether the independent registered public accounting firm's provision of non-audit services to the Trust and its affiliates is compatible with the firm's independence.

Based on the foregoing and the Audit Committee's discussions with management and the independent registered public accounting firm, the Audit Committee recommended to the Board, and the Board approved, that the audited consolidated financial statements be included in the Trust's Annual Report on Form 10-K for the year ended December 31, 2018 as filed with the SEC.

**THE AUDIT COMMITTEE**

Thomas D. Eckert, Chair

Angelique G. Brunner

Jeffrey D. Nuechterlein

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**EXECUTIVE COMPENSATION**

**Compensation Discussion and Analysis**

This section of our proxy statement provides a description and analysis of our executive compensation program, the various components of our executive compensation program, and the compensation-related decisions made for 2018 with respect to our named executive officers, Messrs. Francis and Vicari, D. Rick Adams, our Executive Vice President and Chief Operating Officer, and Graham J. Wootten, our Senior Vice President, Chief Accounting Officer and Secretary.

***Executive compensation philosophy***

Due to the competitive marketplace for executives with experience in the lodging industry, retaining and properly incentivizing our executive management team, who we believe are capable of leading us in achieving our business objectives, is our primary compensation objective. We seek to achieve this objective in a manner that provides appropriate incentives for our executive officers to achieve our goals and create value for shareholders. The four core elements of our executive compensation philosophy, and the ways these elements are represented in our executive compensation program, are as follows:

1. Total compensation opportunities provided to our executive officers should be at levels commensurate with their individual responsibilities and accomplishments while also providing appropriate incentives related to our long-term performance.

Our executive officers have extensive experience in the lodging industry that exceeds or rivals that of the executive teams of our industry peers. Our executive management team served in comparable positions with Highland Hospitality Corporation, or Highland, a NYSE-listed lodging REIT that operated in the upper-upscale segment from its IPO in December 2003 until its sale in July 2007. In addition to their service with Highland, our senior executive officers have held senior management and executive positions at several other publicly traded lodging companies, including Crestline Capital Corporation, Marriott International, Inc., Host Hotels & Resorts, Inc. and Prime Hospitality Corporation.

The combination of the depth and breadth of the experience of our executive officers warrants compensation opportunities that are generally in line with the compensation opportunities provided to our lodging industry peers so our executive officers stay motivated with appropriate incentives.

2. We believe that performance-based pay aligns the interests of our executive officers with those of the Trust's shareholders. As a result, we have designed our executive compensation program to provide a significant portion of each executive officer's total compensation opportunity in the form of incentives motivating the executives to take actions that enhance shareholder returns. In addition, performance measures based on corporate and individual goals and objectives annually established by our Compensation Committee for the executive officers should reward executive officers for our overall corporate performance and performance within the executive officers' responsibilities to allow the Trust to achieve its near-term business goals and to

position the Trust to generate greater long-term shareholder value.

*Annual Incentives.* Our annual cash bonus plans since our inception have been tailored to reward our executive officers for achievement of our most important business objectives for each year. Our 2018 cash bonus plan was designed to focus our executive officers on performance of our core objectives of delivering strong cash flows and revenue performance. Our 2018 cash bonus plan also afforded each executive officer the opportunity to earn a bonus based on achievement of individual performance objectives tied to, among other things, monitoring and expanding internal programs in support of the Trust's strategic plan to drive shareholder returns; monitoring the Trust's hotel portfolio to ensure that each hotel is efficiently operated and managed; evaluating and executing on

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renovation and repositioning opportunities with respect to each hotel; capitalizing on favorable dynamics in our target markets to pursue strategic sales of certain hotels; optimizing our balance sheet; maintaining and expanding investor and industry relationships; undertaking leadership initiatives; and other significant qualitative objectives.

*Long-term Incentives.* The Trust's total shareholder return (TSR) relative to industry peer returns will determine the vesting of performance-based restricted share awards granted to our executive officers in 2018, which comprised 60% of each executive's grant under the long-term equity incentive compensation program approved and implemented by the Compensation Committee, an increase from 50% in 2017, reflecting the Compensation Committee's desire to increase the emphasis on performance-based pay in the Trust's long-term equity incentive compensation program, in line with our peer lodging REITs.

3. Our executive compensation program further seeks to align the interests of our executives with those of our shareholders by providing that a significant portion of executive officers' compensation is offered in common shares. Through awards of restricted shares that vest over a period of years and in respect of the Trust's performance, the value of the executive officers' total compensation should increase as total returns to shareholders increase.

Our executive compensation program is designed to offer approximately 60% of the executives' total direct compensation opportunity in the form of equity. During 2018, the Trust granted equity incentives in two forms: time-based restricted shares, vesting ratably over three years, and performance-based restricted shares that will vest, if at all, at the end of three fiscal years based on the Trust's TSR relative to industry peer returns over the same period. As noted above, for 2018 the Compensation Committee's policy allocated 60% of the grant-date fair value of such awards to performance-based restricted shares and 40% to time-based restricted shares.

The payout schedule under our performance-based restricted share program is more rigorous than similar programs in place at many of our competitors, in particular because no payout is earned under our program when our absolute TSR is negative over the performance period. These rigorous performance goals result in a per share grant date fair value (determined in accordance with U.S. generally accepted accounting principles, using a Monte Carlo simulation) per performance-based restricted share that is less than our share price on the grant date.

We have share ownership guidelines for executive officers that require them to attain and maintain specified levels of ownership of our common shares. Likewise, we also have share ownership guidelines for the independent members of our Board to ensure that our Board's interests are fully aligned with those of our shareholders.

4. We believe that the protections provided to our executive officers in their employment agreements should help us achieve our goal of retaining our executive officers.

Our executive officers' employment agreements provide for post-termination pay opportunities designed to provide the executives with economic security. These agreements help ensure that our executives are able to devote their full time and attention to the Trust in the event of a change in control that is in the best interests of shareholders but may result in termination of their employment.

Our executive officers also participate in the welfare and benefit plans that we make available to each of our current employees. In addition, Messrs. Francis, Vicari and Adams are eligible for limited perquisites including an annual physical and medical examination and financial planning services.

***Executive compensation governance and oversight***

Our Compensation Committee, which consists solely of trustees meeting the NYSE standards for independence and the SEC's requirements for compensation committee member independence, discharges the

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Board's responsibilities relating to the compensation of our trustees and executive officers. In that role, the Compensation Committee also serves as the administrator of our Equity Plan pursuant to which the equity and annual cash incentive awards that form the majority of our executive compensation program are made. Our Compensation Committee administers our executive compensation program in accordance with the following core governance principles:

A significant portion of total compensation opportunity is provided in the form of performance-based incentives, tied to defined performance goals, with both short-term and long-term components, that are established and reviewed annually.

Our Compensation Committee considers our executive officers' compensation as compared to that paid to executives of peer companies in the lodging industry as one of many factors considered in making compensation decisions.

The Compensation Committee has full discretion to retain an outside compensation consultant to perform services that assist the committee in making its compensation decisions, and the committee assesses the independence of potential consultants before making retention decisions.

Our Compensation Committee is responsive to the concerns of our shareholders.

Our executive employment agreements do not provide for automatic salary increases or guaranteed incentive payments. The Compensation Committee reviews the terms of the employment agreements periodically to determine whether the terms of the employment agreements continue to further our goals.

The cash severance arrangements provided to our executives are double trigger, requiring a termination event following a change in control before any cash severance payments are triggered.

The equity awards made to our executives pursuant to our long-term equity incentive program also are double trigger in that the awards only vest in connection with a change in control or other extraordinary corporate transaction if either the successor entity does not assume or substitute equivalent securities, or the participant experiences an involuntary termination within 12 months following the change in control.

We do not provide excise tax gross-up payments in connection with a future change in control.

The Compensation Committee considers, in making its compensation decisions, whether our compensation arrangements, or components of it, create risks that are reasonably likely to have a

material adverse effect on us.

Executive officers are subject to robust share ownership requirements of 5x base salary for our chief executive officer and 3x base salary for each other named executive officer.

All employees and trustees are prohibited from engaging in transactions designed to hedge the Trust's securities, purchasing the Trust's securities on margin, short-selling the Trust's securities, and directly or indirectly pledging the Trust's securities as collateral for a loan.

Our Equity Plan contains a clawback provision which requires certain senior officers and other individuals to reimburse us for incentive-based compensation if we are required to prepare an accounting restatement due to our material noncompliance, as a result of misconduct, with any financial reporting requirement under the securities laws.

***Competitive considerations regarding our executive compensation program***

Our compensation program for our named executive officers consists of four key elements:

Cash compensation, in the form of base salaries and annual cash bonuses;

Long-term equity-based incentives, in the form of restricted share awards that vest over time and awards that vest only upon achievement of specified performance objectives over a specified performance period;

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Health and welfare benefits and perquisites; and

Severance arrangements under the executives' employment agreements.

From the feedback received through our shareholder engagement efforts, and given the exceedingly high percentage of favorable votes cast on the Trust's prior say-on-pay votes, including support by holders of more than 97% of the votes cast at our 2018 Annual Meeting, we believe that the Trust's executive compensation program enjoys strong shareholder support. Nevertheless, because we understand that there is always room for improvement, the Compensation Committee has retained FW Cook as an independent consultant to advise it on executive compensation matters.

In late 2017, FW Cook provided an analysis and assessment of the design and structure of the Trust's executive compensation program. FW Cook also measured the Trust's executive compensation program's competitiveness compared to the compensation programs offered by the following peer group of hospitality REITs, the businesses and operations of which are most similar to those of the Trust (collectively, the Benchmark Peer Group):

Ashford	Host Hotels & Resorts <sup>(3)</sup>	RLJ Lodging Trust
DiamondRock Hospitality Company	LaSalle Hotel Properties <sup>(4)</sup>	Ryman Hospitality
FelCor Lodging Trust	Pebblebrook Hotel Trust	Sunstone Hotel Investors
Hersha Hospitality		

- (1) Based on the compensation provided to individual executives by both Ashford Hospitality Trust and Ashford Hospitality Prime (now known as Braemar Hotels & Resorts, Inc.).
- (2) FelCor Lodging Trust was acquired by RLJ Lodging Trust in September 2017; comparative data measured was for 2016.
- (3) The Compensation Committee reviews the executive compensation practices at Host Hotels & Resorts, Inc., but since they are much larger than the Trust, compensation data from Host Hotels & Resorts was excluded from summary statistics in FW Cook's competitive analysis.
- (4) During 2018, LaSalle Hotel Properties was acquired by Pebblebrook Hotel Trust.

After reviewing this assessment, the Compensation Committee concluded that the elements of the Trust's executive compensation program generally remained appropriate to provide the Trust's executives with incentives aligned with achievement of the Trust's strategic and financial objectives, with the adjustments described below intended to target median levels of compensation among the Benchmark Peer Group (excluding Host Hotels & Resorts).

***Elements of 2018 executive compensation***

**Annual base salary.** Base salary is designed to compensate each of our named executive officers at a fixed level of annual compensation that serves as a retention tool throughout the executive's career. While their employment agreements specify minimum base salaries for each, the Compensation Committee is permitted to annually review the base salary of each named executive officer to determine whether an increase in each named executive officer's salary is necessary or appropriate. In determining whether to increase base salaries, the Compensation Committee may consider a variety of factors, including each executive's role and responsibility, unique skills, future potential with the Trust, salary levels for similar positions in the lodging industry, internal pay equity and such other factors as the



Compensation Committee may determine to be relevant. With respect to salary levels for similar positions in the lodging industry, the Compensation Committee considered the competitive analysis from FW Cook, the Trust's independent executive compensation consultant, described above. Based upon its review of the factors described above and the competitive analysis received from FW

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Cook in late 2017, the Compensation Committee determined that, for 2018, the base salary of Mr. Francis should be increased to \$800,000, the base salaries of Messrs. Vicari and Adams should be increased to \$500,000, and the base salary of Mr. Wootten should be increased to \$375,000.

**Annual cash bonus.** Annual cash bonuses are designed to provide incentives to our named executive officers at a variable level of compensation based on the overall performance of the Trust as well as each officer's individual performance. In connection with our annual cash bonus plan, our Compensation Committee establishes annual performance criteria that are flexible and that change with the needs of our business.

Under the terms of the cash bonus plan, the Trust's executive officers have the opportunity to earn annual cash bonuses based on the extent to which the executive officers and the Trust achieve the performance metrics established for that year by the Compensation Committee. The exact mix of these metrics will be determined annually in the discretion of the Compensation Committee, and may change from year to year depending on the Compensation Committee's assessment of our most important goals and objectives.

In light of the competitive analysis provided by FW Cook and input provided by Mr. Francis, the Compensation Committee determined it was appropriate to increase the range of potential payouts for achievement of the performance metrics established for 2018. The following table depicts each executive's cash bonus opportunity for 2018, measured as a percentage of 2018 base salary, assuming achievement by the executive and the Trust of the respective threshold, target and maximum performance levels under each metric of the cash bonus plan identified below.

*Cash Bonuses Payable Based Upon Achievement of 2018 Bonus Plan Criteria*

*(as Percentage of 2018 Base Salary)*

<b>Executive Officer</b>	<b>Threshold</b>	<b>Target</b>	<b>Maximum</b>
James L. Francis	75%	150%	300%
Douglas W. Vicari	50%	100%	200%
D. Rick Adams	50%	100%	200%
Graham J. Wootten	40%	80%	160%

Consistent with 2017, the Compensation Committee determined that 2018 annual cash bonuses should be based on: (1) AFFO per share (weighted 65%), (2) RevPAR performance (weighted 15%), and (3) individual performance objectives (weighted 20%). At the beginning of the year, the Compensation Committee established goals for threshold, target and maximum levels of performance for each metric. After the end of the year, the Compensation Committee evaluated the Trust's and each executive's performance against the goals to determine earned cash bonus amounts. Amounts earned were interpolated in cases where performance was between the threshold and target, or target and maximum levels.

**AFFO Per Share (Weight: 65%):** The Trust believes that AFFO (determined by adjusting the Trust's FFO as calculated in accordance with standards established by the National Association of Real Estate Investment Trusts (NAREIT), to add back hotel acquisition costs and amortization of certain non-cash items) represents the best financial metric by which to evaluate the Trust's core operating results. Accordingly, the Compensation Committee determined that 65% of the overall cash bonus for each executive officer would be based upon the level of AFFO per share generated by the Trust during 2018. The Compensation Committee set the threshold, target and maximum levels of AFFO per share at \$2.20, \$2.38, and \$2.56, respectively, subject in each case to adjustment in the discretion of the Compensation

Committee to give effect to the impact of any significant events or transactions that were not pending at the time the 2018 cash bonus plan was adopted. The target level of AFFO per share represented the midpoint of the full-year guidance issued by the Trust in its 2017 year-end earnings release in February 2018, and represented a nearly 10% increase over AFFO per share reported by the Trust for 2017.

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In evaluating the Trust's performance against its 2018 AFFO per share target, the Compensation Committee evaluated significant transactions that were not anticipated at the time the 2018 cash bonus plan was adopted, including, but not limited to, the impact of the sale of the Hyatt Centric Santa Barbara, the guestroom renovations at the Hotel Adagio San Francisco, Autograph Collection, and labor strikes at two of the Trust's hotels in Chicago, which were outside of the Trust's control. The Compensation Committee discussed these items and determined that it was appropriate for this purpose to adjust the Trust's reported AFFO per share of \$2.34 by the net impact of these significant events and transactions, approving for purposes of this element of the 2018 cash bonus plan AFFO per share of \$2.39, between the target and maximum levels of performance for this metric.

*RevPAR Performance Compared to Key Competitors – Performance in Existing Markets (Weight: 15%).* The Compensation Committee believes that a significant indicator of the Trust's 2018 performance is the RevPAR performance of the Trust's hotels (on a hotel-by-hotel basis) relative to the Trust's key competitors in its existing markets. Accordingly, the Compensation Committee determined that 15% of the overall 2018 cash bonus for each executive officer would be tied to market share improvements at the Trust's hotels, determined based on each hotel's 2018 RevPAR Index relative to its 2017 RevPAR Index. (RevPAR Index is determined by comparing each hotel's RevPAR versus the RevPAR for the competitive set in the hotel's market, as set forth in the management agreement for each hotel.) For purposes of the 2018 cash bonus plan, the Compensation Committee determined that threshold performance for this metric would be achieved if five of the Trust's hotels held or gained market share; target performance would be achieved if 10 hotels held or gained market share; and maximum performance would be achieved if 15 of such hotels held or gained market share. For purposes of this element of the 2018 cash bonus plan, the Compensation Committee determined that the number of the Trust's hotels that either held or gained market share in 2018 was 10, the target level of performance for this metric.

*Individual Performance Goals (Weight: 20%).* In addition to company-wide performance metrics of AFFO per share and RevPAR performance, the Compensation Committee believes that individual performance goals relative to pre-determined objectives should play a role in the cash bonus payable to each executive officer. Accordingly, the Compensation Committee determined that 20% of the overall cash bonus for each executive officer in 2018 would be based upon each executive officer's achievement of such individual performance goals. The Compensation Committee approved performance goals for each of the Trust's executive officers, with the Compensation Committee retaining full discretion in respect of all amounts awarded under this portion of the 2018 cash bonus plan. Individual performance goals included, where appropriate, operational goals for the Trust and the respective functions over which each executive has operational or overall responsibility; monitoring and expanding internal programs in support of the Trust's strategic plan; monitoring the Trust's hotel portfolio to ensure that each hotel is efficiently operated and managed; evaluating and executing on renovation and repositioning opportunities with respect to each hotel; optimizing our balance sheet; maintaining and expanding investor and industry relationships; undertaking leadership initiatives; and other significant qualitative objectives. No executive officer was guaranteed an award and, if performance was unsatisfactory, no bonus would be paid under the individual performance component of the 2018 cash bonus plan. The Compensation Committee did not rely on any one particular objective or formula in determining appropriate 2018 cash bonus levels, but rather on what the Compensation Committee considered to be value-added quantitative and qualitative goals in furtherance of our compensation principles.

The Compensation Committee considered the following accomplishments by the Trust and the named executive officers in 2018 in reaching its decision on the amounts to be paid pursuant to the individual bonus criteria of the 2018 cash bonus plan:

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We generated one-, three- and five-year total shareholder returns that significantly outperformed the comparable returns generated by the SNL US REIT Hotel Index (the SNL Index );

We generated a dividend yield of 6.6%, which exceeds the 6.2% average dividend yield of our 2018 Performance Peer Group, and our 31.7% five-year dividend return was the highest among our peers and significantly above the 20.6% average generated by the other members of the peer group;

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We sold the 200-room Hyatt Centric Santa Barbara for \$90.0 million on July 26, 2018, a price \$31.1 million above our acquisition cost, generating an unleveraged internal rate of return of 15.3%;

We amended and restated our \$300.0 million revolving credit facility, extending the maturity date to May 2022 and lowering our borrowing costs by reducing the floating interest rate equal to LIBOR plus 1.45%-2.20%;

We finished 2018 with a strong balance sheet and industry leading credit statistics, including a fixed charge coverage ratio of 3.33x, a leverage ratio of 33.1% and a weighted-average interest rate on our outstanding debt of 3.91%;

We capitalized on the opportunistic investments made in many of our hotels during 2017, delivering RevPAR growth of 4.3%;

We continued to enhance the quality of our hotel portfolio during 2018. Our work during 2018 included guestroom renovations at the Hotel Indigo San Diego Gaslamp Quarter and the Hotel Adagio San Francisco, Autograph Collection, and renovations of public spaces at the Hyatt Regency Mission Bay Spa and Marina, the JW Marriott San Francisco Union Square, the W Chicago City Center, the Homewood Suites Seattle Convention Center, and the Hilton Checkers Los Angeles; and

Our investor relations efforts, including one-on-one meetings as well as numerous property tours for investors, analysts and lenders, continued throughout 2018.

Based on the foregoing, the Compensation Committee awarded each of the named executive officers the maximum payable amount under the individual performance criteria of the 2018 cash bonus plan.

**Equity awards.** The Compensation Committee has implemented a long-term equity incentive compensation program designed with the dual objectives of fostering strong alignment between the Trust's executive officers and shareholders and providing material incentives to the Trust's executive officers to take actions to enhance the Trust's TSR. For 2018, the program consisted of awards of both time-based restricted shares vesting ratably over a multi-year period and performance-based restricted shares vesting, if at all, based on the Trust's TSR relative to those generated by a market-cap weighted index (for 2018, the 2018 Performance Peer Group Index) comprised of the lodging REITs identified below (collectively, the 2018 Performance Peer Group):

Braemar Hotels & Resorts, Inc.	Host Hotels & Resorts, Inc.	Xenia Hotels and Resorts
DiamondRock Hospitality Company	LaSalle Hotel Properties	RLJ Lodging Trust
Sunstone Hotel Investors	Pebblebrook Hotel Trust	

The performance-based restricted share award component of the Trust's 2018 long-term equity incentive compensation program has the following features:

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60% of the target grant-date fair value of each executive's annual equity grant was granted in the form of performance-based restricted share awards; and

the performance-based restricted shares will vest, if at all, based on the Trust's relative TSR over a three-year performance period, as follows:

Trust TSR as % of	
2018 Performance Peer Group Total Return	Payout (% of Maximum)
<67%	0%
67%	25%
100%	50%
<sup>3</sup> 133%	100%

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if the Trust's TSR is negative for the respective Performance Period, no performance-based restricted shares will vest; and

the maximum value that may be earned under the performance-based restricted shares granted in each year is capped at 1.75 times the starting share price multiplied by the maximum number of shares granted to each executive.

***Health and welfare benefits and perquisites.*** All eligible employees are able to participate in our 401(k) plan. We provide this plan to help our employees save some amount of their cash compensation for retirement in a tax efficient manner. Under the 401(k) plan, employees are eligible to defer a portion of their eligible compensation, and we make a matching contribution up to 4% of eligible compensation. We currently do not provide an option for our employees to invest in our common shares through the 401(k) plan.

We provide a competitive benefits package to all full-time employees, which includes health and welfare benefits, such as medical, dental, disability insurance and life insurance benefits. The plans under which these benefits are offered do not discriminate in scope, terms or operation in favor of officers and trustees and are available to all full-time employees. Messrs. Francis, Vicari and Adams also receive certain perquisites, as described more fully under Employment Agreements.

***Post-termination pay.*** As described more fully under Employment Agreements, we have entered into employment contracts with each of our named executive officers that provide the officers with compensation if they are terminated without cause, they leave the Trust with good reason or their employment terminates in certain circumstances following a change in control. We believe these common protections promote our ability to attract and retain management and assure us that our executive officers will continue to be dedicated and available to provide objective advice and counsel notwithstanding the possibility, threat or occurrence of a change in their circumstances or in the control of the Trust.

***Tax considerations***

With certain exceptions, Section 162(m) of the Internal Revenue Code generally limits the deductibility on our tax return of compensation over \$1 million to any of our named executive officers. Our Compensation Committee's policies and practices are not directly guided by considerations relating to Section 162(m), and accordingly some executive compensation paid to the named executive officers each year may not be deductible under Section 162(m). Because we are taxed as a REIT, the practical effect of the limits imposed by Section 162(m) is to increase our taxable income and corresponding amounts we are required to distribute to comply with the REIT qualification requirements and eliminate our U.S. federal income tax liability at the REIT level. Our inability to deduct such compensation under Section 162(m) does not have a material impact on the Trust.

***Executive officer share ownership guidelines***

We have adopted share ownership guidelines for our executive officers. We believe that requiring our executive officers to attain and maintain a meaningful ownership interest in the Trust relative to his or her annual base salary is in the best interest of the Trust and its shareholders and is likely to further encourage each executive officer to act in a manner that creates value for our shareholders.



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Pursuant to the guidelines, each of our existing executive officers is required to own shares having an aggregate value equal to or greater than the multiple of his base salary as shown in the following table.

<b>Officer</b>	<b>Multiple of Annual Base Salary</b>
James L. Francis, <i>President and Chief Executive Officer</i>	5x
Douglas W. Vicari, <i>Executive Vice President and Chief Financial Officer</i>	3x
D. Rick Adams <i>Executive Vice President and Chief Operating Officer</i>	3x
Graham J. Wootten <i>Senior Vice President, Chief Accounting Officer and Secretary</i>	3x

Our executive officers' ownership of common shares, restricted shares subject to time-based vesting and other equity securities we may grant in the future all will count toward the required level of share ownership, but awards of restricted shares subject to performance-based vesting that have not vested will not count toward the required level of share ownership until the shares vest. Any newly named executive officer will have five years from the time of joining the Trust to attain the required level of share ownership. As of December 31, 2018, all of our named executive officers met the required level of share ownership and are expected to maintain such ownership positions in the future.

Because the Board determined that each named executive officer has met the required level of share ownership as of December 31, 2018, declines in the market value of those shares following the Board's determination will not change that determination.

***Anti-hedging, anti-short-selling, and anti-pledging policy***

As part of the Trust's continuing efforts to improve and strengthen its corporate governance efforts and align them with best practices, the Trust adopted a hedging, short-selling and pledging policy that prohibits the Trust's employees and trustees from: (i) purchasing financial instruments that are designed to hedge the Trust's securities or offset any fluctuations in the market value of the Trust's securities, (ii) purchasing the Trust's shares on margin and (iii) selling any securities of the Trust short. The policy also prohibits employees and trustees from directly or indirectly pledging the Trust's securities as collateral for a loan. These prohibitions apply whether or not such securities were acquired through the Trust's equity compensation programs.

***Clawback policy***

Under the Equity Plan, if the Trust is required to prepare an accounting restatement due to its material noncompliance, as a result of misconduct, with regard to any financial reporting requirement under the securities laws, our chief executive officer, our chief financial officer and any grantee who knowingly engaged in the misconduct, was grossly negligent in engaging in the misconduct, knowingly failed to prevent the misconduct or was grossly negligent in failing to prevent the misconduct, is required to reimburse the Trust for the amount of any payment in settlement of an award earned or accrued during the 12-month period following the first public issuance or filing with the SEC (whichever first occurred) of the financial document that contained such material noncompliance. Furthermore, if the Trust is required to prepare an accounting restatement, all grantees are required to forfeit any cash or common shares received in connection with an award if the amount of the award earned or the vesting in the award was explicitly based on achievement of pre-established performance goals set forth in the award agreement that are later determined,

as a result of the accounting restatement, not to have been achieved.

**Table of Contents****Report of the Compensation Committee**

The Compensation Committee of the Board has reviewed and discussed with management the foregoing Compensation Discussion and Analysis. Based on this review and discussion, the Compensation Committee recommended to the Board that the Compensation Discussion and Analysis be included in this proxy statement and incorporated by reference into the Trust's Annual Report on Form 10-K for the year ended December 31, 2018. This report is provided by the following independent trustees, who comprise the Compensation Committee:

**THE COMPENSATION COMMITTEE**

John W. Hill, Chair

Thomas A. Natelli

Thomas D. Eckert

**Summary Compensation Table**

The following table sets forth the annual base salary and other compensation paid to our named executive officers in 2018, 2017, and 2016.

Name and Principal Position	Year	Salary	Share Awards <sup>(1)</sup>	Non-Equity Incentive	All Other Compensation <sup>(3)</sup>	Total
				Plan Compensation		
James L. Francis <i>President and Chief Executive Officer</i>	2018	\$ 800,000	\$ 3,200,000	\$ 1,491,549	\$ 26,096	\$ 5,517,645
	2017	\$ 775,000	\$ 2,950,000	\$ 1,351,109	\$ 25,896	\$ 5,102,005
	2016	\$ 775,000	\$ 2,950,000	\$ 710,690	\$ 19,696	\$ 4,455,386
Douglas W. Vicari <i>Executive Vice President and Chief Financial Officer</i>	2018	\$ 500,000	\$ 1,300,000	\$ 621,479	\$ 11,096	\$ 2,432,575
	2017	\$ 482,500	\$ 1,200,000	\$ 555,175	\$ 10,896	\$ 2,248,571
	2016	\$ 482,500	\$ 1,200,000	\$ 292,025	\$ 10,696	\$ 1,985,221
D. Rick Adams <i>Executive Vice President and Chief Operating Officer</i>	2018	\$ 500,000	\$ 1,300,000	\$ 621,479	\$ 11,096	\$ 2,432,575
	2017	\$ 482,500	\$ 1,200,000	\$ 555,175	\$ 10,896	\$ 2,248,571
	2016	\$ 482,500	\$ 1,200,000	\$ 292,025	\$ 10,696	\$ 1,985,221
Graham J. Wootten <i>Senior Vice President, Chief Accounting Officer and Secretary</i>	2018	\$ 375,000	\$ 725,000	\$ 372,887	\$ 11,096	\$ 1,483,983
	2017	\$ 350,000	\$ 675,000	\$ 341,700	\$ 10,896	\$ 1,377,596
	2016	\$ 350,000	\$ 675,000	\$ 179,736	\$ 10,696	\$ 1,215,432

- (1) Represents the value of time-based and performance-based restricted share awards, assuming that the maximum level of performance is achieved for such performance-based restricted share awards. The aggregate grant date fair value of the performance-based restricted share awards is computed in accordance with Accounting Standards Codification 718, Compensation—Stock Compensation (ASC 718) based on the assumptions set forth in note 10 to the Trust's 2018 audited financial statements.

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- (2) Represents cash incentive compensation amounts earned by Messrs. Francis, Vicari, Adams and Wootten pursuant to our cash bonus plans for each year. For information on how the amounts were determined, see Compensation Discussion and Analysis Elements of 2018 executive compensation Annual cash bonus and Grants of Plan-Based Awards.
- (3) Amounts reported in this column include (i) \$15,000 paid in 2018 to Mr. Francis pursuant to his employment agreement for reimbursement of certain financial planning services; (ii) matching contributions to the 401(k) accounts of Messrs. Francis, Vicari, Adams and Wootten in 2018 of \$11,000 each, respectively; and (iii) life insurance premiums paid by the Trust.

**Table of Contents****Grants of Plan-Based Awards**

The following table sets forth the bonuses payable under our 2018 cash bonus plan and the awards of restricted shares granted to each of our named executive officers in 2018 under our Equity Plan.

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards <sup>(1)</sup>			Estimated Future Payouts Under Equity Incentive Plan Awards <sup>(5)</sup>			All Other Awards: Number of Shares of Stock or Units <sup>(7)</sup> Grant-Date Fair Value of Stock and Option Awards <sup>(8)</sup>	
		Threshold <sup>(2)</sup>	Target <sup>(3)</sup>	Maximum <sup>(4)</sup>	Threshold	Target	Maximum <sup>(6)</sup>	Units <sup>(7)</sup>	Awards <sup>(8)</sup>
James L. Francis	1/2/2018	\$ 600,000	\$ 1,200,000	\$ 2,400,000					
	1/2/2018							46,495	\$ 1,280,000
	1/2/2018				44,365	88,731	177,461		\$ 1,920,000
Douglas W. Vicari	1/2/2018	\$ 250,000	\$ 500,000	\$ 1,000,000					
	1/2/2018							18,888	\$ 520,000
	1/2/2018				18,023	36,047	72,093		\$ 780,000
D. Rick Adams	1/2/2018	\$ 250,000	\$ 500,000	\$ 1,000,000					
	1/2/2018							18,888	\$ 520,000
	1/2/2018				18,023	36,047	72,093		\$ 780,000
Graham J. Wootten	1/2/2018	\$ 150,000	\$ 300,000	\$ 600,000					
	1/2/2018							10,534	\$ 290,000
	1/2/2018				10,052	20,103	40,206		\$ 435,000

- (1) Represents amounts payable under our 2018 cash bonus plan. For actual amounts paid to each named executive officer under our 2018 cash bonus plan, see Compensation Discussion and Analysis Elements of 2018 executive compensation Annual cash bonus and Summary Compensation Table.
- (2) Represents amounts payable under our 2018 cash bonus plan if the threshold level had been achieved for all metrics.
- (3) Represents amounts payable under our 2018 cash bonus plan if the target level had been achieved for all metrics.
- (4) Represents amounts payable under our 2018 cash bonus plan if the maximum level had been achieved for all metrics.
- (5) Represents performance-based restricted share awards that will vest upon our achievement of specified performance metrics. See Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards Table 2018 Performance-based Restricted Shares.
- (6) The maximum amount of performance-based restricted share awards eligible to vest on December 31, 2020 is further limited in accordance with the terms set forth below under Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards Table 2018 Performance-based Restricted Shares. The maximum value that may be earned under the 2018 performance-based restricted share grant is 1.75 times the

starting share price multiplied by the maximum number of shares granted to each executive.

- (7) Represents time-based restricted share awards, each of which will vest as to one third of the award per year on each of the first three anniversaries of the grant date.
- (8) Represents the estimated grant-date fair value of the restricted share awards.

**Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards Table**

***Overview of the Long-Term Equity Incentive Plan***

As described above, the Trust's long-term equity incentive compensation program is comprised of annual awards of both time-based restricted shares vesting ratably over a multi-year period and performance-based restricted shares vesting, if at all, based on the Trust's TSR relative to those generated by a market-cap weighted index comprised of certain of the Trust's lodging REIT peers. All of the awards are granted pursuant to the Trust's Equity Plan. In 2018, 60% of the grant-date fair value of each executive's equity grant was provided in the form of performance-based restricted share awards. The following summarizes the terms of each component of the long-term equity incentive compensation program and the awards granted under the program in 2018.

**Table of Contents*****Time-based Restricted Shares***

The time-based restricted shares granted in each of January 2016, 2017, and 2018 vest in equal annual installments on each of the first three anniversaries of the grant date. Vesting accelerates upon the occurrence of any of the following events (each, an Accelerated Vesting Event): (i) termination due to the participant's death or disability; (ii) termination without cause not in connection with a change in control; or (iii) a change in control (i.e., Corporate Transaction), if either the successor entity does not assume or substitute equivalent securities, or the participant experiences an Involuntary Termination (i.e., termination by the Trust without Cause or by participant with Good Reason as defined in employment agreements) within 12 months following the change in control.

***2016 Performance-based Restricted Shares***

The performance-based restricted shares granted in January 2016 vest based on the Trust's TSR relative to the total return of the SNL Index over a three-year performance period (each, a Performance Period) beginning on January 1 of such year. The actual number of performance-based restricted shares that vest at the end of the respective Performance Period will be determined by comparing the Trust's TSR to the total return of the SNL Index over the respective Performance Period. For this purpose, the Trust's TSR shall be calculated as follows:

$$\text{TSR} = \frac{(\text{Ending Date Share Price} * \text{Adjusted Share Count}) - \text{Beginning Date Share Price}}{\text{Beginning Date Share Price}}$$

Beginning Date Share Price

The term Adjusted Share Count means one share plus the number of shares received in connection with the assumed reinvestment of all dividends paid during the period at the closing price of the Trust's common shares on the ex-dividend date for each such dividend.

The term Beginning Date means the last trading day of the prior calendar year.

The term Ending Date means the last trading day of the respective three-year Performance Period.

The term Share Price means, as of a particular date, the arithmetic mean of the closing share price as reported by the NYSE over the ten (10) consecutive trading days prior to, and including, such date (or, if such date is not a trading day, the most recent trading day immediately preceding such date). The total return generated by the SNL Index will be calculated using a ten (10) consecutive trading day averaging period similar to the Trust's TSR calculation.

If the Trust's TSR is positive for the respective Performance Period, the performance-based restricted shares will vest only as follows, with linear interpolation for performance between 67% and 100%, and between 100% and 133% of the SNL Index:

**Trust TSR as % of**

<b>SNL US REIT Hotel Index Total Return</b>	<b>Payout (% of Maximum)</b>
<67%	0%
67%	25%

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100%	50%
<sup>3</sup> 133%	100%

If the Trust's TSR is negative for the respective Performance Period, no performance-based restricted shares will vest. If the Trust's TSR is positive for the respective Performance Period and the total return produced by the SNL Index is negative, 100% of the performance-based restricted shares subject to vesting will vest. The maximum value that may be earned under the 2016 performance-based restricted share grants is 1.75 times the starting share price multiplied by the maximum number of shares granted to each executive. Vesting accelerates at the maximum level upon the occurrence of an Accelerated Vesting Event (as defined above under "Time-based Restricted Shares").



**Table of Contents*****2017 and 2018 Performance-based Restricted Shares***

The performance-based restricted shares granted in each of January 2017 and January 2018 vest based on the Trust's TSR relative to the total return of a peer group, established for each year and weighted by market capitalization, over a three-year performance period beginning on January 1 of the year of grant. The mechanics of performance measurement generally are the same as for the 2016 performance-based restricted share awards, except that the Trust's TSR is measured relative to the total return of a peer group as detailed below for the 2017 and 2018 performance-based restricted shares, whereas the Trust's TSR is measured relative to the total return of the SNL Index for the 2016 performance-based restricted share awards.

The 2017 Performance Peer Group comprised the following lodging REITs:

Braemar Hotels & Resorts, Inc.	Host Hotels & Resorts, Inc.	RLJ Lodging Trust
DiamondRock Hospitality Company	LaSalle Hotel Properties	Sunstone Hotel Investors
FelCor Lodging Trust	Pebblebrook Hotel Trust	Xenia Hotels & Resorts

- (1) FelCor Lodging Trust merged with RLJ Lodging Trust in August 2017. The combined entity operates under the name of RLJ Lodging Trust.
- (2) LaSalle Hotel Properties merged with Pebblebrook Hotel Trust in November 2018. The combined entity operates under the name of Pebblebrook Hotel Trust.

The 2018 Performance Peer Group comprised the following lodging REITs:

Braemar Hotels & Resorts, Inc.	LaSalle Hotel Properties	Sunstone Hotel Investors
DiamondRock Hospitality Company	Pebblebrook Hotel Trust	Xenia Hotels and Resorts
Host Hotels & Resorts	RLJ Lodging Trust	

- (1) LaSalle Hotel Properties merged with Pebblebrook Hotel Trust in November 2018. The combined entity operates under the name of Pebblebrook Hotel Trust.

The mergers of FelCor Lodging Trust and LaSalle Hotel Properties with other members of the 2017 and 2018 peer groups, and any other transaction or other event that results in the common shares of any peer group member ceasing to be listed for trading on the NYSE or another national securities exchange for any reason which occurs before the end of any Performance Period (a "Delisting Event"), trigger an adjustment of the calculation of the applicable peer group TSR, as follows:

TSR shall be calculated for the member of the applicable peer group experiencing the Delisting Event from the Beginning Date of the applicable Performance Period through the date of the Delisting Event (any such date, a "Calculation Date") for such member of the applicable peer group.

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Immediately following such Calculation Date, the initial market capitalization weighting of the applicable peer group (the Initial Weighting ) shall be adjusted relative to the aggregate common equity market capitalization of all such remaining peer group members as of such Calculation Date (a Reweighting ). The weighting afforded to any member experiencing a Delisting Event shall be zero for all periods following the Calculation Date associated with such member's Delisting Event.

The foregoing process shall be repeated for each Delisting Event that may occur during the Performance Period.

As of the Ending Date, the Trust shall calculate the weighted average of the Initial Weighting and any Reweighting for each member of the applicable peer group based on the number of days in the

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Performance Period for which the Initial Weighting and any Reweighting shall be in effect (each, an Adjusted Weighting ).

The TSR for the applicable Performance Period shall be calculated by multiplying the TSR produced by each member of the applicable peer group as of the applicable Calculation Date by the Adjusted Weighting determined for such member, and adding all of the products together.

**Outstanding Equity Awards at Fiscal Year End**

The following table sets forth information with respect to outstanding equity awards held by our named executive officers as of December 31, 2018. Market values have been determined based on the closing price of our common shares on December 31, 2018 of \$24.35 per share.

*Outstanding Equity Awards at Fiscal Year End*

Name		Number of Common Shares That Have Not Vested	Market Value of Shares That Have Not Vested		Equity Incentive Plan Awards: Number of Unearned Shares That Have Not Vested	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares That Have Not Vested
James L. Francis	(1 )	20,019	\$ 487,463			
	(2 )	37,546	\$ 914,245			
	(3 )	46,495	\$ 1,132,153			
				(4 )	147,703	\$ 3,596,568
				(5 )	177,461	\$ 4,321,175
Douglas W. Vicari	(1 )	8,144	\$ 198,306			
	(2 )	15,273	\$ 371,898			
	(3 )	18,888	\$ 459,923			
				(4 )	60,083	\$ 1,463,021
				(5 )	72,093	\$ 1,755,465
D. Rick Adams	(1 )	8,144	\$ 198,306			
	(2 )	15,273	\$ 371,898			
	(3 )	18,888	\$ 459,923			
				(4 )	60,083	\$ 1,463,021
				(5 )	72,093	\$ 1,755,465
Graham J. Wootten	(1 )	4,580	\$ 111,523			
	(2 )	8,591	\$ 209,191			
	(3 )	10,534	\$ 256,503			
				(4 )	33,796	\$ 822,933
				(5 )	40,206	\$ 979,016

- (1) Amounts shown represent the number of time-based restricted shares granted to each executive officer in January 2016 that had not vested as of December 31, 2018. Awards granted in January 2016 vest ratably on each of the first three anniversaries of the grant date in accordance with the terms set forth above under Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards Table Time-based Restricted Shares. Subsequent to December 31, 2018, all of these time-based restricted shares vested.
- (2) Amounts shown represent the number of time-based restricted shares granted to each executive officer in January 2017 that had not vested as of December 31, 2018. Awards granted in January 2017 vest ratably on each of the first three anniversaries of the grant date.
- (3) Amounts shown represent the number of time-based restricted shares granted to each executive officer in January 2018 that had not vested as of December 31, 2018. Awards granted in January 2018 vest ratably on each of the first three anniversaries of the grant date.
- (4) Amounts shown represent the number of performance-based restricted shares granted to each executive officer in January 2017 that had not vested as of December 31, 2018, assuming achievement of the

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maximum level of performance. These shares will be eligible for vesting at December 31, 2019, in accordance with the terms set forth above under Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards Table 2017 and 2018 Performance-based Restricted Shares.

- (5) Amounts shown represent the number of performance-based restricted shares granted to each executive officer in January 2018 that had not vested as of December 31, 2018, assuming achievement of the maximum level of performance. These shares will be eligible for vesting at December 31, 2020, in accordance with the terms set forth above under Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards Table 2017 and 2018 Performance-based Restricted Shares.

**Option Exercises and Shares Vested**

The Trust has not granted any option awards to its named executive officers. The table below sets forth information regarding the vesting in 2018 of time-based and performance-based restricted shares previously granted to the Trust's named executive officers.

Name	Restricted Share Awards	
	Number of Shares Acquired on Vesting	Value Realized on Vesting
James L. Francis	191,543	\$ 4,814,614
Douglas W. Vicari	77,916	\$ 1,958,493
D. Rick Adams	77,916	\$ 1,958,493
Graham J. Wootten	43,611	\$ 1,095,629

**Equity Plan Information**

We have adopted an Equity Plan, which provides for the issuance of equity-based awards, including share options, share appreciation rights (SARs), restricted shares, share units, unrestricted shares and other awards based on our common shares that may be granted by us to our trustees and employees and to our advisors and consultants who are providing services to us as of the grant date. The following table summarizes information, as of December 31, 2018, relating to the Equity Plan pursuant to which awards of options, restricted shares, restricted units or other rights to acquire shares may be granted from time to time.

Plan Category	Number of Securities to be Issued upon Exercise of Outstanding Options, Warrants and Rights <sup>(1)</sup>	Weighted-average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans
Equity compensation plans approved by security holders	663,518		1,582,954
Equity compensation plans not approved by security holders			

Total	663,518	1,582,954
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- (1) The amount shown represents performance-based restricted shares which will vest, if at all, based on the Trust's TSR, measured at performance levels and over performance periods determined by the Compensation Committee relative to the 2017 Performance Peer Group Index, in the case of the 2017 performance-based restricted shares, and the 2018 Performance Peer Group Index, in the case of the 2018 performance-based restricted shares. The amount shown includes the maximum number of performance-based restricted shares issuable in respect of unvested performance-based restricted share awards outstanding at December 31, 2018.

#### **Employment Agreements**

On January 27, 2015, in connection with its regular review of the Trust's executive compensation program, the Compensation Committee approved and the Trust entered into new employment agreements with Messrs.

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Francis, Vicari, Adams and Wootten, in each case replacing the agreements previously delivered with each such officer in connection with his employment following the Trust's initial public offering in 2010. The terms of the new employment agreements generally remain consistent with the terms established in 2010, but were updated to give effect to the passage of time, the development of the Trust's executive compensation program and Mr. Adams promotion.

The agreements provide for an annual minimum base salary established at 2015 levels, payable in approximately equal semi-monthly installments. The agreements automatically extend for an additional year on each anniversary of the date of the agreement unless either party gives 90 days' prior notice of non-renewal.

Each of these executives is entitled to receive benefits under the agreements if (1) we terminate the executive's employment without cause, or (2) if there is a change in control during the term of the agreements and the executive resigns for good reason or is terminated without cause within 12 months following such change in control. Under these scenarios, each of the executives is entitled to receive (1) any accrued but unpaid salary and bonuses under the Trust's then-current annual cash bonus plan, (2) reimbursement for any outstanding reasonable business expense, (3) vesting as of the executive's last day of employment of any unvested options or restricted shares previously granted to the executive, (4) continued life and health insurance as described below, and (5) a severance payment calculated as described below. The term "cause" includes termination due to fraud, misappropriation or embezzlement, the conviction of any felony, breach of fiduciary duties, and breach of any material term of the employment agreement. The term "good reason" includes termination due to a substantial diminution of duties, relocation beyond fifty (50) miles from the Trust's address, and a substantial reduction in base salary and other compensation other than as a result of the Trust's failure to achieve performance targets.

If we terminate the executive without cause the severance payment is equal to two times in the case of Messrs. Francis, Vicari and Adams, or one times in the case of Mr. Wootten, his then current salary plus two times in the case of Messrs. Francis, Vicari and Adams, or one times in the case of Mr. Wootten, the greater of (1) the average of all bonuses paid to them during the preceding 36 months and (2) the most recent bonus paid to the executive. In addition, the executive is eligible to receive payment of life and health insurance coverage for a period of 24 months for Messrs. Francis, Vicari and Adams, and 12 months for Mr. Wootten, following such executive's termination of employment.

If there is a change in control during the term of the agreements and within 12 months following a change in control, we terminate the executive without cause or he resigns for good reason, the severance payment is equal to three times in the case of Messrs. Francis, Vicari and Adams, or two times in the case of Mr. Wootten, his then current salary plus three times in the case of Messrs. Francis, Vicari and Adams, or two times in the case of Mr. Wootten, the greater of (1) the average of all bonuses paid to the executive during the preceding 36 months and (2) the most recent bonus paid to the executive. In addition, in the event of a termination or resignation following a change in control as described above, the executive will be eligible to receive payment of life and health insurance coverage for a period of 36 months for Messrs. Francis, Vicari and Adams, and 24 months for Mr. Wootten, following termination of employment. None of the agreements requires that the Trust make any "gross up" payments to compensate the executive for additional taxes, if any, imposed under Section 4999 of the Internal Revenue Code for receipt of excess parachute payments in the event of a termination or resignation following a change in control; however, each agreement provides that if (in the determination of a nationally recognized accounting firm engaged by the Trust to analyze this issue) such excise taxes may be imposed as a result of payments made to any executive in the event of a future change in control, the amount of such payments to such executive will be reduced to a level that will not exceed the amount that would trigger such excise taxes, if such reduction would put the executive in a better after-tax position.

Bonus payments will be made in one lump sum within 60 days following the end of the fiscal year in which such termination occurs. Severance payments will be paid in approximately equal installments on the Trust's scheduled

payroll dates and will be subject to the executive signing a general release.



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In addition, the employment agreements for Messrs. Francis, Vicari and Adams provide up to \$10,000 annually for a comprehensive physical and medical examination and up to \$15,000 annually for financial planning services. These benefits will not continue beyond termination of the agreements. The employment agreements contain customary non-competition and non-solicitation covenants that apply during the term and for stated periods after the term of each executive's employment with the Trust, ranging from one to two years.

**Potential Payments to Executive Officers Upon Termination**

The following table indicates the cash amounts, accelerated vesting and other payments and benefits that the named executive officers would be entitled to receive upon termination under various circumstances pursuant to the terms of the Equity Plan, the restricted share agreements made under the Equity Plan and their respective employment agreements. The table assumes that termination of the named executive officer from the Trust under the scenario shown occurred on December 31, 2018. The table also does not give effect to any reduction in payments to any executive that might occur under his employment agreement in the event that such reduction would put the executive in a better after-tax position than if his payments were not reduced and as a result he would become subject to additional taxes under Section 4999 of the Internal Revenue Code for receipt of excess parachute payments in the event of a termination or resignation following a change in control.

	<b>Cash Severance Payment</b>	<b>Life/ Health Insurance Benefits<sup>(4)</sup></b>	<b>Acceleration of Equity Awards<sup>(5)</sup></b>	<b>Total Termination Benefits</b>
<b>James L. Francis<sup>(1)</sup></b>				
Involuntary termination without cause <sup>(2)</sup>	\$ 4,583,098	\$ 38,452	\$ 10,451,604	\$ 15,073,154
Voluntary termination or involuntary termination with cause				
Involuntary or good reason termination in connection with change in control <sup>(2)</sup>	\$ 6,874,647	\$ 57,677	\$ 10,451,604	\$ 17,383,928
Death or disability <sup>(3)</sup>			\$ 10,451,604	\$ 10,451,604
<b>Douglas W. Vicari<sup>(1)(6)</sup></b>				
Involuntary termination without cause <sup>(2)</sup>	\$ 2,242,958	\$ 192	\$ 4,248,612	\$ 6,491,762
Voluntary termination or involuntary termination with cause				
Involuntary or good reason termination in connection with change in control <sup>(2)</sup>	\$ 3,364,437	\$ 288	\$ 4,248,612	\$ 7,613,337
Death or disability <sup>(3)</sup>			\$ 4,248,612	\$ 4,248,612
<b>D. Rick Adams<sup>(1)</sup></b>				
Involuntary termination without cause <sup>(2)</sup>	\$ 2,242,958	\$ 38,452	\$ 4,248,612	\$ 6,530,022
Voluntary termination or involuntary termination with cause				
Involuntary or good reason termination in connection with change in control <sup>(2)</sup>	\$ 3,364,437	\$ 57,677	\$ 4,248,612	\$ 7,670,726
Death or disability <sup>(3)</sup>			\$ 4,248,612	\$ 4,248,612
<b>Graham J. Wootten<sup>(1)</sup></b>				
Involuntary termination without cause <sup>(2)</sup>	\$ 747,887	\$ 19,226	\$ 2,379,165	\$ 3,146,278

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Voluntary termination or involuntary termination  
with cause

Involuntary or good reason termination in connection with change in control <sup>(2)</sup>	\$ 1,495,774	\$ 38,452	\$ 2,379,165	\$ 3,913,391
Death or disability <sup>(3)</sup>			\$ 2,379,165	\$ 2,379,165

- (1) The amounts shown in this table do not include accrued salary, earned but unpaid bonuses or reimbursement of reasonable business expenses. Those amounts are payable to the executive officer upon any termination of his employment, including an involuntary termination with cause and a resignation without good reason.

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- (2) Amounts in this row are calculated in accordance with provisions of the applicable employment agreement as described more fully under Employment Agreements.
- (3) A termination of this executive officer's employment due to death or disability entitles this executive officer to benefits under our life insurance and disability insurance plans. In addition, restricted shares immediately vest upon this executive officer's termination of employment due to death or disability.
- (4) The amounts shown in this column are estimates of the cash payments to be made under the applicable employment agreement based on the annual premiums to be paid by the Trust for health care and life insurance benefits expected to be provided to each executive officer.
- (5) For purposes of this table, the market value per restricted share is assumed to be \$24.35, the closing market price per common share on December 31, 2018.
- (6) Mr. Vicari does not participate in the Trust's health insurance plan.

## **CEO Compensation Ratio**

Under rules adopted by the SEC pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act, the Trust is required to disclose the ratio of the annual total compensation of its median employee to that of its Principal Executive Officer (PEO). The Trust's PEO is our President and Chief Executive Officer, Mr. Francis. As identified above in the Summary Compensation Table, Mr. Francis' total compensation for the 2018 fiscal year was \$5,517,645. The total compensation of our median employee in 2018 was \$412,000. Based on the foregoing, the ratio of the annual total compensation of Mr. Francis to that of our median employee in 2018 was approximately 13:1.

The median employee was determined by comparing the annual total compensation, as defined in Item 402(c)(2)(x) of Regulation S-K, of all 11 of the Trust's employees other than Mr. Francis, as of December 31, 2018.

## **Non-Executive Trustee Compensation**

Our philosophy is to pay non-executive trustees competitively and fairly for the work performed. The design of our non-executive trustee compensation program reflects recognized best practices, incorporating the following provisions:

Retainer-only cash compensation with no fees for attending meetings, which is an expected part of Board service.

Approximately half of total compensation in full-value equity awards, fostering alignment with shareholders, with annual grants made based on a fixed-value formula with short vesting periods, to avoid entrenchment.

Additional retainers for special roles such as non-executive Chairman and committee chairs to recognize their incremental time and effort.

Meaningful share ownership requirements of five times the annual cash retainer.

Under our trustee compensation program, our non-executive trustees are paid an annual retainer fee of \$75,000, our Compensation Committee chairman is paid an additional annual retainer of \$15,000, and our Nominating and Corporate Governance Committee chairman is paid an additional annual retainer of \$10,000. Our Audit Committee chairman is paid an additional annual retainer of \$15,000 and Mr. Natelli, who serves as our non-executive Chairman

of the Board, is paid an additional annual retainer of \$20,000.

Although we reimburse our trustees for reasonable out-of-pocket expenses incurred in connection with performance of their duties as trustees, including, without limitation, travel expenses in connection with their attendance at Board and committee meetings, we do not pay any trustee a separate fee for meetings attended. Furthermore, trustees do not receive any perquisites.

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Our non-executive trustees may elect to receive their annual retainers and chair committee fees in whole or in part in the form of cash or immediately vested common shares based on the closing market price of our common shares on the grant date.

At each of our annual meetings, each of our non-executive trustees also receives an award of restricted shares, the number of which is determined based on the closing market price of our common shares on the date of such annual meeting as reported on the NYSE, with a value of \$85,000, except that our non-executive Chairman receives an award of restricted shares valued at \$110,000 in recognition of his expanded responsibilities as our non-executive Chairman. Accordingly, at our 2018 Annual Meeting, each of our non-executive trustees received an award of 2,669 restricted shares, except that Mr. Natelli received 3,454 restricted shares. Vesting for these awards will occur on the date of the subsequent annual meeting of shareholders, with acceleration upon termination due to death, disability or involuntary termination of service as a result of a change in control. Dividends will be paid on the unvested restricted shares when declared and paid on our common shares generally. Each of our non-executive trustees will receive an award of restricted shares at our 2019 Annual Meeting and each annual meeting thereafter under similar terms as described above. The table below reflects the amount of the share awards and retainer fees paid to our non-executive trustees in 2018:

*Summary of Non-Executive Trustee 2018 Compensation*

Name	Fees Earned or Paid		Total
	in Cash	Share Awards <sup>(1)</sup>	
Thomas A. Natelli	\$ 90,467	\$ 110,000	\$ 200,467
Angelique G. Brunner <sup>(2)</sup>	\$ 41,003	\$ 85,000	\$ 126,003
Thomas D. Eckert	\$ 85,467	\$ 85,000	\$ 170,467
John W. Hill	\$ 85,467	\$ 85,000	\$ 170,467
George F. McKenzie <sup>(3)</sup>	\$ 33,997		\$ 33,997
Jeffrey D. Nuechterlein	\$ 75,934	\$ 85,000	\$ 160,934

- (1) All share awards were granted pursuant to our Equity Plan. The amounts in this column reflect the estimated grant-date fair value of the restricted share awards.
- (2) Ms. Brunner received a pro-rated annual retainer fee calculated according to the date of her election as a Trustee at the 2018 Annual Meeting.
- (3) Mr. McKenzie resigned from the Board upon the expiration of his one-year term expiring on the date of the 2018 Annual Meeting. Accordingly, he did not receive a share award in 2018. Mr. McKenzie's compensation reflects a pro-rated annual retainer fee through the date of his resignation.

**Trustee Share Ownership Guidelines**

Our Board has established share ownership guidelines for our non-executive trustees because we believe that encouraging our non-executive trustees to attain and maintain a meaningful ownership interest in the Trust further aligns the interests of our trustees with those of our shareholders in creating long-term value for the Trust. Under the guidelines, each of our non-executive trustees is expected to own our common shares having an aggregate value equal to or greater than five times the amount of the annual cash retainer currently paid to each non-executive trustee. The Board expects any persons joining the Board will accumulate the minimum level of share ownership within three years of joining the Board. Under the guidelines, non-executive trustees are expected to retain common shares acquired by them pursuant to awards granted under our Equity Plan until the minimum ownership level has been

attained. Once the Board has determined that a non-executive trustee has met the required level of share ownership, declines in the market value of those shares following the Board's determination will not change that determination. Notwithstanding the foregoing, the guidelines do not prevent a non-executive trustee from selling or disposing of any common shares purchased directly or indirectly in the open market at any time. As of the record date for the 2019 Annual Meeting, the Board has determined that all of the independent trustees other than Ms. Brunner, who was elected to the Board at the Trust's 2018 Annual Meeting, have attained the requisite level of share ownership.

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Trustees are subject to the Trust's policy regarding hedging, short-selling and pledging of Trust securities as more fully described under Anti-hedging, anti-short-selling, and anti-pledging policy.

## **Compensation Committee Interlocks and Insider Participation**

As noted earlier, the Compensation Committee consists of Messrs. Hill, Natelli and Eckert. None of the members of the Compensation Committee is or has been one of our employees or officers. None of our executive officers currently serves, or during the past fiscal year has served, as a director or member of the compensation committee of the board of directors of another entity that has one or more executive officers serving on our Board or Compensation Committee.

## **PROPOSAL 3**

### **NON-BINDING ADVISORY VOTE TO APPROVE EXECUTIVE COMPENSATION**

As required by the Dodd-Frank Act we are asking shareholders to approve on an advisory basis, our executive compensation programs as described in this proxy statement in the Compensation Discussion and Analysis section, the tabular disclosures regarding such compensation and the accompanying narrative disclosure. At least once every six years, we are required by the Dodd-Frank Act to provide shareholders with an opportunity to cast a non-binding, advisory vote on the frequency of future advisory votes on executive compensation. As discussed below, the Board recommends that you vote to approve the proposed resolution.

The Trust's goal for our executive compensation program is to hire, retain and motivate our senior management to grow our business and create long-term value. We believe that our compensation programs have been effective in creating the appropriate incentives for our named executive officers, as evidenced by the Trust's accomplishments in 2018.

The Compensation Committee considered the following accomplishments by the Trust and the named executive officers in 2018 in reaching its decision on the amounts to be paid pursuant to the individual bonus criteria of the 2018 cash bonus plan:

We generated one-, three- and five-year total shareholder returns that significantly outperformed the comparable returns generated by the SNL Index;

We generated a dividend yield of 6.6%, which exceeds the 6.2% average dividend yield of our 2018 Performance Peer Group, and our 31.7% five-year dividend return was the highest among our peers and significantly above the 20.6% average generated by the other members of the peer group;

We sold the 200-room Hyatt Centric Santa Barbara for \$90.0 million on July 26, 2018, a price \$31.1 million above our acquisition cost, generating an unleveraged internal rate of return of 15.3%;

We amended and restated our \$300.0 million revolving credit facility, extending the maturity date to May 2022 and lowering our borrowing costs by reducing the floating interest rate equal to LIBOR

plus 1.45%-2.20%;

We finished 2018 with a strong balance sheet and industry leading credit statistics, including a fixed charge coverage ratio of 3.33x, a leverage ratio of 33.1% and a weighted-average interest rate on our outstanding debt of 3.91%;

We capitalized on the opportunistic investments made in many of our hotels during 2017, delivering RevPAR growth of 4.3%;

We continued to enhance the quality of our hotel portfolio during 2018. Our work during 2018 included guestroom renovations at the Hotel Indigo San Diego Gaslamp Quarter and the Hotel Adagio San Francisco, Autograph Collection, and renovations of public spaces at the Hyatt Regency Mission Bay Spa and Marina, the JW Marriott San Francisco Union Square, the W Chicago City Center, the Homewood Suites Seattle Convention Center and the Hilton Checkers Los Angeles; and



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Our investor relations efforts, including one-on-one meetings as well as numerous property tours for investors, analysts and lenders, continued throughout 2018.

Based on our performance, the Board has concluded that our executive compensation program should be approved by shareholders, and asks them to approve the following resolution.

**RESOLVED, that the compensation paid to the Trust's named executive officers, as disclosed pursuant to the rules of the Securities and Exchange Commission in the Compensation Discussion and Analysis section, compensation tables and accompanying narrative discussion, is hereby APPROVED.**

The vote to approve our executive compensation programs is advisory and non-binding on the Trust. However, the Compensation Committee, which is responsible for designing and administering the Trust's executive compensation programs, values the opinions expressed by the Trust's shareholders and will consider the outcome of the vote when making future compensation decisions.

**The Board recommends that you vote FOR the resolution to approve our executive compensation programs as described in this proxy statement.**

## **PROPOSAL 4**

Set forth below is a shareholder proposal submitted by UNITE HERE, 275 Seventh Avenue, New York, New York 10001, the beneficial owner of 165 shares of the Trust's common shares of beneficial interest, along with its supporting statement. The shareholder proposal is required to be voted upon at the annual meeting only if properly presented at the annual meeting by UNITE HERE.

### **Shareholder Proposal**

RESOLVED, the shareholders of Chesapeake Lodging Trust (the Company) recommend that the Board of Directors take all steps necessary to prepare an annual report for shareholders on sexual harassment complaints related to employees and guests at hotels on all properties owned by the Company. The report shall be prepared at reasonable cost and omit private and proprietary information, and shall be made available on the Company's website no later than the annual meeting of shareholders, starting in 2020.

### **Shareholder's Supporting Statement**

Sexual harassment is both pervasive and illegal. Nearly half of working women in the United States say they have experienced sexual harassment in the workplace, according to a 2017 NBC/Wall Street Journal Poll. In a June 2016 report, the Equal Employment Opportunity Commission reported on thousands of charges alleging harassment on the basis of sex. In the last decade, more than 25% of sexual harassment charges came from industries with large numbers of service-sector workers. Sexual harassment charges can expose employers, hotel operators and owners to significant risks, including when there are complaints made against management and against guests.

For investors, there is a lack of information about the extent of the sexual harassment problem in the hospitality industry. Neither hotel owners nor operators report on costs or incidence of sexual harassment. Settlement agreements frequently contain non-disclosure clauses, and in some cases, complainants leave their jobs as complaints are resolved, all of which reinforces a lack of accurate information about this risk. While there have been a few high profile cases of harassment and assault involving hotels over the last decade, investors have little information about how companies are mitigating risks.



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The Council of Institutional Investors has recently made recommendations for Boards to address the risks of sexual harassment cases, including: 1) Ensure all payouts to settle harassment cases are reported to the board. 2) Review with the legal team when information on incidents of sexual harassment should be reported to shareholders and how much information should be shared.

Since hotel owners like Chesapeake Lodging Trust may pay the costs of complaints in hotel operating expenses, we urge the Company to request information from their hotel operating contractors detailing the incidence and costs of sexual harassment, and to provide that information to shareholders. Disclosure of such information will assist the Company in managing its risk.

We urge shareholders to vote FOR this proposal, recommending that the Company provide comprehensive disclosures to shareholders about sexual harassment complaints in its hotels.

## **Board's Statement Opposing the Shareholder Proposal**

First and foremost, Chesapeake Lodging Trust opposes any form of harassment and discrimination. While the Trust strongly supports the goal of ridding the lodging industry of the problems caused by sexual harassment, the Board has carefully considered the proposal and concluded that it is not in the best interest of our shareholders for a number of reasons, including (without limitation) the following:

its adoption is unnecessarily duplicative of the Trust's efforts to deter incidents of sexual harassment at the Trust's hotels through the Trust's anti-harassment policies and practices;

the report requested by the proposal is incapable of being efficiently and effectively generated in a manner certain to elicit and provide the information sought to be reported, or solving the underlying problem; and

the proposal is intended to advance the particular interests of the proponent, UNITE HERE, a labor union that represents employees working in the hotel industry (the Union), at the expense of our other shareholders.

Accordingly, the Board unanimously recommends a vote AGAINST this proposal.

Sexual harassment is a serious issue. The Trust has supported and will continue to support its third-party hotel management companies in adopting programs and policies designed to prevent sexual harassment, and encourage reporting on any incidents that may occur.

The Trust has been and continues to be committed to the safety of employees of the third-party management companies that operate our hotels, guests at our hotels, and our employees at our headquarters. The Trust's policy is that harassment of any type or nature has no place in our workplace and is strictly prohibited, whether directed to or perpetrated by employees or applicants for employment with the Trust or the management companies operating the Trust's hotels, hotel guests or other customers, vendors, independent contractors or suppliers.

The Trust has taken many steps to proactively address and prevent sexual harassment, and is actively engaged with the management companies operating our hotels to help prevent and reduce incidents of sexual harassment. The Trust fully supports and encourages all of our hotel operators to adopt and abide by the principles of the American Hotel &

Lodging Association's 5-Star Promise. The 5-Star Promise was first introduced in September 2018 and is part of an industry-wide commitment to advance hotel safety, security and hospitality. The 5-Star Promise includes the following five important components: (i) build on the lodging industry's longstanding commitment to hospitality and a people culture by continuing to provide industry-wide training and materials on safety and security, and retain expert guidance to work with the industry on diversity and safety matters, (ii) ensure mandatory anti-sexual harassment policies are in place in multiple languages, (iii) provide ongoing training and education for employees on identifying and reporting sexual harassment,

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(iv) provide U.S. hotel employees with employee safety devices to help them feel safe on the job, and (v) broaden vital partnerships with wide-ranging national organizations that target sexual violence and assault and trafficking and promote workplace safety.

This pledge elevates the industry standard for the safety of those employed at hotels and specifically targets sexual harassment. The Trust has dedicated a significant amount of resources to assist our management companies with sexual harassment awareness, training and avoidance programs, and will continue to engage with our hotel management companies to provide any resources needed to further assist them in ensuring the safety of hotel employees and guests.

The Union's proposal is misdirected because the Trust lacks access to the information needed to prepare the requested report.

The Trust has elected to be taxed as a real estate investment trust ( REIT ) for U.S. federal income tax purposes. The U.S. internal revenue code and related Treasury regulations impose strict limitations on the type of activities that a REIT may undertake. As it relates to all REITs in the lodging industry, chief among these limitations is that the REIT is not permitted to operate or directly manage the hotels it owns, but instead must engage an eligible independent contractor to do so. To comply with this REIT rule, the Trust entered into management agreements with third parties to manage our hotels.

Under the terms of the agreements, our hotel management companies retain the sole right and responsibility for hiring, training and supervising hotel employees and ensuring their safety, along with the safety of hotel guests. While we continue to encourage and support our hotel management companies to address and prevent sexual harassment, we cannot compel operators to take any actions or measures, or interfere with their day-to-day management or supervision of employees, in any way that would jeopardize our qualification as a REIT. Consequently, we generally have no ability to impact our management companies' employment decisions or training practices, or their operational policies relating to the reporting of an incident of sexual harassment if one were to occur at one of our hotels.

In addition, under the terms of the management agreements, our hotel management companies generally have sole responsibility and authority for the hotel's day-to-day operations and oversee operations and maintenance, prepare reports, budgets and projections and provide other administrative and accounting support services. As a result, our hotel management companies generally are not required to provide the Trust with information on individual complaints by hotel guests or employees about safety or harassment incidents, nor does the Trust have a contractual right to compel such information. Under limited scenarios, the Trust has the right to receive notice from operators when matters or claims exceed certain financial thresholds, but sexual harassment complaints are unlikely to exceed those thresholds, and thus the Trust typically would not be made aware of any such complaint.

Accordingly, without either direct involvement in the operation of our hotels or a contractual right to compel our hotel management companies to provide the necessary information, the Trust simply is not in position to prepare a report of the sort requested by the proposal with the level of detail, review and vetting required of a NYSE-listed company in its public disclosures.

We believe the Union has submitted this proposal to advance its organizing agenda at the expense of shareholder value.

In its proposal, the Union reports ownership of 165 of our common shares, representing less than 0.0003% of our common shares outstanding. The Union's shares have a total value of approximately \$4,673 based on the closing price of a common share as of April 18, 2019.



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Despite this nominal economic stake in the Trust's shares, the Union has put forth more than a dozen proposals to the Trust's shareholders in the last six years, including proposals advanced by the Union through two hostile proxy solicitations made outside the customary shareholder proposal process used by the Union this year. For context, the Trust has not received a single proposal for inclusion in its proxy materials from any other shareholder since its initial public offering in 2010.

Since 2005, the Union has submitted more than 50 shareholder proposals to 20 other lodging REITs and hotel operators, and has submitted substantially similar proposals to several other lodging REITs and hotel operators for consideration at their 2019 annual meetings. Without exception, all of the targets of these proposals and solicitation efforts have been, like the Trust, companies that could employ Union labor, or could employ Union labor to a larger degree. In each case, again like it has with the Trust, the Union has pursued these efforts despite not having any material economic stake in the ownership of these other publicly traded companies.

The Union's boycotts have caused inconvenience to guests at our properties and direct economic harm to the Trust and our shareholders. In 2018, the Union led several highly publicized large-scale protests on a nationwide basis which included disruptive tactics such as strikes, demonstrations with drums and other noisemaking devices, picket lines, and other nuisance activities. This type of disruptive and self-interested activity results in guest dissatisfaction.

While the Trust acknowledges and supports the importance of prevention and awareness regarding sexual harassment, approving this proposal will encourage the Union to continue to use the shareholder proposal process in order to further its own agenda at the expense of shareholder value.

**For the reasons stated above, the Board recommends that you vote **AGAINST** the proposal.**

**Table of Contents****SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

The following table sets forth certain information, as of April 24, 2019, regarding the ownership of our common shares by:

each of our trustees;

each of our named executive officers;

each holder of 5% or more of each class of our shares; and

all of our trustees and executive officers as a group.

In accordance with SEC rules, each listed person's beneficial ownership includes:

all common shares the investor actually owns beneficially or of record;

all common shares over which the investor has or shares voting or dispositive control (such as in the capacity as a general partner of an investment fund); and

all common shares the investor has the right to acquire within 60 days (such as restricted shares which are scheduled to vest within 60 days).

Unless otherwise indicated, the address of each named person is c/o Chesapeake Lodging Trust, 4300 Wilson Boulevard, Suite 625, Arlington, Virginia 22203. No common shares beneficially owned by any executive officer or trustee have been pledged as security.

<b>Beneficial Owner</b>	<b>Common Shares Owned</b>	<b>Percentage<sup>(1)</sup></b>
James L. Francis	604,048	*
Douglas W. Vicari	434,784	*
D. Rick Adams	210,357	*
Graham J. Wootten	86,293	*
Thomas A. Natelli	151,384	*
Thomas D. Eckert	40,154	*
John W. Hill	26,154	*
Jeffrey D. Nuechterlein	14,654	*
Angelique Brunner	4,274	*
All trustees and executive officers as a group (9 persons)	1,572,102	2.6%



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The Vanguard Group <sup>(2)</sup>	9,406,681	15.5%
Goldman Sachs Asset Management <sup>(3)</sup>	5,987,450	9.9%
BlackRock, Inc. <sup>(4)</sup>	10,486,206	17.3%

\* Represents less than 1% of the common shares outstanding as of the date of filing.

(1) Percentages are based on 60,765,796 common shares outstanding as of April 24, 2019.

(2) On February 11, 2019, The Vanguard Group filed a Schedule 13G/A to report beneficial ownership of an aggregate of 9,406,681 common shares, of which it has sole voting power for 110,827 shares, shared voting power for 67,310 shares, sole dispositive power for 9,286,732 shares and shared dispositive power for 119,949 shares. The address for this shareholder is 100 Vanguard Boulevard, Malvern, Pennsylvania 19355.

(3) On February 4, 2019, Goldman Sachs Asset Management, L.P. and GS Investment Strategies, LLC jointly filed a Schedule 13G/A to report beneficial ownership of 5,987,450 common shares, of which it has shared voting power for 5,740,709 shares and shared dispositive power for all 5,987,450 shares. The address for this shareholder is 200 West Street, New York, New York 10282.

(4) On January 24, 2019, BlackRock, Inc. filed a Schedule 13G/A to report beneficial ownership of 10,486,206 common shares, of which it has sole voting power for 10,304,280 shares and sole dispositive power for all 10,486,206 shares. The address for this shareholder is 55 East 52nd Street, New York, New York 10055.

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**CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS**

**Related Party Transactions**

During the last fiscal year, we have not entered into any transaction in which the amount involved exceeds \$120,000 and in which any related person had or will have a direct or indirect material interest, and no such transactions are currently proposed.

**Conflict of Interest Policy**

We have adopted policies to reduce potential conflicts of interest. A conflict of interest occurs when a trustee, officer or employee's personal interest interferes with our interest. Generally, our policies provide that any transaction, agreement or relationship in which any of our trustees, officers or employees has an interest must be approved by our Audit Committee or a majority of our disinterested trustees.

Applicable Maryland law provides that a contract or other transaction between a Maryland real estate investment trust and any of that entity's trustees or any other entity in which that trustee is also a trustee or director or has a material financial interest is not void or voidable solely on the grounds of the common board membership or interest, the fact that the trustee was present at the meeting at which the contract or transaction is approved or the fact that the trustee's vote was counted in favor of the contract or transaction, if:

the fact of the common board membership or interest is disclosed to the board or a committee of the board, and the board or that committee authorizes the contract or transaction by the affirmative vote of a majority of the disinterested members, even if the disinterested members constitute less than a quorum;

the fact of the common board membership or interest is disclosed to shareholders entitled to vote on the contract or transaction, and the contract or transaction is approved by a majority of the votes cast by the shareholders entitled to vote on the matter, other than votes of shares owned of record or beneficially by the interested director, corporation, firm or other entity; or

the contract or transaction is fair and reasonable to the trust. Our declaration of trust specifically adopts these provisions of Maryland law.

**SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

We believe that all of our trustees, executive officers and beneficial owners of more than 10% of our common shares reported on a timely basis all transactions required to be reported by Section 16(a) of the Exchange Act during 2018.

**ANNUAL REPORT ON FORM 10-K**

All shareholders receiving this proxy statement should have also received a paper copy or access to an electronic copy of the 2018 Annual Report, which includes our Annual Report on Form 10-K for the year ended December 31, 2018.

**Shareholders may request a free copy of our 2018 Annual Report on Form 10-K, including applicable financial statements and schedules, by sending a written request to: 4300 Wilson Boulevard, Suite 625, Arlington, Virginia 22203. Alternatively, shareholders can access the 2018 Annual Report on Form 10-K and other**

**financial information on our website at: <http://www.chesapeakelodgingtrust.com>.** We will also furnish any exhibit to the 2018 Annual Report on Form 10-K upon written request and payment of a copying charge of 20 cents per page.

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**DEADLINES FOR RECEIPT OF SHAREHOLDER PROPOSALS FOR  
CONSIDERATION AT OUR 2020 ANNUAL MEETING**

Any proposal that a holder of our common shares wishes to submit for inclusion in the Chesapeake Lodging Trust Proxy Statement for the 2020 Annual Meeting ( 2020 Proxy Statement ) pursuant to SEC Rule 14a-8 must be received by Chesapeake Lodging Trust no later than January 2, 2020. Such proposals also must comply with SEC regulations under Rule 14a-8 regarding the inclusion of shareholder proposals in company-sponsored proxy materials. In addition, notice of any proposal that a holder of our common shares wishes to propose for consideration at the 2020 Annual Meeting, but does not seek to include in the 2020 Proxy Statement pursuant to Rule 14a-8, must be delivered to Chesapeake Lodging Trust no earlier than February 20, 2020 and no later than March 21, 2020 if the proposing holder of our common shares wishes for Chesapeake Lodging Trust to describe the nature of the proposal in its 2020 Proxy Statement. Any shareholder proposals or notices submitted to Chesapeake Lodging Trust in connection with our 2020 Annual Meeting should be addressed to: Corporate Secretary, Chesapeake Lodging Trust, 4300 Wilson Boulevard, Suite 625, Arlington, Virginia 22203.

Arlington, Virginia

April 30, 2019

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**ATTENDING THE 2019 ANNUAL MEETING**

Only shareholders or their legal proxy holders who comply with the admission requirements described below may attend the 2019 Annual Meeting. Due to space constraints and other security considerations, we will not be able to accommodate the guests of either shareholders or their legal proxy holders.

**Admission to the 2019 Annual Meeting**

To be admitted to the 2019 Annual Meeting, you must present an admission ticket, valid proof of ownership of the Trust's common shares as of April 24, 2019 or a valid legal proxy. All attendees must also provide a form of government-issued photo identification. If you arrive at the 2019 Annual Meeting without the required items, we will admit you only if we are able to verify that you are a shareholder of the Trust as of April 24, 2019.

Shareholders of record may gain admittance to the 2019 Annual Meeting by presenting the admission ticket that is attached to their proxy card delivered with their proxy statement or by providing other proof of ownership of the Trust's common shares as of April 24, 2019. The admission ticket is non-transferable. If your shares are held in the name of a bank, broker, trustee or other nominee and you plan to attend the 2019 Annual Meeting, you will need to bring the admission ticket provided by your bank, broker, trustee or other nominee, as well as proof of ownership as of April 24, 2019, such as a recent bank or brokerage account statement. If you are not a shareholder but attending as proxy for a shareholder, you may attend the 2019 Annual Meeting by presenting a valid legal proxy. Shareholders may appoint only one proxy holder to attend on their behalf.

If you are representing an entity that is a shareholder, you must provide evidence of your authority to represent that entity at the 2019 Annual Meeting. Shareholders holding shares in a joint account will be admitted to the 2019 Annual Meeting if they provide proof of joint ownership and otherwise follow the admission requirements described above.

**Directions to the 2019 Annual Meeting**

Our 2019 Annual Meeting will be held at the offices of Polsinelli PC, located at 1401 Eye Street, NW, Suite 800, Washington, DC 20005. Polsinelli is accessible from Reagan National Airport, Dulles International Airport and Baltimore/Washington International Airport as follows:

From Reagan National Airport (DCA): Take George Washington Parkway North, and exit at I-395 North towards Washington, DC. Take the US-1 N Exit toward Downtown, and continue on US-1/14th Street, NW. Turn left onto I Street, NW. Polsinelli is located in the Franklin Tower office building, on the Northwest corner of 14th and I Streets.

From Dulles International Airport (IAD): Take the Dulles Airport Access Road, and merge onto I-66 East towards Washington, DC. Take the E Street Expressway Exit. Turn left on 18th Street, NW, and then turn right on H Street, NW. Turn left on 14th Street, NW and at the first intersection, turn left on I Street, NW. Polsinelli is located in the Franklin Tower office building, on the Northwest corner of 14<sup>th</sup> and I Streets.

From Baltimore/Washington International Airport (BWI): Take I-195 West. Merge onto MD-295 South (which becomes I-295 South) via Exit 2B towards Washington, DC. Continue on MD-295 South, then merge

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onto US-50 W/New York Avenue, NE, towards Washington, DC. Continue on US-50 W/New York Avenue, NE, and then turn left on 6th Street, NW. Turn right on K Street, NW, and continue on New York Avenue, NW. Turn right on I Street, NW. Polsinelli is located in the Franklin Tower office building, on the Northwest corner of 14th and I Streets.

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**ANNUAL MEETING OF SHAREHOLDERS OF**

**CHESAPEAKE LODGING TRUST**

**JUNE 19, 2019**

**GO GREEN**

e-Consent makes it easy to go paperless. With e-Consent, you can quickly access your proxy material, statements and other eligible documents online, while reducing costs, clutter and paper waste. Enroll today via [www.astfinancial.com](http://www.astfinancial.com) to enjoy online access.

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIAL:**

The Notice of Meeting, proxy statement and proxy card

are available at <https://materials.proxyvote.com/165240>

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

i Please detach along perforated line and mail in the envelope provided.

i

**THE BOARD OF TRUSTEES RECOMMENDS THAT YOU VOTE FOR EACH OF THE TRUSTEE NOMINEES,**

**FOR PROPOSAL 2, FOR PROPOSAL 3, AND AGAINST PROPOSAL 4.**

**PLEASE SIGN, DATE AND RETURN PROMPTLY IN THE ENCLOSED ENVELOPE. PLEASE MARK YOUR VOTE IN BLUE OR BLACK INK AS SHOWN HERE**

1. Consider and vote upon a proposal to elect seven trustees to the Trust's Board of Trustees.  
FOR AGAINST ABSTAIN

James L. Francis

Douglas W. Vicari

Thomas A. Natelli

Angelique G. Brunner

Thomas D. Eckert

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John W. Hill

Jeffrey D. Nuechterlein

FOR    AGAINST    ABSTAIN

2. Consider and vote upon a proposal to ratify the appointment of Ernst & Young LLP as the Trust's independent registered public accounting firm for 2019.

FOR    AGAINST    ABSTAIN

3. Consider and vote upon a non-binding advisory proposal to approve the Trust's executive compensation programs as described in the Trust's 2019 proxy statement.

FOR    AGAINST    ABSTAIN

4. Consider and vote upon a non-binding shareholder proposal, if properly presented at the 2019 Annual Meeting.

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.

Signature of Shareholder

Date:

Signature of Shareholder

Date:

**Note:** 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 the 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.



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**ADMISSION TICKET**

**ANNUAL MEETING OF SHAREHOLDERS OF  
CHESAPEAKE LODGING TRUST**

**JUNE 19, 2019**

**WASHINGTON, DC OFFICES OF POLSINELLI PC  
AGENDA**

**1. ELECTION OF TRUSTEES**

**2. RATIFICATION OF ERNST & YOUNG LLP AS INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

**3. ADVISORY VOTE TO APPROVE EXECUTIVE COMPENSATION**

**4. CONSIDERATION OF NON-BINDING SHAREHOLDER PROPOSAL**

**5. TRANSACTION OF OTHER BUSINESS AS MAY PROPERLY COME BEFORE THE 2019 ANNUAL MEETING**

***Shareholders of record may present this Admission Ticket to the Chesapeake Lodging Trust representative at the entrance to gain admittance to the 2019 Annual Meeting.***

**CHESAPEAKE LODGING TRUST**

**Proxy for Annual Meeting of Shareholders on June 19, 2019**

**Solicited on Behalf of the Board of Trustees**

The undersigned hereby appoints James L. Francis, Douglas W. Vicari and Graham J. Wootten, and each of them, with full power of substitution and power to act alone, as proxies to vote all the Common Shares of Beneficial Interest which the undersigned would be entitled to vote if personally present and acting at the Annual Meeting of Shareholders of Chesapeake Lodging Trust, to be held June 19, 2019 at the offices of Polsinelli PC, 1401 Eye Street, NW, Suite 800, Washington, DC 20005, and at any adjournments or postponements thereof, as

follows:

**(Continued and to be signed on the reverse side.)**