ASHFORD HOSPITALITY TRUST INC
Form PRE 14A
March 26, 2015
Table of Contents

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 (Amendment No.)

Filed by the Registrant x

Filed by a Party other than the Registrant o

Check the appropriate box:

x	Preliminary Proxy Statement
o	**Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
o	Definitive Proxy Statement
o	Definitive Additional Materials
o	Soliciting Material under §240.14a-12

Ashford Hospitality Trust, Inc.
(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

x	No fee required.	
o	Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.	
	(1)	Title of each class of securities to which transaction applies:
	(2)	Aggregate number of securities to which transaction applies:
	(3)	Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
	(4)	Proposed maximum aggregate value of transaction:
	(5)	Total fee paid:
o	Fee paid previously with preliminary materials.	
o	Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.	
	(1)	Amount Previously Paid:
	(2)	Form, Schedule or Registration Statement No.:
	(3)	Filing Party:
	(4)	Date Filed:

Table of Contents

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
To Be Held May 12, 2015

To the stockholders of ASHFORD HOSPITALITY TRUST, INC.:

The annual meeting of stockholders of Ashford Hospitality Trust, Inc., a Maryland corporation, will be held at the Dallas Marriott Suites Medical/Market Center, 2493 N. Stemmons Freeway, Dallas, Texas 75207 on May 12, 2015 beginning at 9:00 a.m., Central time, for the following purposes:

(i) to elect seven directors to hold office until the next annual meeting of stockholders and until their successors are elected and qualified;

(ii) to amend our charter to require a majority voting standard in uncontested director elections;

(iii) to ratify the appointment of Ernst & Young LLP, a national public accounting firm, as our independent auditors for the fiscal year ending December 31, 2015;

(iv) to obtain advisory approval of the company s executive compensation;

(v) to approve an amendment to our bylaws to require that only stockholders that have owned at least 1% of the outstanding common stock of the company continuously for at least one year may nominate director candidates and propose other business to be considered by the company s stockholders at an annual meeting of stockholders; and

(vi) to transact any other business that may properly come before the annual meeting of stockholders or any adjournment of the annual meeting.

Stockholders of record at the close of business on March 10, 2015 will be entitled to notice of and to vote at the annual meeting of stockholders. **It is important that your shares be represented at the annual meeting of stockholders regardless of the size of your holdings.** Whether or not you plan to attend the annual meeting of stockholders in person, please vote your shares by signing, dating and returning the enclosed proxy card as promptly as possible. A postage-paid envelope is enclosed if you wish to vote your shares by mail. If you hold shares in your own name as a holder of record and vote your shares by mail prior to the annual meeting of stockholders, you may revoke your proxy by any one of the methods described herein if you choose to vote in person at the annual meeting of stockholders. Voting promptly saves us the expense of a second mailing.

By order of the board of directors,

David A. Brooks
Secretary

14185 Dallas Parkway, Suite 1100
Dallas, Texas 75254
April , 2015

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE 2015 ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON MAY 12, 2015.

The company s Proxy Statement for the 2015 Annual Meeting of Stockholders and the Annual Report to Stockholders for the fiscal year ended December 31, 2014, which includes the company s Annual Report on Form 10-K for the fiscal year ended December 31, 2014, are available at www.ahtreit.com under the Investor link, at the Annual Meeting Material tab.

Table of Contents

TABLE OF CONTENTS

Table of Contents

Table of Contents

In accordance with Rule 14a-6(d) under Regulation 14A of the Securities Exchange Act of 1934, please be advised that Ashford Hospitality Trust, Inc. intends to release definitive copies of the proxy statement to security holders on or about April 10, 2015.

ASHFORD HOSPITALITY TRUST, INC.
14185 Dallas Parkway, Suite 1100
Dallas, Texas 75254

PROXY STATEMENT

ANNUAL MEETING OF STOCKHOLDERS
To Be Held May 12, 2015

This proxy statement, together with the enclosed proxy, is solicited by and on behalf of the board of directors of Ashford Hospitality Trust, Inc., a Maryland corporation, for use at the annual meeting of stockholders to be held at the Dallas Marriott Suites Medical/Market Center, 2493 N. Stemmons Freeway, Dallas, Texas 75207 beginning at 9:00 a.m., Central time, on May 12, 2015. The board of directors is requesting that you allow your shares to be represented and voted at the annual meeting of stockholders by the proxies named on the enclosed proxy card. We, our, us, Ashford, and the company each refers to Ashford Hospitality Trust, Inc. This proxy statement and accompanying proxy will first be mailed to stockholders on or about April , 2015.

At the annual meeting of stockholders, action will be taken to:

- elect seven directors to hold office until the next annual meeting of stockholders and until their successors are elected and qualified;
- amend our charter to require a majority voting standard in uncontested director elections;
- ratify the appointment of Ernst & Young LLP, a national public accounting firm, as our independent auditors for the fiscal year ending December 31, 2015;
- obtain advisory approval of the company s executive compensation;

- approve an amendment to our bylaws to require that only stockholders that have owned at least 1% of our outstanding common stock continuously for at least one year may nominate director candidates and propose other business to be considered by the company s stockholders at an annual meeting of stockholders; and

- transact any other business that may properly come before the annual meeting of stockholders or any adjournment of the annual meeting.

FORWARD-LOOKING STATEMENTS

Certain statements and assumptions in this proxy statement contain or are based upon forward-looking information and are being made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are subject to risks and uncertainties. When we use the words will likely result, may, anticipate, estimate, should, expect, believe, intend, or similar express intend to identify forward-looking statements. Such forward-looking statements include, but are not limited to, our business and investment strategy, our understanding of our competition, current market trends and opportunities, and projected capital expenditures. Such statements are subject to numerous assumptions and uncertainties, many of which are outside of our control.

These forward-looking statements are subject to known and unknown risks and uncertainties, which could cause actual results to differ materially from those anticipated, including, without limitation: general volatility of the capital markets and the market price of our common stock; changes in our business or investment strategy;

Table of Contents

availability, terms and deployment of capital; availability of qualified personnel; changes in our industry and the market in which we operate, applicable law, interest rates or the general economy; the degree and nature of our competition; actual and potential conflicts of interest with our advisor, Remington Lodging & Hospitality, LLC, our executive officers and our non-independent directors; changes in governmental regulations, accounting rules, tax rates and similar matters; legislative and regulatory changes, including changes to the Internal Revenue Code of 1986, as amended, and related rules, regulations and interpretations governing the taxation of REITs; and limitations imposed on our business and our ability to satisfy complex rules in order for us to qualify as a REIT for federal income tax purposes. These and other risk factors are more fully discussed in the section entitled Risk Factors in our Annual Report on Form 10-K, and from time to time, in Ashford s other filings with the Securities and Exchange Commission. The forward-looking statements included in this proxy statement are only made as of the date of this proxy statement. Investors should not place undue reliance on these forward-looking statements. We are not obligated to publicly update or revise any forward-looking statements, whether as a result of new information, future events or circumstances, changes in expectations or otherwise.

GENERAL INFORMATION ABOUT VOTING

Solicitation of Proxies

The enclosed proxy is solicited by and on behalf of our board of directors. In addition to the solicitation of proxies by use of the mail, officers and other employees of Ashford may solicit the return of proxies by personal interview, telephone, e-mail or facsimile. We will not pay additional compensation to our officers and employees for their solicitation efforts, but we will reimburse them for any out-of-pocket expenses they incur in their solicitation efforts. We also intend to request persons holding shares of our common stock in their name or custody, or in the name of a nominee, to send proxy materials to their principals and request authority for the execution of the proxies, and we will reimburse such persons for their expense in doing so. We will bear the expense of soliciting proxies for the annual meeting of stockholders, including the cost of mailing.

We have retained MacKenzie Partners Inc. to aid in the solicitation of proxies and to verify records relating to the solicitation. MacKenzie will receive a base fee of $20,000, plus out-of-pocket expenses.

Voting Securities

Our only outstanding voting equity securities are shares of our common stock. Each share of common stock entitles the holder to one vote. As of March 10, 2015 there were 100,108,168 shares of common stock outstanding and entitled to vote. Only stockholders of record at the close of business on March 10, 2015 are entitled to vote at the annual meeting of stockholders or any adjournment of the annual meeting.

Voting

If you hold your common stock in your own name as a holder of record, you may instruct the proxies to vote your common stock by signing, dating and mailing the proxy card in the postage-paid envelope provided. You may also vote your common stock in person at the annual meeting of stockholders.

If your common stock is held on your behalf by a broker, bank or other nominee, you will receive instructions from them that you must follow to have your common stock voted at the annual meeting of stockholders.

Counting of Votes

A quorum will be present if the holders of a majority of the outstanding shares entitled to vote are present, in person or by proxy, at the annual meeting of stockholders. If you have returned valid proxy instructions or if you hold your shares in your own name as a holder of record and attend the annual meeting of stockholders in person, your shares will be counted for the purpose of determining whether there is a quorum. If a quorum is not present, the annual meeting of stockholders may be adjourned by the vote of a majority of the shares represented at the annual meeting until a quorum has been obtained.

The affirmative vote of a plurality of the outstanding shares of our common stock cast at the annual meeting will be required to elect each nominee to our board of directors (Proposal 1). If a nominee who is currently serving on the board does not receive a majority of the votes cast, our Corporate Governance Guidelines require that such nominee must promptly tender his or her resignation as a director for consideration by the nominating/corporate governance committee of the board for a recommendation to the full board regarding the tendered resignation. The

Table of Contents

affirmative vote of a majority of the outstanding shares of our common stock will be required for the approval of an amendment to our charter to require a majority voting standard in uncontested director elections (Proposal 2). The affirmative vote of a majority of the outstanding shares of our common stock cast at the annual meeting will be required to ratify the appointment of Ernst & Young LLP as our independent auditors for the year ending December 31, 2015 (Proposal 3). The affirmative vote of a majority of the outstanding shares of our common stock cast at the annual meeting will be required for approval, on an advisory basis, of the executive compensation proposal (Proposal 4). The affirmative vote of a majority of the outstanding shares of our common stock will be required to approve the amendment to the company s bylaws to require that only stockholders that have owned at least 1% of our outstanding common stock continuously for at least one year may nominate director candidates and propose other business to be considered by the company s stockholders at an annual meeting of stockholders (Proposal 5). For any other matter, unless otherwise required by Maryland or other applicable law, the affirmative vote of a majority of the outstanding shares of our common stock present and voting at the annual meeting is required to approve the matter.

The election of directors, the proposal to amend our charter, the advisory compensation proposal and the proposal to amend our bylaws are non-discretionary items and may not be voted by brokers, banks or other nominees who have not received specific voting instructions from the beneficial owner of the shares. It is therefore important that you provide instructions to your broker so that your shares will be counted in the election of directors, the proposal to amend our charter, the advisory compensation proposal and the proposal to amend our bylaws. The ratification of the appointment of Ernst & Young LLP as independent auditors is a discretionary item, and as such, banks, brokers and other nominees that do not receive voting instructions from beneficial owners may vote on this proposal in their discretion.

Broker non-votes occur when a broker, bank or other nominee holding shares on your behalf votes the shares on some matters but not others. Abstentions, broker non-votes and withheld votes are included in determining whether a quorum is present, but will not be included in vote totals and will not affect the outcome of the vote on Proposal 1, Proposal 2, Proposal 3, Proposal 4 or Proposal 5.

If you sign and return your proxy card without giving specific voting instructions, your shares will be voted consistent with management recommendations.

Right To Revoke Proxy

If you hold shares of common stock in your own name as a holder of record, you may revoke your proxy instructions through any of the following methods:

- notify our Secretary in writing before your shares of common stock have been voted at the annual meeting of stockholders;
- sign, date and mail a new proxy card to Broadridge; or
- attend the annual meeting of stockholders and vote your shares of common stock in person.

You must meet the same deadline when revoking your proxy as when voting your proxy. See the Voting section of this proxy statement for more information.

If shares of common stock are held on your behalf by a broker, bank or other nominee, you must contact them to receive instructions as to how you may revoke your proxy instructions.

Multiple Stockholders Sharing the Same Address

The Securities and Exchange Commission (the SEC) rules allow for the delivery of a single copy of an annual report and proxy statement to two or more stockholders who share an address, unless we have received contrary instructions from one or more of the stockholders. We will deliver promptly upon written or oral request separate copies of our annual report and proxy statement to a stockholder at a shared address to which a single copy was delivered. Requests for additional copies of the proxy materials, and requests that in the future separate proxy materials be sent to stockholders who share an address, should be directed to Ashford Hospitality Trust, Inc., Attention: Investor Relations, 14185 Dallas Parkway, Suite 1100, Dallas, Texas, 75254 or by calling (972) 490-9600. In addition, stockholders who share a single address but receive multiple copies of the proxy materials may request that in the future they receive a single copy by contacting us at the address and phone number set forth in the

Table of Contents

previous sentence. Depending upon the practices of your broker, bank or other nominee, you may need to contact them directly to continue duplicate mailings to your household. If you wish to revoke your consent to householding, you must contact your broker, bank or other nominee. If you hold shares of common stock in your own name as a holder of record, householding will not apply to your shares.

If you wish to request extra copies, free of charge, of any annual report, proxy statement or information statement, please send your request to Ashford Hospitality Trust, Inc., Attention: Investor Relations, 14185 Dallas Parkway, Suite 1100, Dallas, Texas, 75254 or call (972) 490-9600. You can also obtain copies from our web site at www.ahtreit.com.

Table of Contents

PROPOSAL NUMBER ONE ELECTION OF DIRECTORS

One of the purposes of the annual meeting of stockholders is to elect directors to hold office until the next annual meeting of stockholders and until their successors have been elected and qualified. Our board of directors is currently comprised of seven members, all of whom are being nominated for re-election. Set forth below are the names, principal occupations, committee memberships, ages, directorships held with other companies, and other biographical data for each of the seven nominees for director, as well as the month and year each nominee first began his service on our board of directors. Also set forth below is the beneficial ownership of shares of our common stock as of March 10, 2015 (the record date) for each nominee. This beneficial ownership figure does not necessarily demonstrate the nominee s individual ownership. For a discussion of beneficial ownership, see the Security Ownership of Management and Certain Beneficial Owners section of this proxy statement. If any nominee becomes unable to stand for election as a director, an event that our board of directors does not presently expect, proxies will be voted for a replacement nominee if one is designated by our board of directors.

The board of directors unanimously recommends a vote FOR all nominees.

Table of Contents

Nominees for Director

MONTY J. BENNETT

Chairman of the Board and Chief Executive Officer, Ashford Hospitality Trust, Inc.

Director since May 2003

Shares of common stock

beneficially owned by Mr. Bennett: 6,469,466(1)

Age: 49

Mr. Monty Bennett was elected to our board of directors in May 2003 and has served as our Chief Executive Officer since that time. Effective in January 2013, Mr. Bennett was appointed as the Chairman of our Board. Prior to January 2009, Mr. Bennett served as our president. Mr. Bennett also currently serves as Chief Executive Officer and Chairman of the Board of Directors of Ashford Inc., where he has served in such capacities since April 2014, and Ashford Hospitality Prime, Inc. (Ashford Prime), where he has served in such capacities since April 2013. Mr. Bennett serves on the Investment Committee and is the Chairman of Ashford Investment Management, LLC, an investment fund platform and an indirect subsidiary of Ashford Inc. Mr. Bennett also is currently the Chief Executive Officer of Remington Holdings, LP. Mr. Bennett joined Remington Hotel Corporation in 1992 and has served in several key positions, such as President, Executive Vice President, Director of Information Systems, General Manager and Operations Director.

Director Qualifications: Mr. Monty Bennett holds a Master s degree in Business Administration from Cornell s S.C. Johnson Graduate School of Management at Cornell University and a Bachelor of Science degree with distinction from the Cornell School of Hotel Administration. He is a life member of the Cornell Hotel Society. He has over 20 years of experience in the hotel industry and has experience in virtually all aspects of the hospitality industry, including hotel ownership, finance, operations, development, asset management and project management. He is a member of the American Hotel & Lodging Association s Industry Real Estate Finance Advisory Council (IREFAC), the Urban Land Institute s Hotel Council, and is on the Advisory Editorial Board for GlobalHotelNetwork.com. He is also a member of the CEO Fiscal Leadership Council for Fix the Debt, a non-partisan group dedicated to reducing the nation s federal debt level and on the advisory board of Texans for Education Reform. Formerly, Mr. Bennett was a member of Marriott s Owner Advisory Council and Hilton s Embassy Suites Franchise Advisory Council. Mr. Bennett is a frequent speaker and panelist for various hotel development and industry conferences, including the NYU Lodging Conference and the Americas Lodging Investment Summit conferences. Mr. Bennett received the Top-Performing CEO Award from HVS for 2011. This award is presented each year to the CEO in the hospitality industry who offers the best value to stockholders based on HVS s pay-for-performance model. The model compares financial results relative to CEO compensation, as well as a stock appreciation, company growth and increases in EBITDA.

Mr. Bennett s extensive industry experience as well as the strong and consistent leadership qualities he has displayed in his role as the chief executive officer and a director of the company since its inception are vital skills that make him uniquely qualified to serve as the chairman of the board. The Board believes that the company can more effectively execute its strategic initiatives at this time with Mr. Bennett in the role of chairman and chief executive officer.

---

(1) Includes 1,193,501 shares of common stock of the company, 4,547,962 common partnership units in our operating partnership, and 728,003 long-term incentive partnership units, or LTIP units, in our operating partnership. The common units are redeemable for cash or, at our option, convertible into shares of our common stock based on a conversion ratio described in the partnership agreement of our operating partnership, which ratio, as of March 10, 2015, was approximately 0.93 shares of our common stock per common unit redeemed. If and when the LTIP units achieve economic parity with the common units and subject to certain time vesting requirements, the LTIP units will be convertible, at the option of the holder, into common units.

Table of Contents

BENJAMIN J. ANSELL, M.D.

Founder, Director, Chairman of the Board, UCLA Executive Health Program

Chairman: Compensation Committee

Lead Director

Director since May 2009

Shares of common stock

beneficially owned by Dr. Ansell: 156,659(2)

Age: 47

Dr. Ansell was elected to the board of directors in May 2009 and currently serves as our lead director. Dr. Ansell is the founder of and current Director and Chairman of the Board of the UCLA Executive Health Program, where he has been responsible for marketing and selling executive health program services to more than twenty Fortune 500 companies and 4,000 individual customers. Dr. Ansell also founded and serves as the Director of UCLA Medical Hospitality, which coordinates health services, concierge and some hospitality functions within the UCLA Health System. Dr. Ansell is also a senior practice physician within the UCLA Health System specializing in cardiovascular disease prevention and early detection strategies. Over the past two decades, Dr. Ansell has acted as senior advisor to the pharmaceutical industry and financial community with respect to U.S. marketing, sales and branding strategies for cardiovascular medication.

Director Qualifications: Dr. Ansell has significant entrepreneurial and management experience including brand development and positioning, sales and marketing, finance and establishing strategic relationships with both corporate and individual clients and customers. Additionally, Dr. Ansell successfully completed the director certification program at the UCLA Anderson Graduate School of Management in 2009.

---

(2) Includes 142,700 shares of common stock of the company and 8,459 long-term incentive partnership units, or LTIP units, in our operating partnership and 5,500 common units. The LTIP units have achieved economic parity with the common units and are convertible, at the option of the holder, into common units. Upon conversion, the common units will be redeemable for cash or, at our option, convertible into shares of our common stock based on a conversion ratio described in the partnership agreement of our operating partnership, which ratio, as of March 10, 2015, was approximately 0.93 shares of our common stock per common unit redeemed.

THOMAS E. CALLAHAN

National Practice Leader,

CBRE Hotels and PKF Consulting USA

Chairman: Audit Committee

Member: Compensation Committee

Mr. Callahan was elected to the board of directors in December 2008. Mr. Callahan is currently the National Practice Leader of CBRE Hotels and PKF Consulting USA, a CBRE Company, an international real estate advisory firm specializing in the hospitality industry, with responsibility for the overall operations and management of the company. He was previously Co-President and Chief Executive Officer of PKF Consulting USA. Prior to forming the predecessor to PKF Consulting USA, in 1992, Mr. Callahan was Deputy Managing Partner of Pannell Kerr Forster, an international public accounting firm specializing in the hospitality industry.

Director since December 2008

Shares of common stock beneficially owned

by Mr. Callahan: 54,248

Age: 59

Table of Contents

Director Qualifications: Mr. Callahan has a wealth of knowledge and experience in the hospitality industry, involving economic, financial, operational, management and valuation experiences. In addition, Mr. Callahan has extensive experience in evaluating organizational structures, financial controls and management information systems. Mr. Callahan also has significant relationships and contacts in the hospitality industry that are beneficial in his service on the board.

AMISH GUPTA

Chief Operating Officer/Partner,

RETC, LP

Member: Audit Committee and Nominating/Corporate Governance Committee

Director since March 2014

Shares of common stock beneficially

owned by Mr. Gupta: 8,459(3)

Age: 35

Mr. Gupta was elected to the board of directors in May 2014. Mr. Gupta is currently the chief operating officer of RETC, Limited Partnership, a property tax advisory firm that has represented over $20 billion in asset value nationally. He has led RETC since 2010, where he is responsible for overall operations and strategy. Prior to joining RETC, Mr. Gupta served as a real estate associate at The Carlyle Group, a private equity firm headquartered in Washington D.C. with more than $189 billion in assets under management, for three years.

Director Qualifications: Mr. Gupta received his MBA from the Kellogg School of Management and his BA from Emory University. Mr. Gupta s extensive real estate experience, stemming from his experience with the RETC and the Carlyle Group, combined with his business acumen, will generate valuable insights into the economic environment of the real estate industry for the board.

(3) Includes 8,459 long-term incentive partnership units, or LTIP units, in our operating partnership. The LTIP units have achieved economic parity with the common units and are convertible, at the option of the holder, into common units. Upon conversion, the common units will be redeemable for cash or, at our option, convertible into shares of our common stock based on a conversion ratio described in the partnership agreement of our operating partnership, which ratio, as of March 10, 2015, was approximately 0.93 shares of our common stock per common unit redeemed.

Table of Contents

KAMAL JAFARNIA

Senior Vice President,

W.P. Carey Inc.

Chairman: Nominating/Corporate Governance Committee

Member: Compensation Committee

Director since January 2013

Shares of common stock beneficially

owned by Mr. Jafarnia: 16,794(4)

Age: 48

Mr. Jafarnia was appointed to the board of directors effective January 2013. Mr. Jafarnia serves as Senior Vice President of W.P. Carey Inc., as well as Senior Vice President and Chief Compliance Officer of Carey Credit Advisors, LLC. He is also Chief Compliance Officer and General Counsel of Carey Financial, LLC. Mr. Jafarnia joined W. P. Carey Inc. in October of 2014 and currently serves as Senior Vice President. Prior to joining W. P. Carey Inc., he served as Counsel to two American Lawyer Global 100 law firms in New York. From March 2014 to October 2014, he served as Counsel in the REIT practice group at the law firm of Greenberg Traurig, LLP. From August 2012 to March 2014, Mr. Jafarnia served as Counsel in the Financial Services & Products Group and was a member of the REIT practice group of Alston & Bird, LLP. Before his tenure at these firms, Mr. Jafarnia served as a senior executive, in-house counsel, and Chief Compliance Officer for several alternative investment program sponsors. Between 2008 and 2012, he served as counsel at American Realty Capital, a real estate investment program sponsor, and served as Chief Compliance Officer of its affiliated broker-dealer, Realty Capital Securities, LLC.

Director Qualifications: Mr. Jafarnia received his JD from Temple University School of Law and LLM from Georgetown University. Mr. Jafarnia is a licensed attorney admitted to practice law in four states and the District of Columbia and has spent a majority of his career specifically as a regulatory compliance officer. He has over 15 years of experience in the real estate and financial services industry as an attorney, owner, principal, compliance officer and executive. His experience in these multiple roles provides unique perspectives and benefits to the board, including specifically with respect to regulatory compliance. Mr. Jafarnia also has and maintains numerous relationships in the real estate industry that may be beneficial to his service on the board.

---

(4) Includes 2,835 shares of common stock of the company and 8,459 long-term incentive partnership units, or LTIP units, in our operating partnership and 5,500 common units. The LTIP units have achieved economic parity with the common units and are convertible, at the option of the holder, into common units. Upon conversion, the common units will be redeemable for cash or, at our option, convertible into shares of our common stock based on a conversion ratio described in the partnership agreement of our operating partnership, which ratio, as of March 10, 2015, was approximately 0.93 shares of our common stock per common unit redeemed.

Table of Contents

PHILIP S. PAYNE

Chief Executive Officer,

Ginkgo Residential, LLC

Member: Audit Committee

Director since August 2003

Shares of common stock

beneficially owned by Mr. Payne: 57,259

Age: 63

Mr. Payne was elected to the board of directors in August 2003 and has served on our board since that time. Mr. Payne is currently the Chief Executive Officer of Ginkgo Residential, LLC. Ginkgo Residential was formed in July 2010 to assume all of the property management activities of Babcock & Brown Residential of which Mr. Payne was the CEO. Ginkgo Residential is primarily involved in the acquisition, management and substantial rehabilitation of middle market multi-family properties in the southern United States. Prior to joining Babcock & Brown Residential, Mr. Payne was the Chairman of BNP Residential Properties Trust, a publicly traded real estate investment trust that was acquired by Babcock & Brown Ltd, a publicly traded Australian investment bank, in 2007. Mr. Payne joined BNP Residential in 1990 as Vice President Capital Market Activities and became Executive Vice President and Chief Financial Officer in January 1993. He was named Treasurer in April 1995, a director in December 1997, and was elected Chairman in 2004. From 2007 until 2009, Mr. Payne served as a director of Meruelo Maddux Properties, a publicly traded company that focused on residential, commercial and industrial development and redevelopment in southern California. Mr. Payne is a member of the Urban Land Institute, founding chairman of ULI s Responsible Property Investing Council and is former co-chairman of ULI s Climate, Land Use and Energy Group and also serves on the board of advisors for ULI s Center for Sustainability. Mr. Payne is also a member of National Multi Housing Council.

Director Qualifications: Mr. Payne has extensive knowledge and experience in real estate, finance, and the real estate financial reporting process. He has been involved in real estate and public company activities and reporting for more than 20 years. He has experience as a chairman of the board, chief financial officer, board member and chairman of the audit committee of a publicly traded company and has served in a variety of roles at various private real estate companies, including principal, chief executive officer, chairman of the board and chief executive officer.

Table of Contents

ALAN L. TALLIS

Principal, Alan L. Tallis & Associates

Director since January 2013

Shares of common stock beneficially

owned by Mr. Tallis: 258,045

Age: 68

Mr. Tallis has served on our board since his appointment in January 2013. Mr. Tallis is currently principal of Alan L. Tallis & Associates, a consulting firm principally engaged in serving the lodging industry. From March 2008 through February 2011, Mr. Tallis served as Executive Vice President, Asset Management for our company, and from February 2011 through January 2012, Mr. Tallis served as a consultant to our company. From June 2006 to May 2007, Mr. Tallis served as a senior advisor to Blackstone Real Estate Advisors following its acquisition of La Quinta Corporation. From July 2000 until May 2006, Mr. Tallis served in various positions with La Quinta Corporation, most recently serving as President and Chief Development Officer of LQ Management LLC and President of La Quinta Franchising LLC. Prior to joining La Quinta Corporation, Mr. Tallis held various positions with Red Roof Inns, including serving as Executive Vice President Development and General Counsel from 1994 to 1999.

Director Qualifications: Mr. Tallis has over 30 years of experience in the lodging industry. His diverse experience has included extensive transaction work, brand management and brand relations. In addition to his extensive experience in the lodging industry, Mr. Tallis service with our company, first as our Executive Vice President, Asset Management and then as a consultant, allows him to bring a valuable perspective to the board.

Table of Contents

BOARD OF DIRECTORS AND COMMITTEE MEMBERSHIP

Our business is managed through the oversight and direction of our board of directors. Members of our board of directors are kept informed of our business through discussions with the chairman of the board of directors and chief executive officer, lead director and other officers, by reviewing materials provided to them and by participating in meetings of our board of directors and its committees.

During the year ended December 31, 2014, our board of directors held four regular meetings and twelve special meetings. All directors standing for re-election attended, in person or by telephone, at least 75 percent of all meetings of our board of directors and committees on which such director served, held during the period for which such person was a director.

Attendance at Annual Meeting of Stockholders

In keeping with our corporate governance principles, directors are expected to attend the annual meeting of stockholders in person. All persons who were directors at our 2014 annual meeting of stockholders attended our 2014 annual meeting, other than Mr. Martin Edelman, who did not stand for re-election and was replaced by Mr. Amish Gupta at such meeting.

Board Member Independence

The Independence Tests set forth in Section 303A.02 of the NYSE Listed Company Manual describe the requirements for a director to be deemed independent by the NYSE, including the requirement of an affirmative determination by our board of directors that the director has no material relationship with us that would impair independence. The full text of our board of director s Corporate Governance Guidelines can be found in the Investor Relations section of our website at www.ahtreit.com by clicking INVESTOR, then Governance Documents, and then Corporate Governance Guidelines. In determining whether any of our director nominees has a material relationship with us that would impair independence, our board of directors reviewed both the NYSE Listed Company Manual requirements on independence as well as our own Corporate Governance Guidelines. Our Corporate Governance Guidelines provide that if any director receives more than $120,000 per year in compensation from the company, exclusive of director and committee fees, he or she will not be considered independent. Our board of directors has affirmatively determined that, with the exception of Mr. Monty Bennett, our chairman and chief executive officer, each nominee for director is independent of Ashford and its management under the standards set forth in our Corporate Governance Guidelines and the NYSE Listed Company Manual.

In making the independence determinations with respect to our current directors, our board of directors examined relationships between each of our directors or their affiliates and Ashford or its affiliates, including those reported below under the heading Certain Relationships and Related Party Transactions on page 51 of this proxy statement and three additional transactions that did not rise to the level of a reportable related party transaction but were taken into consideration by our board of directors in making independence determinations. Two of the additional transactions reviewed by our board of directors involved Dr. Ansell. Dr. Ansell is founder, director and chairman of the board of the UCLA Executive Health Program, which is part of the UCLA Medical Center; Regents of the University of California. The Regents of the University of California have received payments totaling $24,310 from us for medical services provided to officers of the company from 2012 through 2014, which included payments of $12,947, $2,703 and $8,660 in 2012, 2013 and 2014, respectively. Additionally, Dr. Ansell holds a 5.6% limited partnership interest in Seguin Land Investments, LP, a limited partnership in which Mr. Monty Bennett is also a limited partner. Additionally, the board considered Mr. Tallis prior services as an executive officer of the company but noted that such service ended over three years ago, with no compensation for such serving being paid to Mr. Tallis in the three years preceding his independence consideration. Our board of directors determined that none of these transactions impaired the independence of the directors involved. As a result of such analysis and independence determinations, our board of directors is comprised of a majority of independent directors, as required in Section 303A.01 of the NYSE Listed Company Manual. Any reference to an independent director herein means such director satisfies the independence tests set forth in the NYSE Listed Company Manual.

Board Committees and Meetings

Historically, the standing committees of our board of directors have been the audit committee, the compensation committee and the nominating/corporate governance committee. Each of these committees has a written charter approved by our board of directors. A copy of each charter can be found in the Investor section of our website at

Table of Contents

www.ahtreit.com by clicking INVESTOR and then Governance Documents. The committee members who currently serve on each active committee and a description of the principal responsibilities of each such committee follows:

	Audit	**Compensation**	**Nominating/ Corporate Governance**
Benjamin J. Ansell, M.D.		Chair	
Monty J. Bennett			
Thomas E. Callahan	Chair	X	
Amish Gupta	X		X
Kamal Jafarnia		X	Chair
Philip S. Payne	X		
Allan L. Tallis			

The *audit committee* is, and at all times during 2014 was, composed entirely of three independent directors. From January 1, 2014 until May 13, 2014, the audit committee was composed of Messrs. Callahan, Jafarnia and Payne. On May 13, 2014, after Mr. Gupta was elected a director at the 2014 annual shareholder meeting, the board of directors appointed Mr. Gupta to replace Mr. Jafarnia on the audit committee. The audit committee met nine times during 2014. This committee s purpose is to provide assistance to our board of directors in fulfilling their oversight responsibilities relating to:

- the integrity of our financial statements;
- our compliance with legal and regulatory requirements;
- the independent auditor s qualifications and independence; and
- the performance of our internal audit function and independent auditors.

Our board of directors has determined that each of Messrs. Callahan and Payne are audit committee financial experts, as defined in the applicable rules and regulations of the Securities Exchange Act of 1934, as amended (the Exchange Act), and Mr. Gupta is financially literate under NYSE listing standards.

The *compensation committee* is, and at all times during 2014 was, composed of three independent directors. The compensation committee met seven times during 2014. This committee s purpose is to:

- discharge responsibilities of the board of directors relating to compensation of our executives;

- review and discuss with management the Compensation Discussion & Analysis and recommend to the board of directors its inclusion in our proxy statement or annual report on Form 10-K;

- produce an annual report on executive compensation for inclusion in our proxy statement; and

- oversee and advise the board of directors on the adoption of policies that govern our compensation programs, including stock and benefit plans.

The *nominating/corporate governance committee* is, and at all times during 2014 was, composed of two independent directors. From January 1, 2014 to May 13, 2014, the nominating/corporate governance committee was chaired by Mr. Martin L. Edelman, whose tenure as director ended as of the date of our 2014 annual meeting. Following the election to the board of Mr. Gupta at that meeting, Mr. Jafarnia replaced Mr. Edelman as chairman of the committee, and Mr. Gupta replaced Dr. Ansell as a committee member. The committee met two times during 2014. This committee s purpose is to:

- identify individuals qualified to become members of our board of directors;

- recommend that our board of directors select the director nominees for the next annual meeting of stockholders;

- identify and recommend candidates to fill vacancies occurring between annual stockholder meetings; and

- develop and implement our Corporate Governance Guidelines.

Table of Contents

Compensation Committee Interlocks and Insider Participation

During 2014, Dr. Ansell and Messrs. Callahan and Jafarnia served on our compensation committee. No member of the compensation committee was at any time during 2014 or at any other time an officer or employee of the company. No executive officer of the company has served on the board of directors or compensation committee of any other entity that has had one or more executive officers who served as a member of our board of directors or the compensation committee during 2014.

No member of the compensation committee had any relationship with the company requiring disclosure as a related-party transaction in the section Certain Relationships and Related Party Transactions of this proxy statement.

Board Member Compensation

The table below reflects the compensation we paid to each of our non-employee directors for serving on our board of directors for the fiscal year ended December 31, 2014. Our chief executive officer, who is also the chairman of our board, did not receive additional compensation for his service as a director.

Director Compensation

Name	Fees Earned or Paid in Cash	Stock Awards/LTIP(1)	Total
Benjamin J. Ansell, M.D.	$ 175,804	$ 90,004	$ 265,808
Thomas E. Callahan	119,462	90,004	209,465
Martin L. Edelman(2)	81,313		81,313
Amish Gupta	84,038	90,004	174,042
Kamal Jafarnia	102,885	90,004	192,889
Philip S. Payne	98,462	90,004	188,465
Allan L. Tallis	22,500	90,004	112,504

(1) Each independent director, with the exception of Mr. Edelman, whose tenure as a director of the company ended in May 2014, was granted 8,459 stock awards in 2014. Dr. Ansell and Messrs. Gupta and Jafarnia each elected to receive LTIPs in our operating partnership instead of shares of our common stock, which required a $0.05 per share capital contribution to our operating partnership.

(2) Mr. Edelman s tenure as a director of the company ended effective May 13, 2014.

The current compensation of our non-employee directors consists of the following elements:

- an annual board retainer of $90,000 for all non-employee directors;
- an additional annual board retainer of $50,000 for the lead director;
- an additional annual board retainer of $25,000 for the chairman of our audit committee;
- an additional annual board retainer of $5,000 for each member of our audit committee other than the chairman;
- an additional annual board retainer of $15,000 for the chairman of our compensation committee;
- an additional annual board retainer of $10,000 for the chairman of our nominating/corporate governance committee;
- an annual grant to each non-management director of immediately vested equity shares having a value of $90,000, in the form of shares of our common stock or long-term incentive partnership units in our operating partnership (LTIPs), at the election of each director.

As of May 2014, we no longer include meeting fees as part of our non-employee director compensation. We have historically reimbursed and will continue to reimburse all directors for reasonable out-of-pocket expenses incurred in connection with their services on the board of directors.

Table of Contents

The equity compensation policy for our non-employee directors provides that each director receives equity grants following each annual meeting. These grants will be fully vested immediately. In accordance with this policy, we granted 8,459 shares of fully vested common stock or LTIPs to each of our non-employee directors in May 2014.

When the board combined the role of chairman and chief executive officer in January 2013, we entered into a chairman emeritus agreement with our former chairman, Mr. Archie Bennett, Jr., pursuant to which he currently serves in the advisory, non-executive position of Chairman Emeritus. Mr. Archie Bennett, Jr. is not a voting member of our board nor is he an executive officer of the company. In recognition for his past service to the company and in consideration for his continued service as Chairman Emeritus, we agreed to continue to pay him a lifetime stipend of $700,000 per year. Mr. Archie Bennett, Jr. remains eligible for all benefits that were previously available to him when he served as our chairman, including continued eligibility for equity grants, medical, dental, vision, pension, 401(k), accident, disability and life insurance as well as reimbursement for reasonable expenses incurred by him in connection with his service to the company. Pursuant to the terms of our advisory agreement, Ashford Inc. is obligated to reimburse us for all costs associated with Mr. Archie Bennett s service as our chairman emeritus, including his annual stipend and the cost of all benefits available to him.

Table of Contents

CORPORATE GOVERNANCE PRINCIPLES

The board is committed to good corporate governance practices that promote the long-term interest of shareholders. The board regularly reviews developments in corporate governance and updates the company s policies and guidelines as it deems necessary and appropriate. Our policies and practices reflect corporate governance initiatives that are compliant with the listing requirements of the New York Stock Exchange (the NYSE) and the corporate governance requirements of the Sarbanes-Oxley Act of 2002. We maintain a corporate governance section on our website which includes key information about our corporate governance initiatives including our Corporate Governance Guidelines, charters for the committees of our board of directors, our Code of Business Conduct and Ethics and our Code of Ethics for the Chief Executive Officer, Chief Financial Officer and Chief Accounting Officer. The corporate governance section can be found on our website at www.ahtreit.com by clicking INVESTOR and then Governance Documents.

Each director should perform, to the best of his ability, the duties of a director, including the duties as a member of a committee of our board of directors in good faith, in our best interests and the best interests of our stockholders, and with the care that an ordinarily prudent person in a like position would use under similar circumstances. Directors are expected to attend all meetings of our board of directors and meetings of committees on which they serve. Directors are also expected to attend the annual meeting of our stockholders.

Our nominating/corporate governance committee is responsible for seeking, considering and recommending to the board of directors qualified candidates for election as directors and recommending a slate of nominees for election as directors at the annual meeting of stockholders. It also periodically prepares and submits to the board for adoption the nominating/corporate governance committee s selection criteria for director nominees. Before recommending an incumbent, replacement or additional director, our nominating/corporate governance committee reviews his or her qualifications, including personal and professional integrity, capability, judgment, availability to serve, conflicts of interest, ability to act on behalf of stockholders and other relevant factors. While the committee does not have a specific policy concerning diversity, it does consider potential benefits that may be achieved through diversity in viewpoint, professional experience, education and skills. The committee reviews and makes recommendations on matters involving general operation of the board of directors and our corporate governance, and, at least annually, it recommends to the board of directors nominees for each committee of the board. In addition, our nominating/corporate governance committee annually facilitates the assessment of the board of directors performance as a whole and of the individual directors and reports thereon to the board. Our nominating/corporate governance committee has the sole authority to retain and terminate any search firm to be used to identify director candidates. Stockholders wishing to recommend director candidates for consideration by the committee can do so by following the procedures set forth below in the Stockholder Procedures for Recommending Candidates for Director section of this proxy statement. The nominating/corporate governance committee evaluates a candidate using the criteria set forth above without regard to who nominated the candidate and will consider candidates recommended by stockholders provided that stockholders follow the procedure for submitting recommendations.

Our board of directors does not prohibit its members from serving on boards and/or committees of other organizations, and our board of directors has not adopted guidelines limiting such activities. The nominating/corporate governance committee and our board of directors will take into account the nature of, and time involved in, a director s service on other boards when evaluating the suitability of individual directors and when making its recommendations for inclusion in the slate of directors to be submitted to stockholders for election at the annual meeting of our stockholders.

In February 2014, our board of directors amended the corporate governance guidelines to, among other things, require incumbent directors to tender a resignation if they are not re-elected with at least a majority of the votes cast. Specifically, pursuant to such guideline, if, in any election of directors that is not a contested election, an incumbent director does not receive a majority of the votes cast, such incumbent director must promptly tender his or her resignation as a director, for consideration by the nominating/corporate governance committee of the Board and ultimate decision by our board of directors. However, on October 26, 2014, our board of directors amended our bylaws to provide that, subject to stockholder approval of Proposal Two, directors of the company will be elected by the affirmative vote of a majority of the votes cast an any annual or special meting of stockholders held for the purpose of electing directors, except in the case of a contested election, which will continue to require the vote of a plurality of the votes cast. Accordingly, if Proposal Two is approved by stockholders, the corporate governance guideline requiring incumbent directors to tender a resignation if they are not re-elected with at least a majority of the votes cast will no longer have any effect.

Table of Contents

Additionally, upon attaining the age of 70 and annually thereafter, as well as when a director s principal occupation or business association changes substantially from the position he or she held when originally invited to join the board, a director will tender a letter of proposed retirement or resignation, as applicable, from our board of directors to the chairperson of our nominating/corporate governance committee. Our nominating/corporate governance committee will review the director s continuation on our board of directors, and recommend to the board whether, in light of all the circumstances, our board should accept such proposed resignation or request that the director continue to serve.

Table of Contents

OTHER GOVERNANCE INFORMATION

Stockholder Procedures for Recommending Candidates for Director

Our Bylaws permit stockholders to nominate director candidates for consideration at an annual meeting of stockholders. Stockholders wishing to nominate director candidates can do so by writing to David A. Brooks, Corporate Secretary, Ashford Hospitality Trust, Inc., 14185 Dallas Parkway, Suite 1100, Dallas, Texas 75254, giving the information required in our Bylaws, including, among other things, the candidate s name, sufficient biographical data and qualifications. Stockholder nominations must be received between December , 2015 and January , 2016 to be considered for candidacy at the 2016 annual meeting of stockholders. If the stockholders approve Proposal 5 at the annual meeting, then beginning with the 2016 annual meeting of stockholders, a stockholder must have owned at least 1% of the outstanding common stock of the Company continuously for at least one year in order to be eligible to nominate a director candidate for consideration at an annual meeting of stockholders. You may contact the Corporate Secretary at the address above to obtain a copy of the relevant bylaw provisions regarding the requirements for making stockholder nominations.

Stockholders may recommend director candidates for consideration by the nominating/corporate governance committee. Any such recommendation must include verification of the stockholder status of the person submitting the recommendation and the nominee s name and qualifications for board membership. Stockholder recommendations may be submitted by writing to David A. Brooks, Corporate Secretary, Ashford Hospitality Trust, Inc., 14185 Dallas Parkway, Suite 1100, Dallas, Texas 75254 and must be received between December , 2015 and January , 2016 to be considered for candidacy at the 2016 annual meeting of stockholders.

The nominating/corporate governance committee expects to use a similar process to evaluate candidates recommended by stockholders as the one it uses to evaluate candidates otherwise identified by the committee.

Stockholder and Interested Party Communication with our Board of Directors

Stockholders and other interested parties who wish to contact any of our directors either individually or as a group may do so by writing to them c/o David A. Brooks, Corporate Secretary, Ashford Hospitality Trust, Inc., 14185 Dallas Parkway, Suite 1100, Dallas, Texas 75254. Stockholders and other interested parties letters are screened by company personnel based on criteria established and maintained by our nominating/corporate governance committee, which includes filtering out improper or irrelevant topics such as solicitations.

Meetings of Non-Management Directors

Our board of directors must have at least two regularly scheduled meetings per year for the non-management directors without management present. In 2014, the non-management directors met three times. At the non-management directors meetings, the non-management directors review strategic issues for our board of directors consideration, including future agendas, the flow of information to directors, management progression and succession, and our corporate governance guidelines. Dr. Ansell served as lead director during 2014. The lead director presides at all meetings of the non-management directors and is responsible for advising the chief executive officer of decisions reached and suggestions made at these meetings. The lead director has the following duties and responsibilities:

- presides at all meetings of the board at which the chairman is not present and all executive sessions of the independent or non-management directors;
- advises the chairman and chief executive officer of decisions reached and suggestions made at meetings of independent directors/non-management directors;
- serves as liaison between the chairman and the independent directors;
- approves information sent to the board;
- approves meeting agendas for the board;
- approves meeting schedules to assure that there is sufficient time for discussion of all agenda items;
- has the authority to call meetings of the independent directors; and
- if requested by major shareholders, ensures that he or she is available for consultation and direct communication.

Table of Contents

Stockholders may communicate with the lead director or non-management directors as a group by utilizing the communication process identified in the Stockholder and Interested Party Communication with our Board of Directors section of this proxy statement. If non-management directors include a director that is not an independent director, then at least one of the scheduled meetings per year will include only independent directors.

Director Orientation and Continuing Education

Our board of directors and senior management conduct a comprehensive orientation process for new directors to become familiar with our vision, strategic direction, core values including ethics, financial matters, corporate governance practices and other key policies and practices through a review of background material and meetings with senior management. Our board of directors also recognizes the importance of continuing education for directors and is committed to providing education opportunities in order to improve both our board of directors and its committees performance. Senior management will assist in identifying and advising our directors about opportunities for continuing education, including conferences provided by independent third parties.

Board Leadership Structure and Role in Risk Oversight

Our board of directors has the flexibility to determine the appropriate leadership structure for our company. In making decisions related to our leadership structure, specifically when determining whether to have a joint chief executive officer and chairman or to separate these offices, the board considers many factors, including the specific needs of the company in light of its current strategic initiatives and the best interest of stockholders. In 2014, Mr. Monty Bennett served as chairman of the board as well as chief executive officer of the company. In making the determination to continue to combine the role of chairman and chief executive officer, the board considered the company s strategic initiatives, Mr. Monty Bennett s expertise in the hospitality industry, which he has developed over the last 20 years, and the company s superior performance, as evidenced by total stockholder return, during Mr. Bennett s tenure as chief executive officer.

The combined role of chairman and chief executive officer is both counterbalanced and enhanced by an independent director serving as the lead director, strong and active independent directors comprising more than two-thirds of our board, our fully-independent committees and our corporate governance policies. Our board believes that combining the roles of chairman and chief executive officer is beneficial because it allows a single person to provide clear and unambiguous leadership and serve as an effective and efficient bridge between the board and management.

The board has recognized the potential conflicts of interest that could arise by having the same person serve as chairman of the board and chief executive officer and has taken the additional steps necessary to strengthen the board leadership structure by amending the corporate governance guidelines in 2013 to, among other things, provide the lead director with the specific duties and responsibilities outlined above. To further minimize the potential for future conflicts of interests the board must maintain a two-thirds majority of independent directors at all times and must also comply with each of the following existing policies to mitigate potential conflicts of interest:

- Our board of directors must hold at least two regularly scheduled meetings per year for the non-management directors, at least one of which must include only independent directors. At these meetings, the independent/non-management directors review strategic issues for consideration by the full board of directors, including future agendas, the flow of information to directors, management progression and succession, and our corporate governance guidelines. These meetings also serve as the forum for the annual evaluation of the performance of the chief executive officer, the annual review of the chief executive officer s plan for management succession and the annual evaluation of the performance of the board. Dr. Ansell presides at the meetings of non-management directors as lead director.

- Our charter and advisory agreement each contain a requirement that any transaction or agreement involving us, our wholly-owned subsidiaries or our operating partnership and a director or officer or an affiliate of any director or officer will require the approval of a majority of the disinterested directors.

Table of Contents

- Our board adopted a policy at the time of our initial public offering that requires all approvals, consents, waivers, enforcement actions and decisions related to the management agreement with Remington Lodging & Hospitality, LLC be approved by a majority of the independent directors.

Our charter provisions, governance policies and conflicts of interest policies are designed to provide a strong and independent board that provides balance to the chief executive officer and chairman positions and ensures independent director input and control over matters involving potential conflicts of interest.

The board believes the current leadership structure of the company with Mr. Bennett serving as both chief executive officer and chairman provides a very well-functioning and effective balance between strong company leadership and appropriate safeguards and oversight by independent directors.

Board Oversight of Risk

Ultimately, the full board of directors has responsibility for risk oversight, but our committees help oversee risk in areas over which they have responsibility. The board does not view risk in isolation. Risks are considered in virtually every business decision and as part of the company s business strategy. Our board of directors receives regular updates related to various risks for both our company and our industry. The audit committee receives and discusses reports regularly from members of management who are involved in the risk assessment and risk management functions on a daily basis and reports its analysis to the full board on a quarterly basis.

Compensation Risk

On November 12, 2014, the company completed a spin-off of Ashford Inc. s common stock, and in connection with this transaction, Ashford Inc. became the advisor to the company. Ashford Inc., through its subsidiary Ashford Hospitality Advisors LLC (Ashford LLC), manages the day-to-day operations of the company and its affiliates in exchange for an advisory fee. While the company does continue to have executive officers, it has no employees. Prior to the spin-off, the compensation committee annually reviewed, with the assistance of the chief executive officer, the overall structure of the company s compensation program and policies to ensure consistency with effective management of enterprise key risks and that they did not encourage executives to take unnecessary or excessive risks that could threaten the value of the enterprise. With respect to the compensation programs and policies that applied to our named executive officers, this review historically included:

- analysis of how different elements of compensation increased or mitigated risk-taking;

- analysis of performance metrics that served as the basis for short-term and long-term incentive programs and the relation of such incentives to the company s business objectives or the objectives related to a particular investment;

- analysis of whether the performance measurement periods for short-term and long-term incentive compensation were appropriate;

- analysis of the overall structure of compensation programs as related to business risks; and

- an annual review of the named executive officers share ownership levels and retention practices.

Following the spin-off, the named executive officers (as well as employees of our advisor) continue to be eligible to receive equity awards, and the compensation committee will continue to annually review the named executive officers share ownership levels and retention practices. The compensation committee believes that management s significant stock ownership levels help minimize the likelihood of unnecessary or excessive risk-taking.

Based on this review, we believe, for the period prior to the spin-off, the company s well-balanced mix of salary and short-term and long-term incentives was appropriate and consistent with the company s risk management practices and overall strategies. We also reviewed incentive plans generally available to all employees and concluded that such plans did not encourage employees to take unnecessary or excessive risks that could threaten the value of the enterprise. Furthermore, the compensation committee has full discretion to evaluate the company s performance in the context of quantitative and qualitative risk management objectives and determine or reduce incentive awards accordingly.

Table of Contents

EXECUTIVE OFFICERS

The following table shows the names and ages of each of our current executive officers and the positions held by each individual. A description of the business experience of each for at least the past five years follows the table.

	Age	Title
Monty J. Bennett	49	Chief Executive Officer
Douglas A. Kessler	54	President
David A. Brooks	55	Chief Operating Officer, General Counsel and Secretary
Deric S. Eubanks	39	Chief Financial Officer and Treasurer
Jeremy Welter	38	Executive Vice President, Asset Management
Mark L. Nunneley	57	Chief Accounting Officer

For a description of the business experience of Mr. Monty Bennett, see the Election of Directors section of this proxy statement.

Douglas A. Kessler has served as our President since January 2009 and served on our board of directors from January 2013 until November 2013. Mr. Kessler is also the President and a director of Ashford Prime, positions he has held since April 2013, and President of Ashford Inc., a position he has held since April 2013. Prior to being appointed President of our company, Mr. Kessler served as our Chief Operating Officer and Head of Acquisitions beginning in May 2003. Mr. Kessler has spearheaded numerous key initiatives while at Ashford Trust and has been responsible for several billion dollars of capital transactions along with the growth of the company s asset base to in excess of $4 billion. From July 2002 until August 2003, Mr. Kessler also served as the managing director/chief investment officer of Remington Hotel Corporation.

Prior to joining Remington Hotel Corporation in 2002, Mr. Kessler was employed by Goldman Sachs Whitehall Real Estate Funds, from 1993 to 2002, where he assisted in the management of more than $11 billion of real estate (including $6 billion of hospitality investments) involving over 20 operating partner platforms worldwide. During his nine years at Whitehall, Mr. Kessler served on the boards or executive committees of several lodging companies, including Westin Hotels and Resorts and Strategic Hotel Capital. Mr. Kessler has diverse real estate experience totaling nearly 30 years and is a member of Urban Land Institute s Hotel Council and is a frequent speaker and panelist at lodging industry conferences including International Hotel Investment Forum, Americas Lodging Investment Summit and the NYU Lodging Conference.

Mr. Kessler has a Master s degree in Business Administration and a Bachelor of Arts degree from Stanford University.

David A. Brooks has served as our Chief Operating Officer, General Counsel and Secretary since January 2009. He has also served as the Chief Operating Officer, General Counsel and Secretary for Ashford Prime since April 2013 and for Ashford Inc. since April 2014. Prior to assuming his current role with the company, Mr. Brooks served as our Chief Legal Officer, Head of Transactions and Secretary from August 2003 to January 2009. Prior to that, he served as Executive Vice President and General Counsel for Remington Hotel Corporation and Ashford Financial Corporation, an affiliate of ours, from January 1992 until August 2003, where he co-led the formation of numerous investment partnerships, negotiated and closed approximately $1 billion in asset acquisitions and asset managed nearly $750 million in non-performing hospitality loans. Prior to joining Remington Hotel Corporation, Mr. Brooks served as a partner with the law firm of Sheinfeld, Maley & Kay.

Mr. Brooks earned his Bachelor of Business Administration in Accounting from the University of North Texas in 1981, his Juris Doctor from the University of Houston Law Center in 1984 and became licensed as a CPA in the State of Texas in 1984 (currently non-practicing status).

Deric S. Eubanks has served as our Chief Financial Officer and Treasurer since June 2014 and has served in that capacity for Ashford LLC and Ashford Prime since June 2014. Prior to serving as Chief Financial Officer and Treasurer, Mr. Eubanks served as our Senior Vice PresidentFinance from September 2011 to June 2014 and in that capacity for Ashford LLC and Ashford Prime from April 2013 to June 2014. In his role as Chief Financial Officer and Treasurer, Mr. Eubanks is responsible for assisting our Chief Executive Officer with all corporate finance and financial reporting initiatives and capital market activities including equity raises, debt financings and loan modifications. He also oversees Investor Relations and is responsible for overseeing and executing our hedging strategies. Prior to his role as Senior Vice President Finance, Mr. Eubanks was Vice President of Investments and

Table of Contents

was responsible for sourcing and underwriting hotel investments including direct equity investments, joint venture equity, preferred equity, mezzanine loans, first mortgages, B-notes, construction loans and other debt securities. Mr. Eubanks has been with us since our initial public offering in August of 2003. Mr. Eubanks has written several articles for industry publications and is a frequent speaker at industry conferences and industry round tables. Before joining our company, Mr. Eubanks was a Manager of Financial Analysis for ClubCorp, where he assisted in underwriting and analyzing investment opportunities in the golf and resort industries.

Mr. Eubanks earned a BBA from Southern Methodist University and is a CFA charter holder. He is a member of the CFA Institute and the CFA Society of Dallas-Fort Worth.

Jeremy Welter has served as our Executive Vice President, Asset Management since March 2011. He has also served in that capacity for Ashford Inc. since April 2014 and for Ashford LLC and Ashford Prime since April 2013. He oversees a $4 billion portfolio of 122 hotels. From August 2005 until December 2010, Mr. Welter was employed by Remington Hotels, LP in various capacities, most recently serving as its Chief Financial Officer. He is a current member of Marriott s Owner Advisor Council. From July 2000 through July 2005, Mr. Welter was an investment banker at Stephens, where he worked on mergers and acquisitions, public and private equity and debt, capital raises, company valuations, fairness opinions and recapitalizations. Before working at Stephens, Mr. Welter was part of Bank of America s Global Corporate Investment Banking group. Mr. Welter is a frequent speaker and panelist for various lodging investment and development conferences, including the NYU Lodging Conference.

Mr. Welter earned his Bachelor of Science in Business Administration in Economics from Oklahoma State University, where he served as student body president and graduated *summa cum laude*.

Mark L. Nunneley has served as our Chief Accounting Officer since May 2003 and has served in that capacity for Ashford Inc. since April 2014 and for Ashford LLC and Ashford Prime since April 2013. From 1992 until 2003, Mr. Nunneley served as Chief Financial Officer of Remington Hotel Corporation. He previously served as a tax consultant at Arthur Andersen & Company and as a tax manager at Deloitte & Touche. Mr. Nunneley is a certified public accountant (CPA) in the State of Texas and is a member of the American Institute of Certified Public Accountants, Texas Society of CPAs and Dallas Chapter of CPAs.

Mr. Nunneley holds a Bachelor of Science degree in Business Administration from Pepperdine University and a Master of Science in Accounting from the University of Houston.

Table of Contents

SIGNIFICANT EMPLOYEES

The following employees are not executive officers but do make significant contributions to our business:

J. Robison Hays III has served as our Senior Vice PresidentCorporate Finance and Strategy since 2010 and has been with our company since 2005. He has also served as Senior Vice PresidentCorporate Finance and Strategy for Ashford LLC and Ashford Prime since April 2013 and as Chief Strategy Officer of Ashford Inc. since 2014. Mr. Hays also serves on the Investment Committee and as Chief Investment Officer of Ashford Investment Management, LLC, an indirect subsidiary of Ashford Inc. Mr. Hays is responsible for the formation and execution of our strategic initiatives, working closely with our Chief Executive Officer. He also oversees all financial analysis as it relates to the corporate model, including acquisitions, divestitures, refinancings, hedging, capital market transactions and major capital outlays. Prior to 2013, in addition to his other responsibilities, Mr. Hays was in charge of our investor relations group. Mr. Hays is a frequent speaker at industry and Wall Street investor conferences. Prior to joining our company, Mr. Hays worked in the Corporate Development office of Dresser, Inc., a Dallas-based oil field service and manufacturing company, where he focused on mergers, acquisitions and strategic direction. Before working at Dresser, Mr. Hays was a member of the Merrill Lynch Global Power & Energy Investment Banking Group based in Texas.

Table of Contents

COMPENSATION DISCUSSION & ANALYSIS

Effect of Ashford Inc. Spin-Off

In November 2014, we completed a spin-off of a subsidiary, Ashford Inc., in order to separate our asset management and advisory business from our hospitality investment business. Prior to the spin-off, all of our employees were employees of our subsidiary Ashford LLC. In connection with the spin-off, Ashford LLC became a subsidiary of Ashford Inc., a separate publicly-traded company. Ashford Inc., through its subsidiary Ashford LLC (collectively, our advisor), manages the day-to-day operation of our company and our affiliates in exchange for an advisory fee. While we continue to have executive officers, we no longer have any employees. We paid all cash compensation for our prior employees, including our executive officers, for all periods during 2014 up until November 12, 2014, the date of the spin-off. Ashford Inc. paid all cash compensation to such employees, including our officers, payable on and after November 12, 2014. Following the spin-off, our named executive officers (as well as employees of our advisor) continue to be eligible to receive equity awards under our equity incentive plan. We do not provide any other compensation or employee benefit plans for our named executive officers.

The following is a discussion and analysis of compensation arrangements of our named executive officers (including our chief executive officer, chief financial officer, and the three other most highly compensated executive officers appearing in the Summary Compensation Table) in 2014, whether such compensation was paid by us or by our advisor. This discussion should be read together with the compensation tables and related disclosures set forth elsewhere in this proxy statement.

Business Strategy

We are a real estate investment trust, or REIT, listed on the NYSE (symbol: AHT) that invests in the hospitality industry across all segments and at all levels of the capital structure primarily within the United States other than hotels in gateway markets with revenue available per room, or RevPAR, in excess of twice the national average. Until we spun off Ashford Inc. on November 12, 2014, we were a self-administered and managed REIT. After the spin-off, we became an externally administered and managed REIT with Ashford Inc. acting as our advisor. We implement multiple strategies to create stockholder value as measured by total shareholder returns, including stock price appreciation and dividends. The three key strategies involve: (i) investment growth; (ii) portfolio management; and (iii) platform creation.

To maximize shareholder returns from investment growth, we seek to acquire or invest in assets that meet strategic investment goals and that provide long term shareholder accretion. Our investment growth is based upon meeting targeted returns, utilizing market research, carefully underwriting, and evaluating the transaction s overall contribution to the existing portfolio. Each investment is evaluated on its relative expected contribution to our hotel portfolio in terms of total return, volatility, financeability, product type or brand, asset quality, location, and diversification. To maintain investment focus, we target hotel assets with RevPAR of less than two-times the U.S. national average. We will consider direct investments as well as joint ventures. By location, the investment profile includes hotels in primary, secondary and tertiary markets. Asset classes include most of the major branded full and select service hotels along with independent hotels. In addition to direct hotel ownership, we may invest in hotel debt as well as securities. Additionally, prior to the completion of the Ashford Inc. spin-off on November 12, 2014, we received a fee based income stream from the services provided by our now former subsidiary, Ashford LLC, for its role in acting as advisor to Ashford Prime.

Our portfolio management efforts seek to maximize shareholder returns, while minimizing risk. Through pro-active asset management, we seek to enhance value at the property level with a focus on revenue strategies, expense controls, asset positioning, and capital expenditures. Our goal is to maximize growth from internal asset performance. Moreover, the dynamic portfolio management strategies implement finance and capital recycling initiatives that monitor and optimize our capital structure. We sell assets and redeploy capital based upon opportunities. In addition, our finance strategy generally follows a non-recourse debt approach that seeks to utilize high property level debt in conjunction with high corporate cash liquidity.

The platform creation strategy incubates potential stand alone companies. The goal is to determine the viability of stand alone businesses where the combined value of the separate businesses exceeds that of maintaining the operations as a part of the whole company. The goal is to provide shareholders with alternative investments in different lodging related asset classes with alternative costs of capital, return and risk profiles. The spin-off of Ashford Prime and Ashford Inc. are examples of our platform creation strategy.

Table of Contents

The combination of our investment, asset management, and platform strategies seek to maximize long term shareholder returns throughout all lodging cycles while also reducing performance risk.

Company Performance and 2014 Pay Decisions

During 2014, the company had a strong financial performance, and management substantially met or exceeded the 2014 business objectives set by the board. In evaluating performance for 2014, the compensation committee considered both our results and those of Ashford Inc., recognizing that the spin-off occurred late in the year and that the executives of our company remain accountable for the results of Ashford Inc. through the advisory agreement (the Advisory Agreement) with Ashford Inc. The following are highlights of the company s outstanding performance in 2014:

- We achieved AFFO per share of $1.05 in 2014, which exceeded our budget;
- We achieved one-year TSR (total stockholder return, including stock appreciation and dividend reinvestment) of 40.0%; three-year TSR of 137.1%; and five-year TSR of 326.7%;
- We achieved EBITDA flows of 48.6% for our properties;
- We achieved NOI flows of 43.3% on our properties;
- We achieved RevPAR growth of 10.2% for our hotels not under renovation;
- Ashford Investment Management produced a net return of 18.4% during 2014 with volatility of 6.9% and a sharpe ratio above 2.0 on a portion of our assets that they invest on our behalf in liquid securities. This return outperformed the S&P 500 by 35.3% and the HFRI Equity Hedge Index by 368.9% and resulted in a gain of $6.4 million to the company; and
- We successfully completed the spin-off of Ashford Inc. to our stockholders, with its stock closing up 68% (as of December 31, 2014).

Our 2014 results continue to build on multi-year strategies that successfully brought the company through a severe and sustained industry downturn. As the lodging industry has gained momentum during the economic recovery, the company is well-positioned for continued growth due to the ability of our management team to anticipate and capitalize on market shifts. Over the past several years, highlights of the company s superior performance include:

- We created over $760 million of stockholder value via our interest rate swap, preferred stock buy-backs, common stock buy-backs and flooridor strategies;

- We have the best overall operating performance of all hotel REITs over the past eight years when combining RevPAR growth, EBITDA margin change, EBITDA percentage change, and EBITDA flows;

- Our dividend coverage was an exceptional 2.2 times for 2014; and

- We outperformed our hotel REIT peer average in total stockholder returns on a trailing 1-, 3-, 4-, 5-, 6-, 7-, 8-, 9- , 10 and 11 year basis.

In addition, during 2014, we completed the spin-off of our asset-management business through a taxable pro rata distribution of common stock of Ashford Inc.

Based on a review of the significant achievements noted above and additional discussion, the compensation committee determined that all objectives were substantially met or exceeded, especially those related to relative TSR performance, EBITDA margins and EBITDA flows as shown in the charts below:

Table of Contents

Table of Contents

Table of Contents

Our compensation philosophy is to make all pay decisions following the end of our fiscal year based on the performance of the prior year and over the longer term. As a result, equity based awards reflected in our summary compensation table reflect compensation for prior year performance. Throughout this Compensation Discussion & Analysis section, we provide a discussion of pay decisions made in early 2015 as they reflect 2014 performance. In the Compensation Discussion & Analysis section of our proxy statement for the 2014 annual meeting of our stockholders, which was filed with the SEC on April 14, 2014, we provided a discussion of pay decisions made in early 2014 as they reflected 2013 performance.

Given Ashford s performance, together with consideration given to the increase in total shareholder return during 2014, the following compensation decisions were made with respect to 2014 (each of which is discussed in detail under the heading Elements of Compensation below):

- Based on the company s outstanding financial and strategic performance, the annual cash bonuses paid for 2014 were earned at 100% of the maximum, as discussed below; and

- The total value of equity awards granted in 2015 (with respect to 2014 performance) were increased from the 2013 equity award grants (with respect to 2012 performance).

These decisions resulted in an average increase in total compensation of our named executive officers, exclusive of Mr. Jeremy Welter and Mr. Deric Eubanks, of 9.4 %. In 2014 we increased Mr. Jeremy Welter s total compensation by 72.2% over 2013 largely as a result of and in recognition of his successful implementation of key asset management strategies and initiatives, the success of which were not readily determinable in 2013. Additionally, in 2014 we increased Mr. Deric Eubanks total compensation by 86.5% over 2013 due in large part to Mr. Eubanks being promoted to become our Chief Financial Officer and Treasurer in 2014. These decisions underscore the committee s philosophy of aligning the pay of our executives with our performance.

Table of Contents

While the 2014 total compensation amount presented in the Summary Compensation Table includes equity awards made in 2014, as required by the SEC s rules and regulations, the compensation committee considers actual total compensation for 2014 for each executive to be the aggregate of such executive s 2014 base salary, annual bonus (corresponding to 2014 performance) and the grant date value of 2015 incentive equity awards (corresponding to 2014 performance). Using this approach, the total actual compensation for each of the named executive officers serving at the end of 2014, for the three years ended December 31, 2014, as analyzed by the compensation committee is as follows:

Name and Principal Position	Year	Salary(1)	Bonus(1)	Equity Based Awards(2)	Actual Total Compensation
Monty J. Bennett	2014	$ 800,000	$ 1,600,000	$ 4,500,000	$ 6,900,000
Chief Executive Officer	2013	800,000	1,600,000	3,981,934	6,381,934
	2012	700,000	1,400,000	1,756,500	3,856,500
David J. Kimichik(3)	2014	$ 679,478		$ 1,194,579	$ 1,874,057
Chief Financial Officer	2013	425,000	382,500	1,756,500	2,564,000
	2012	375,000	337,500	1,167,750	1,880,250
Deric S. Eubanks(3)	2014	$ 282,205	$ 203,000	$ 750,000	$ 1,235,205
Chief Financial Officer,					
Treasurer					
Douglas A. Kessler	2014	$ 625,000	$ 937,500	$ 2,700,000	$ 4,262,500
President	2013	625,000	937,500	2,199,996	3,762,496
	2012	550,000	825,000	2,927,500	4,302,500
David A. Brooks	2014	$ 475,000	$ 593,750	$ 2,000,000	$ 3,068,750
Chief Operating Officer	2013	475,000	593,750	1,791,874	2,860,624
	2012	425,000	531,250	2,576,200	3,532,450
Jeremy Welter	2014	$ 425,000	$ 382,500	$ 1,500,000	$ 2,307,500
Executive Vice President,	2013	425,000	297,500	617,400	1,339,900
Asset Management	2012	275,000	315,000	1,756,500	2,346,500

(1) For 2014, we paid 7/8 of total cash compensation (for the period from January 1, 2014 up to the spin-off of Ashford Trust on November 12, 2014), and Ashford Inc. paid 1/8 of the total cash compensation (for the period from the spin-off of Ashford Trust on November 12, 2014 through December 31, 2014).

(2) Represents the grant date fair value of equity awards that correspond to performance for the year indicated, some or all of which may have been granted after the end of the related fiscal year.

(2) Mr. Kimichik resigned as our Chief Financial Officer effective June 13, 2014, and was replaced by Mr. Eubanks effective June 14, 2014. Prior to being appointed our Chief Financial Officer, Mr. Eubanks had been serving as our Senior Vice President-Finance since June 2011.

Say on Pay

In 2014, shareholders were presented with an advisory vote to approve executive compensation which was approved by approximately 89.6% of the votes cast on the proposal. These results continue to demonstrate shareholder support for Ashford s overall executive compensation objectives and decisions. The compensation committee takes into account the outcome of our annual say-on-pay vote when considering future executive compensation arrangements and potential changes to the executive compensation program. No changes were made in 2014 in response to the Say on Pay vote.

Table of Contents

Corporate Governance

The committee also believes that solid corporate governance should be reinforced through our compensation programs. The following policies support that position:

- In 2012, we adopted a new compensation clawback policy to recover incentives paid following a material restatement of our financial results in circumstances where our executives were deemed responsible for such restatement.

- In 2012, we also reviewed and revised our compensation peer group for collecting data on competitive compensation practices to more appropriately reflect our size and scope to be used in future compensation decisions.

- In 2011, we amended our executives employment agreements to eliminate any requirement or obligation of the company to provide a gross-up payment to cover excise tax imposed on the applicable executive pursuant to Section 4999 of the Internal Revenue Code of 1986 or to reimburse the executive if any such tax is imposed.

- We have historically sought to balance our compensation program, with the majority of our executive compensation opportunity focused on long-term results and equity-based awards.

- We have historically offered our executive officers the same benefits as other employees and have a very limited perquisite program.

- We do not maintain SERPs or other forms of extraordinary retirement programs for our executives.

- We have adopted formal stock ownership guidelines for our non-employee directors (common stock in excess of three times annual board cash retainer), our chief executive officer (common stock in excess of six times base salary), our president (common stock in excess of four times base salary) and our other executive officers (common stock in excess of three times base salary).

- We maintain a policy that prohibits our directors and employees, including our executive officers, from holding company securities in a margin account or pledging company securities as collateral for a loan without the prior approval of our general counsel. Our policy also prohibits our directors and employees, including our executive officers, from engaging in any short-term, speculative securities transactions involving company securities.

- The compensation committee has historically engaged an independent compensation consultant that does not provide any services to management and that had no prior relationship with management prior to the engagement.

- We have implemented a strong risk management program, which includes our compensation committee s oversight of the ongoing evaluation of the relationship between our compensation programs and risk.

Compensation Objectives & Philosophy

We believe that the compensation paid to our executive officers should be reflective of the overall performance of our company on both a short-term and a long-term basis. The cumulative compensation packages we offer should reward past successes as well as motivate and retain the executives needed to maximize the creation of long-term stockholder value in a competitive environment. Most of our management team has been working together for over 20 years, and the company believes that the synergies among the management team, along with their cumulative knowledge and breadth of experience, were key factors in the company s growth since its inception.

The compensation committee believes that the uniqueness of our business, our strategic direction and the required caliber of employees needed to execute our business strategy at different points in the cycle require that each element of compensation be determined giving due consideration to each of the following factors:

- overall company performance;

- responsibilities within our company;

- contributions toward executing our business strategy;

Table of Contents

- completion of individual business objectives;
- a balanced approach to risk and reward; and
- competitive market information, as available.

Our compensation committee believes that each of the above factors is important when determining our executives individual compensation levels, but no specific weighting or formula regarding such factors is used in determining compensation. The compensation committee also considers the company s philosophy of prudently managing investment and enterprise risk in determining the appropriate balance of performance measures and the mix of compensation elements.

Role of the Compensation Committee

Compensation for our executive officers is administered under the direction of our compensation committee. In its role as the administrator of our compensation programs, our compensation committee recommends the compensation of our named executive officers to the board, on the basis of recommendations of the chief executive officer, with the independent members of the board ultimately approving all executive compensation decisions. A full description of the compensation committee s roles and responsibilities can be found in its charter which is posted to our website at www.ahtreit.com.

Our compensation committee has the authority to retain independent advisors to assist the committee in fulfilling its responsibilities. During 2013, 2014, and early 2015 our compensation committee retained the services of Semler Brossy Consulting Group (Semler Brossy), an independent compensation consulting firm, to support its decision-making on executive pay practices. Semler Brossy completed an independent review of our compensation practices and programs in early 2013 and recommended the changes discussed above. In addition, Semler Brossy provided advice and guidance with respect to the early 2013 compensation decisions based on 2012 performance and the early 2014 compensation decisions based on 2013 performance. This included providing an assessment of competitive pay practices in the hospitality and REIT industries as described in more detail below. Semler Brossy has not performed any services other than executive and director compensation services for the company and performed its services only on behalf of, and at the direction of, the compensation committee. Our compensation committee has reviewed the independence of Semler Brossy in light of SEC rules and NYSE listing standards regarding compensation consultant independence and has affirmatively concluded that Semler Brossy is independent from the company and has no conflicts of interest relating to its engagement by our compensation committee.

Interaction with Management

Our compensation committee regularly meets in executive sessions without management present. Executives generally are not present during compensation committee meetings, except, when requested, our chief executive officer does attend all or part of certain compensation committee meetings. Our chief executive officer, considering each of the performance factors outlined above under Overview Company Performance and

2014 Pay Decisions, annually reviews the compensation for each named executive officer and makes recommendations to our compensation committee regarding any proposed adjustments. Recommendations, if any, for interim modifications to salaries are also based on the factors outlined above and are made by the chief executive officer to the compensation committee. Final compensation decisions are ultimately made in the sole discretion of the compensation committee and approved by the independent directors of the board.

Review of Market Data for Peer Companies

Compensation levels for our named executive officers are determined based on a number of factors, including a periodic review of the compensation levels in the marketplace for similar positions. In 2014, the compensation committee, with the assistance of our compensation consultant, undertook such a review of competitive total compensation compared to market.

Competitive pay data is used for reference only to gauge the marketplace for executive compensation in our industry. The compensation committee does not establish a specific target percentile of market for our executives and generally seeks to provide the compensation levels needed to retain our exceptional executive team and reward appropriately for performance.

Table of Contents

The specific peers used to assess competitive pay practices include other hospitality REITs. In addition, on the advice of Semler Brossy, we also compare our compensation to a broader selection of retail, diversified, and office REITs, in recognition of the fact that we have historically been one of the largest hospitality REITs, and this broader market assessment helps to assess other companies of our size.

The hospitality REITs included in our assessment of competitive pay practices include:

Chatham Lodging Trust	Pebblebrook Hotel Trust
Chesapeake Lodging Trust	RLJ Lodging Trust
DiamondRock Hospitality Company	Ryman Hospitality Properties
FelCor Lodging Trust	Strategic Hotels & Resorts
Hersha Hospitality Trust	Summit Hotel Properties
LaSalle Hotel Properties	Sunstone Hotel Investors

The compensation committee also assessed the pay practices of these hospitality REITs in evaluating 2015 pay decisions for 2014 performance.

The broader market REITs included in the 2014 total compensation assessment included:

Brandywine Realty Trust	Kimco Realty Corporation
BRE Properties	Liberty Property Trust
CBL & Associates	Macerich Company
DDR Corp	Mack-Cali Realty Corporation
Duke Realty Corporation	Piedmont Office Realty Trust
Equity One	Regency Centeres
Federal Realty Investment Trust	Taubman Centers
Highwoods Properties	Weingarten Realty Investors

These broader REITs were not included in the 2015 review of actual pay as the committee believes the hospitality REITs are a better comparison when evaluating pay relative to performance.

In the 2013 assessment of peers, we also included Realty Income, Retail Properties of America and Pennsylvania REIT and excluded BRE and Equity One. These changes were made based on year-over-year changes in assets and revenues among the peers to better reflect our size and scope.

Other Considerations

The compensation committee also considers the unique role that each of the named executive officers of the company holds. Specifically, each of our named executive officers performs duties that are traditionally assigned to multiple senior officers in competitive companies. The president, by way of example is charged with capital markets activities and is also responsible for securing our investments and for identifying opportunities for joint ventures or other business partnerships as well as being the lead contact for company financing activities. The chief operating officer is also the general counsel and has the mandate to negotiate the terms of, and close, all acquisition and disposition transactions, capital market transactions and equity and debt financings. In addition, he is charged with supervising the legal department, monitoring corporate governance and performing the normal duties associated with the office of the corporate secretary. The company s unusual division of responsibilities has created a cohesive and extremely streamlined management system, which enables the company to operate with a smaller staff of senior executives, including the named executive officers, than would be expected of a company of our size and structure. The compensation committee recognizes that these other factors must be considered in setting compensation for each named executive officer.

Together with its consideration of the unique roles of each named executive officer, the compensation committee also considers the time commitment of the chief executive officer to the company in relation to his executive duties at Remington Holdings, LP and its affiliates. Based on its review, the compensation committee has determined that those business activities are generally beneficial to the company and, in accordance with the chief executive officer s employment agreement, do not materially interfere with his duties to the company. Therefore, the committee follows a compensation philosophy for the chief executive officer that is comparable with the philosophy for the other named executive officers.

Table of Contents

In recognition of the fact that the spin-off of Ashford Inc. was only effective for the last 50 days of the year, the compensation committee assessed performance for 2014 and determined pay actions for the combined companies. We paid the pro rata portion of the total cash compensation determined appropriate by our compensation committee, applicable to the period during 2014 prior to the spin-off. Our compensation committee will share its analysis with the compensation committee of Ashford Inc. to assist Ashford Inc. in making a determination with respect to the pro rata portion of total cash compensation applicable to the period following the spin-off.

Elements of Compensation

In 2014, the primary elements of our executive compensation packages included: (i) base salaries; (ii) annual bonuses; (iii) restricted equity awards and LTIPs; and (iv) other executive programs and benefits. Each element is described in more detail below.

Base Salaries. The base salaries of our named executive officers are reviewed on an annual basis, although changes are only made periodically, consistent with the company s emphasis on compensation that more closely align pay and performance. Any increases to the base salaries of the executive officers are based on a subjective evaluation of such factors as the level of responsibility, individual performance, level of pay of the executive in question and other similarly situated executives. As a result of the spin-off of Ashford Inc., we will no longer pay any base salaries; however, as noted above, we paid a portion of the base salaries in 2014.

Annual Bonuses. The compensation committee has historically reviewed and recommended annual bonuses for executive officers in the first quarter of the fiscal year following the fiscal year with respect to which such bonuses are earned. The employment agreements of each of the executive officers include a targeted bonus range for such executive officer. Annual bonus ranges are expressed as a percentage of base salary. Although the targeted range for each executive is set forth in an employment agreement, the compensation committee has reserved the right to utilize its discretion to either pay a bonus above or below the targeted range based on a subjective evaluation of the executive s individual performance and responsibilities. The following table sets forth the target bonus range and the actual bonus for each executive officer paid in 2015 with respect to 2014 performance:

Name	Target Bonus Range (% of base salary)	2014 Actual Bonus, as a % of base salary(1)
Monty J. Bennett	75% - 200%	200%
Deric S. Eubanks	30% - 90%	72%
Douglas A. Kessler	50% - 150%	150%
David A. Brooks	40% - 125%	125%
Jeremy Welter	30% - 90%	90%

(1) Reflects bonus earned for 2014 performance which was paid in March 2015. As noted above under Company Performance and 2014 Pay Decisions.

In setting the target annual bonus range for each named executive officer, the compensation committee maintained its philosophy of favoring an emphasis on long-term incentive awards to create an ownership culture and provide an upside opportunity in reward for superior performance. If performance falls below acceptable levels, the compensation committee intends that the value of long-term incentive awards would also decline, with the potential for zero awards in the event of poor performance.

The performance goals and objectives under the company s annual incentive plan are developed annually by senior management and reviewed and approved by our board of directors. These objectives have historically included annual operating goals, as well as growth objectives designed to improve key performance metrics of EBITDA and AFFO (as defined below) per share, as well as to encourage the expansion, as appropriate, of the company s investment portfolio of hotels, mezzanine loans and other lodging-related investments in a reasonable and sound business manner, giving effect to the current market conditions and economic outlook.

While there is no specific formula or weighting assigned to any one of these factors for the annual bonus award for 2014, the compensation committee carefully analyzed each of these factors in making its recommendations with respect to appropriate levels of annual and long-term compensation and intends to do so going forward with respect to long-term incentive awards. For 2014, the compensation committee determined that management had substantially met or exceeded nearly all of the goals established for the year, including:

Table of Contents

2014 Business Objectives	Performance Results
1-year, 3-year and 5-year total shareholder return performance in top half of peers	1-year rank: 6th of 14 3-year rank: 7th of 14 5-year rank: 2nd of 10
Achieve budgeted AFFO per share	2014 AFFO per share of $1.05 as compared to budget of $0.75
Achieve 35% NOI flows and outperform peer group average EBITDA flows	2014 NOI flows of 43.3%; EBITDA flows of 48.6% as compared to peer average of 52.5% exceeded peer average in hotel EBITDA flows for 7 of the past 8 years
Achieve RevPAR yield growth that beats competitive sets	10.2% for all hotels not under renovation as compared to 8.5% for competitive sets for our hotels
Hold at least 150 meetings with investors & analysts	344 meetings held
Stay within credit facility covenants	Achieved
Pursue proactive risk management strategies and build up cash balance to range of 20% - 25% of market cap if feasible	Excess corporate cash balance of $308 million, or 27% of market cap as of January 8, 2015
Investment fund to execute on third party capital raise and successfully launch fund of at least $75 million	Determined this objective was deferred during the year as a result of the company s decision to focus efforts on other strategies and initiatives
Spin-out asset management arm of Ashford to shareholders	Completed spin-off of Ashford Inc. on November 12, 2014 Shareholders received one share of Ashford Inc. for every 87 of our shares held 30% of Ashford Inc. common stock is held by us Ashford Inc. stock closed at $94.00 on December 31, 2014, up 68% from its opening price of $56.00

The peer companies for purposes of the corporate performance review included: Chesapeake Lodging Trust, DiamondRock Hospitality Company, FelCor Lodging Trust, Hersha Hospitality Trust, Host Hotels & Resorts, LaSalle Hotel Properties, Pebblebrook Hotel Trust, RLJ Lodging Trust, Summit Hotel Properties and Sunstone Hotel Investors.

While there is no specific formula or weighting assigned to any one of these factors for the annual bonus award, the compensation committee carefully analyzes each of these factors in making its recommendations with respect to appropriate levels of annual and long-term compensation.

In determining individual bonuses, the compensation committee considered company and management performance achievements during 2014 as well as each executive s role in the company s outstanding performance. After evaluating each of these objectives and assessing the positive results achieved, the compensation committee awarded bonuses ranging from $203,000 to $1,600,000 to the named executive officers, as shown in the table below. Most of these levels reflect bonuses at the high end of the target bonus range of the employees.

	Stated Base Salary	**Bonus(1)**	**Bonus as % of Stated Base Salary**	**Targeted Bonus Range**	**Bonus as % of High End of Targeted Bonus Range**
Monty J. Bennett	$ 800,000	$ 1,600,000	200%	75 - 200%	100%
Douglas A. Kessler	625,000	937,500	150%	50 - 150%	100%
David A. Brooks	475,000	593,750	125%	40 - 125%	100%
Deric S. Eubanks (2)	330,000	203,000	72%	30 - 90%	68%
Jeremy Welter	425,000	382,500	90%	30 - 90%	100%

(1) Reflects bonus earned for 2014 performance which was paid in March 2015. As noted above under Company Performance and 2014 Pay Decisions.

(2) Mr. Eubanks was appointed our Chief Financial Officer and Treasurer effective June 14, 2014, upon which date his stated base salary was increased to $330,000. Mr. Eubanks bonus payment was calculated as 72% of his salary actually paid during the year ended December 31, 2014.

Table of Contents

Equity Awards. Equity awards may be made under our stock incentive plan, which was most recently approved by our stockholders in 2014. The compensation committee believes that our named executive officers should have an ongoing stake in the long-term success of our business and that our named executive officers should have a considerable portion of their total compensation paid in the form of equity. This element of the total compensation program is intended to align our executives interests with those of our stockholders through the granting of equity securities. While the plan allows our compensation committee to rely on any relevant factors in selecting the size and type of awards granted under the plan, in practice, the committee determines equity awards after the end of the fiscal year and at the same time as annual bonus payments are determined, considering many of the same company and individual performance factors as were used to determine the annual bonus. Prior equity compensation grants are not considered in setting future compensation levels.

Given the dynamic and diversified nature of this company, the compensation committee has determined that time-based equity securities (vesting over a period of time generally commencing on the date of their issuance) are a prudent form of long-term compensation to supplement the total compensation package and promote equity ownership by executives.

In keeping with its objective of emphasizing the important relationship between pay and performance, the compensation committee has determined that the size of annual equity awards will be determined based on its review and evaluation of company and individual executive accomplishments in three performance goal categories. The compensation committee has established specific weightings for each category as follows:

- *Total stockholder return (20% of award opportunity).* Total stockholder return (TSR) includes stock price appreciation and dividend reinvestment. One-year, three-year and five-year TSR are measured on an absolute basis and relative to the Standard & Poor s 500, as well as relative to various REIT industry indices that include some or all of the core peer companies. The committee determined that the established one-year, three-year and five-year TSR goals were exceeded. In particular, Ashford s one-year and three-year TSR for the period ended December 31, 2014 was 40.0% and 137.1%, respectively, as compared to the core peer group median of 36.4% and 122.27%, respectively, for the same period, and Ashford s five-year TSR for the period ended December 31, 2014 was 326.7%, which was the highest among the core peer group (median = 129.0%).

- *Adjusted funds from operations per share (40% of award opportunity).* Actual AFFO per share results are measured against our annual budget for AFFO per share, as approved and adjusted by the compensation committee and the board. The committee determined that this goal was exceeded. AFFO per share achievement at $1.05 compares favorably with an annual budget of $0.75 per share.

- *Non-financial goals (40% of award opportunity).* Each year, the compensation committee reviews the company s short- and long-term business plans and identifies non-financial goals and accomplishments that are critical to the company s success. These goals are frequently the same as those used to determine annual cash incentives, discussed above. While some non-financial goals may be measured numerically, many are subjective in nature. Examples of non-financial goals that the compensation committee considered in 2014 include completing the spin-off of Ashford Inc., holding over 300 meetings with investors and analysts, pursing proactive risk management strategies and building up the company s cash reserves. There is no specific formula or weighting assigned to each of the non-financial goals within this category and the compensation committee may select the same or different non-financial goals each year. The committee determined that all of these non-financial business goals were exceeded.

Table of Contents

Based on consideration of performance during 2014 and 2013 (the significant outcomes of which were discussed under Annual Bonus above), the compensation committee made equity grants in March 2015 and February 2014, respectively, to our named executive officers as follows:

Executive	February 2014 Equity Award for 2013 Performance	March 2015 Equity Award for 2014 Performance
Monty J. Bennett	361,337	478,969
Douglas A. Kessler	198,735	265,748
David A. Brooks	162,602	196,850
David J. Kimichik(1)	108,401	
Deric S. Eubanks(1)	31,734	73,819
Jeremy Welter	60,000	159,656

(1) Mr. Kimichik resigned as our Chief Financial Officer effective June 13, 2014, and was replaced by Mr. Eubanks effective June 14, 2014. Prior to being appointed our Chief Financial Officer, Mr. Eubanks had been serving as our Senior Vice President-Finance since June 2011.

In determining the equity awards by individual, the compensation committee considered each individual s contributions toward the achievement of the stock performance, AFFO per share and non-financial goals described above. The average value of these equity awards were approximately 42% higher than the awards in 2014 made for 2013 performance. The average increase in equity awards for our named executive officers, exclusive of Mr. Jeremy Welter and Mr. Deric Eubanks, was 15.4%. In 2014 we increased Mr. Jeremy Welter s equity awards by 14.3% over 2013 largely as a result of and in recognition of his successful implementation of key asset management strategies and initiatives, the success of which were not readily determinable in 2013. Additionally, in 2014 we increased Mr. Deric Eubanks equity awards by 114.5% over 2013 due in large part to Mr. Eubanks being promoted to become our Chief Financial Officer and Treasurer in 2014.

While our stock incentive plans allow for various types of awards, the compensation committee has elected to give our executive officers a choice of either receiving their equity awards in the form of restricted stock or long-term incentive partnership units, sometimes referred to as LTIP units, or a combination of both. Our chairman and Mr. Welter elected to receive the March 2015 equity grants in the form of LTIP units. We will make distributions on the unvested LTIP units from the date of grant if and to the extent we make distributions on the common units of our operating partnership, which typically equal per share dividends paid on our common stock.

LTIP units are a special class of partnership units in our operating partnership called long-term incentive partnership units. Grants of LTIP units are designed to offer executives the same long-term incentive as restricted stock, while allowing them more favorable income tax treatment. Each LTIP unit awarded is deemed equivalent to an award of one share of common stock reserved under our stock incentive plans, reducing availability for other equity awards. LTIP units, whether vested or not, receive the same quarterly per unit distributions as common units of our operating partnership, which typically equal per share dividends on our common stock, if any. This treatment with respect to quarterly distributions is analogous to the treatment of time-vested restricted stock. The key difference between LTIP units and restricted stock is that at the time of award, LTIP units do not have full economic parity with common units but can achieve such parity over time. At the time of the award, executives who receive LTIP units make a $0.05 capital contribution per LTIP unit. Upon the occurrence of certain corporate events, which are not performance related events, the capital accounts of our operating partnership may be adjusted, allowing for the LTIP units to achieve parity with the common units over time. If such parity is reached, vested LTIP units become convertible into an equal number of common units. Until and unless such parity is reached, the value that an executive will realize for a given number of vested LTIP units is less than the value of an equal number of shares of our common stock.

Subject to satisfaction of the vesting requirements, which are based on continued employment, the LTIP units will achieve parity with the common units upon the sale or deemed sale of all or substantially all of the assets of the partnership at a time when the company s stock is trading at some level in excess of the price it was trading at on the

Table of Contents

date of the LTIP issuance. More specifically, LTIP units will achieve full economic parity with common units in connection with (i) the actual sale of all or substantially all of the assets of our operating partnership or (ii) the hypothetical sale of such assets, which results from a capital account revaluation, as defined in the partnership agreement, for the operating partnership. A capital account revaluation generally occurs whenever there is an issuance of additional partnership interests or the redemption of partnership interest. If a sale, or deemed sale as a result of a capital account revaluation occurs at a time when the operating partnership s assets have sufficiently appreciated, the LTIP units will achieve full economic parity with the common units. However, in the absence of sufficient appreciation in the value of the assets of the operating partnership at the time a sale or deemed sale occurs, full economic parity would not be reached. Until and unless such economic parity is reached, the value that an executive will realize for vested LTIP units will be less than the value of an equal number of shares of our common stock.

As of March 10, 2015, all of the LTIP units issued prior to 2015 have reached economic parity with the common units and have been converted to common units. None of the LTIP units issued in 2015 have achieved such parity.

The compensation committee believes that offering LTIP units under our stock incentive plans continues to serve as a valuable compensation tool, as an alternative to our restricted stock program. One key disadvantage of restricted stock is that executives are generally taxed on the full market value of a grant at the time of vesting, even if they choose to hold the stock. As a result, executives may need to sell a portion of their vested shares to pay taxes on their restricted stock awards from prior years. Conversely, if an executive chooses to receive LTIP units rather than restricted stock, the executive would generally be taxed only when he chooses to liquidate his LTIP units, rather than at the time of vesting.

Grants of equity-based awards have historically been made on the date of the compensation committee s meeting in the first quarter of the fiscal year following the fiscal year to which the grants relate. Similar to the process the compensation committee follows for determining annual bonus awards, grants of equity-based awards are based on a subjective review of the prior year s annual performance factors, including annual factors that reflect progress toward the company s mid- and long-term strategic initiatives. The value of the award is determined with respect to the closing price of our stock on the date of grant.

We feel that the time-vesting nature of the equity grants furthers our goal of long-term retention of our executives, while the payment of dividends, if any, prior to vesting serves as a current incentive for the performance necessary to obtain the grants. Since the compensation committee generally aims to keep annual bonuses close to the pre-established target range, a strong relationship between total compensation and performance is predicated on wider variability in the value of equity grants. In determining grant levels by executive, the compensation committee also considers individual performance, a review of each executive s compensation level relative to that of the other executives, the impact of new grants on total stockholder dilution and the degree to which prior unvested awards continue to support the retention of key executive talent.

Although we no longer pay any base salaries or annual bonuses following the spin-off of Ashford Inc., we do intend to grant our executives and the executives and employees of our advisor equity awards in the future, if and to the extent determined appropriate by our compensation committee.

Stock Ownership Guidelines

Our corporate governance guidelines provide ownership guidelines for our directors as well as our executive officers. The guidelines state that each member of the board should hold an amount of our common stock having a value in excess of three times his annual board retainer fee (excluding any portion of the retainer fee representing additional compensation for being a committee chairman), and the chief executive officer should hold an amount of our common stock having a value in excess of six times his annual base salary. The guideline for our president is stock ownership of an amount of our common stock having a value in excess of four times his annual base salary and each other executive is required by our guidelines to hold common stock having a value in excess of three times his annual base salary. The guidelines provide that ownership of common units or LTIP units in our operating partnership constitute common stock for purposes of compliance with the guideline. Any future board member or executive officer or board member will be expected to achieve compliance within three years of being appointed or elected, as applicable. Currently, all of our board members and executive officers satisfy our stock ownership guidelines or are within the three-year ramp-up period for compliance.