

BRAEMAR HOTELS & RESORTS INC.
14185 Dallas Parkway, Suite 1100
Dallas, Texas 75254

November 27, 2018

Robert G. Haiman
*Executive Vice President,
General Counsel and Secretary*

VIA E-MAIL (rule-comments@sec.gov)

Mr. Brent J. Fields, Secretary
U.S. Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549-1090

Re: File Number 4-725 – SEC Staff Roundtable on the Proxy Process

Dear Secretary Fields:

On behalf of Braemar Hotels & Resorts Inc. (the “Company”, “we”, “us” or “our”), I am writing in response to the invitation and request for comment by the Securities and Exchange Commission (the “Commission”) in connection with the SEC Staff Roundtable on the Proxy Process (the “Roundtable”). In the Commission’s statement announcing the Roundtable, Chairman Clayton observed that “accuracy, reliability, transparency, accountability and integrity” are among the fundamental values that both shareholders and companies should expect from the U.S. proxy system. Yet, in our experience, these are precisely the attributes that proxy advisory firms lack. As a result, we are joining the numerous others who have emphasized the obvious need for oversight and regulation of proxy advisory firms. We write this letter in order to share our perspective, to provide additional information in support of regulation and to offer suggestions to improve upon the *status quo*, and in particular to provide a first-hand example of the costs and burdens inflicted on public companies by highly influential, and yet entirely unregulated, proxy advisory firms. Our recent interactions with Institutional Shareholders Services (“ISS”), the largest of the proxy advisory firms, are instructive.

Recent Experience with ISS

On June 20, 2018, ISS issued its voting recommendation relating to the Company’s 2018 annual meeting, which involved an uncontested election of directors. ISS recommended withhold votes for five of the Company’s six directors (the sole exception being a recently-appointed director) and opined in summary “WITHHOLD votes are warranted for incumbent directors for a material governance failure. The [board]. . . demonstrated a willingness to entrench existing leadership rather than prioritizing all shareholders’ interests.” The ISS report is attached to this letter as Exhibit 1.

The ISS report, to put it bluntly, was factually incorrect and materially misleading. It strongly suggested that the Company had unfairly treated two directors who had joined the board in

connection with a settlement agreement between the Company and an activist shareholder. In particular, the ISS report, among other things: (1) erroneously stated that after entering the settlement agreement, the Company amended existing director confidentiality agreements (it did not); (2) erroneously suggested the form of confidentiality agreement contained onerous terms (it did not); (3) erroneously stated that the Company “used the refusal [of the activist designees] to execute these confidentiality agreements as grounds for demanding their resignation” (it did not); and (4) erroneously suggested that the Company had not complied with the terms of the settlement agreement to appoint an activist designee to its Nominating and Corporate Governance Committee (the designee had, in fact, been appointed to the committee).

Moreover, the ISS report explicitly attributed bad motive to the Company – stating that “the company withheld the proposed changes [to the confidentiality agreements] from the remaining shareholder base and implemented the changes on the day of the [2017] annual meeting, thereby ensuring that shareholders would not have the opportunity to voice their opinions on the board’s actions until the 2018 annual meeting.”

Condemnation by a purportedly competent and impartial proxy advisor can powerfully impact the market’s perception of a company and the individual members of its board. But ISS is under no regulatory obligation to, and typically does not, meet with issuers to discuss negative recommendations such that an issuer could correct ISS’ factual errors before ISS distributes them widely. Nor does ISS provide draft copies of its reports prior to publication for fact-checking (other than for S&P 500 companies); Glass Lewis doesn’t provide drafts even to the S&P 500 companies. This is so even in cases, such as ours, that were highly contentious (our relations with this particular activist had included multiple rounds of litigation and a contentious settlement, all of which were a matter of public record). Under such circumstances in particular, we think it ought to be incumbent on proxy advisory firms to be extremely careful with their sources of information, to perform competent due diligence, and to have legal responsibility for their misstatements. In our case, ISS gave us neither the opportunity to meet, nor the opportunity to review their error-filled report; and as a result, we were left with no reasonable recourse for the damage caused to our reputation.

In order to correct the public record, the Company was forced to file a Current Report on Form 8-K providing extensive detail with respect to its interactions with the directors who had been appointed in connection with an activist settlement. That 8-K is attached to this letter as Exhibit 2, and we urge the Commission to review it carefully since it describes the relevant issues in great detail. In short, under the settlement agreement, the activist had explicitly agreed that its designees would execute the same confidentiality agreement as other directors (the Company had no prior confidentiality agreements with directors); the activist specifically declined the opportunity to negotiate the confidentiality agreement prior to executing the settlement agreement; the activist directors stated they were not aware of the terms of the settlement agreement, which required them to execute the confidentiality agreement (despite it having been publicly filed, despite the fact that the settlement agreement was the instrument by which they had been appointed, despite the fact that such settlement agreements customarily require execution of confidentiality arrangements, and despite the fact that the directors informed management, before they joined the board, that they were aware of the requirement to sign a confidentiality agreement); the proposed confidentiality agreement clearly stated (in response to the activist directors’ expressed concerns) that its terms would not take precedence over

directors' fiduciary duties under Maryland law; one of the activist directors was named to the Nominating and Governance Committee, as required by the settlement agreement, even after that director's refusal to execute the confidentiality agreement; and, finally, the activist directors' resignation was entirely voluntarily, and the Company did neither request nor demand it.

Carefully correcting the public record – particularly in a contentious and potentially litigious context – involved significant legal fees and diverted management focus and attention. These costs and risks would have been avoided had ISS exercised due care in sourcing its information, performed competent diligence, and/or discussed its erroneous assertions with us ahead of issuing a negative report. That such influential components of the U.S. proxy system are under no obligation even to provide issuers an opportunity to review negative recommendations in order to correct manifest error and factual inaccuracies is grossly unfair and undermines confidence in the proxy system.

On June 26, 2018 – one day after the Company filed the 8-K and after ISS agreed to discuss the matter with the Company – ISS reversed its position and voting recommendation and no longer recommended a vote against the five directors for a material governance failure.¹ The ISS revised recommendation is set forth as [Exhibit 3](#). While we were pleased to have ultimately been vindicated, the entire episode should not have happened.

As our experience demonstrates, ISS' internal procedures fail to provide an adequate opportunity for most issuers to address concerns and lack sufficient transparency regarding its voting policies and recommendation process. These inadequacies allow significant risk of errors in recommendations; accordingly, we believe the following regulatory action is warranted.

Recommendations for Regulatory Action and Guidance

We believe an appropriate regulatory regime for proxy advisory firms would, at the very least, include each of the following elements:

- **Proxy advisors should be required to allow all issuers and participants in contested elections to access reports prior to publication or distribution to investors.** All issuers and participants in contested elections, upon request, should be entitled to receive an advance copy of a proxy advisor's report and voting recommendation. The protocol for making this request should be clear and unambiguous, uniform for all issuers and proxy contest participants and should not be unduly burdensome.
- **The Commission should implement a mandatory waiting period to allow sufficient time to review and respond.** In order to avoid the dissemination of erroneous, materially misleading or outdated information, all issuers should be permitted a reasonable and appropriate time period (*i.e.*, no less than five (5) business days) after receipt of a proxy advisor's preliminary report, and prior to publication, so that issuers can adequately correct any errors and address other concerns. If proxy advisors make any material substantive changes to their draft preliminary reports after delivery to issuers for review, either as a result

¹ ISS continued to recommend no votes for two directors who were members of the Nominating and Governance Committee on other grounds.

of input from issuers or otherwise, issuers should be entitled to additional time (*i.e.*, no less than two (2) business days) to review such changes. The procedures for issuers to respond to preliminary reports and communicate with proxy advisors regarding their concerns should be clear and unambiguous, publicly disclosed and consistently applied to all issuers.

- **In connection with all contested elections and negative voting recommendations, if requested by the issuer, proxy advisors should be required to include in their published report an unedited issuer statement.** An issuer's ability to review and address errors in proxy advisor reports or otherwise communicate its concerns would be useless without some mechanism to require proxy advisors to implement corrections. Otherwise, proxy advisors could ignore any and all legitimate feedback from issuers. We believe the opportunity for issuers to include these statements is the appropriate mechanism for addressing errors or issuer concerns (rather than requiring a proxy advisor to make specific substantive edits to the body of its report), since it would: (i) obviate the need to develop or apply inevitably vague substantive standards of materiality or accuracy; (ii) avoid/minimize the substantive censorship of a proxy advisor's right to produce its own substantive recommendation based on their subjective determination; (iii) allow issuers an unfettered ability to "set the record straight"; (iv) avoid disagreement between proxy advisor and issuer over accuracy—*i.e.*, what is objectively true/false and what is subjective; and (v) avoid brinksmanship, stalemates or delays due to unnecessary back-and-forth. The issuer statement should be limited in length (*e.g.*, no longer than five (5) pages or a reasonable word limit) but may include a reference to a website and should be clearly marked in the table of contents and included without alteration as a separate section of the proxy advisor report. The issuer should not be entitled to unlimited "bites at the apple", but should be afforded the opportunity to revise the issuer statement if the preliminary draft report shared with the issuer is thereafter substantively revised.
- **The Commission should mandate disclosure of communications between proxy advisors and interested parties.** All proxy advisor reports should be required to disclose with specificity, a detailed, accurate and complete account of all communications between the proxy advisor and activists, issuers or other interested parties, regardless of whether or not the proxy advisor believes such communications influenced its voting recommendation.
- **The Commission should expressly reaffirm existing guidance that investment advisors are not required to vote proxies and may abstain from voting altogether if such practice is disclosed to clients.** As the Commission has previously observed, the responsibility to vote proxies is typically delegated to an investment advisor by contract and the scope of that delegation determined by the disclosures and policies maintained by the advisor in executing its investment strategy.² The Commission has also astutely observed that a cost-benefit analysis may support an investment advisor's decision to abstain from voting in certain

² Proxy Voting by Investment Advisers, Release No. IA-2106, at n. 19 and accompanying text (Jan. 31, 2003) ("The scope of an advisor's responsibilities with respect to voting proxies would ordinarily be determined by the advisor's contracts with its clients, the disclosures it has made to its clients, and the investment policies and objectives of its clients.")

cases.³ These observations support the Commission's existing guidance, articulated in Staff Legal Bulletin No. 20, (June 30, 2014):

“investment advisors and their clients may agree that the time and costs associated with the mechanics of voting proxies with respect to certain types of proposals or issuers may not be in the client's best interest. . . . An investment advisor and its client may agree that the investment advisor will abstain from voting any proxies at all, regardless of whether the client undertakes to vote the proxies itself.”⁴

The observation that certain investors and various investment strategies may be best served by eschewing the time and costs of proxy voting remains true today, and the guidance remains equally appropriate. The Commission should therefore expressly reaffirm its existing guidance that an investment advisor may, consistent with its fiduciary duties, opt not to exercise its authority to vote in any particular election or maintain a general policy of abstaining from all elections, provided that such determination or policy is clearly disclosed by the investment advisor to its clients.

Though not intended to be an exhaustive list, we believe the proposals listed above are appropriate, minimally intrusive and reasonably tailored to remedy the current failures of the proxy advisory recommendation business. Furthermore, we believe that the proxy advisors cannot credibly resist these proposed reforms. ISS, for instance, has been providing S&P 500 companies and certain foreign issuers the opportunity to review and comment on advance copies of their reports for years. In fact, ISS acknowledges the benefits of this advance review process and promotes it on its website, stating:

“ISS believes that this review process helps improving the accuracy and quality of its analyses, an outcome that is in the best interests of both the institutional investors for whom the analyses are prepared, as well as for the issuers that are the subject of these reports.”⁵

Conclusion

We feel it important to emphasize what we believe is at stake. The recommendations of ISS, Glass Lewis and similar proxy advisory firms are communications expressly intended to influence how investors vote their securities, often in the context of contested proxy campaigns for the control of publicly-traded companies. These recommendations are published and sold for profit to institutional investors who purchase the reports with the belief that the proxy advisors are better able to assess how to vote in these costly and contentious campaigns. These recommendations are then relied on by institutional investors in making voting decisions involving trillions of dollars in the aggregate. Yet, in the case of smaller public issuers at least,

³ *Id.* (“There may even be times when refraining from voting a proxy is in the client's best interest, such as when the advisor determines that the cost of voting the proxy exceeds the expected benefit to the client.”)

⁴ Proxy Voting: Proxy Voting Responsibilities of Investment Advisors and Availability of Exemptions from the Proxy Rules for Proxy Advisory Firms, Staff Legal Bulletin No. 20 (June 30, 2014)

⁵ ISS Website: <https://www.issgovernance.com/iss-draft-review-process-u-s-issuers/> (last accessed October 22, 2018)

ISS and Glass Lewis categorically prohibit input from the subject companies themselves – even to correct factual inaccuracies before they are widely disseminated.

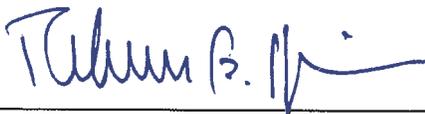
We believe our experience exposes failures of the *status quo* and reveals the threat posed by the current proxy system to the values of accuracy, reliability, transparency, accountability and integrity that the Commission has articulated as fundamental to the U.S. proxy system. We do not believe we are alone in our experience. The current system needs to be improved to ensure reasonable accountability in light of the critical role proxy advisors play in the U.S. proxy system. We believe the proposals outlined above are vital to the creation of an effective regulatory regime.

* * *

Again, we appreciate the opportunity to provide additional context and information regarding our experience with the proxy advisory firms, and we hope that our insights will prove to be instructive and helpful. Please do not hesitate to contact us if you have any questions or would like additional information. We wish you continued success in your efforts to support this important regulatory initiative.

Very truly yours,

BRAEMAR HOTELS & RESORTS INC.



Robert G. Haiman
Executive Vice President, General Counsel and
Secretary

EXHIBIT 1



ISS Proxy Analysis & Benchmark Policy Voting Recommendations

Braemar Hotels & Resorts, Inc.

QualityScore



Meeting Type: Annual
Meeting Date: 3 July 2018
Record Date: 15 May 2018
Meeting ID: 1242685

New York Stock Exchange: BHR
Index: Russell 3000
Sector: Hotel & Resort REITs
GICS: 60101030

Primary Contact
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Key Takeaways

The board's actions in connection with the settlement agreement with Sessa Capital demonstrated a willingness to entrench existing leadership rather than prioritizing all shareholders' interests.

The company's governing documents do not permit shareholders to amend the bylaws.

Agenda & Recommendations

Policy: United States
Incorporated: Maryland, USA

| Item | Code | Proposal | Board Rec. | ISS Rec. |
|-----------------------------|-------|-------------------------------------|------------|----------|
| MANAGEMENT PROPOSALS | | | | |
| 1.1 | M0201 | Elect Director Monty J. Bennett | FOR | WITHHOLD |
| 1.2 | M0201 | Elect Director Stefani D. Carter | FOR | WITHHOLD |
| 1.3 | M0201 | Elect Director Kenneth H. Fearn | FOR | WITHHOLD |
| 1.4 | M0201 | Elect Director Curtis B. McWilliams | FOR | WITHHOLD |
| 1.5 | M0201 | Elect Director Matthew D. Rinaldi | FOR | WITHHOLD |
| 1.6 | M0201 | Elect Director Abteen Vaziri | FOR | FOR |
| 2 | M0101 | Ratify BDO USA, LLP as Auditors | FOR | FOR |

Shading indicates that ISS recommendation differs from Board recommendation

► Items deserving attention due to contentious issues or controversy

Report Contents

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* ISS Environmental and Social QualityScore is newly introduced for 2018 and is based on company disclosure and transparency practices.

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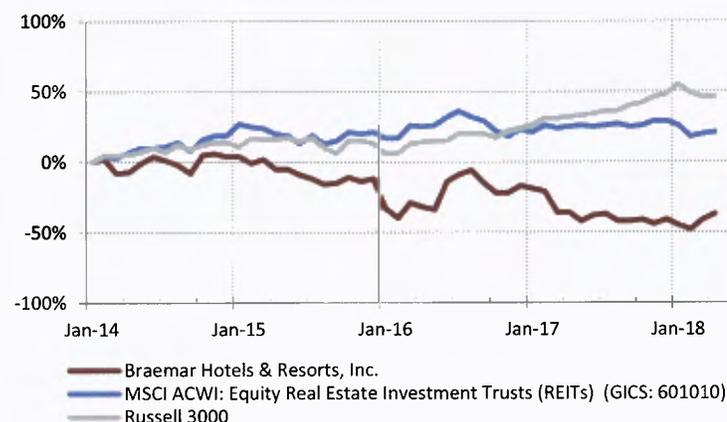
Material Company Updates

| Item | Summary |
|-------------------------------------|--|
| Board and Management Updates | <p>On July 6, 2017, Daniel B. Silvers and Lawrence A. Cunningham resigned from the board following receipt of notice from the company that they were in violation of its Corporate Governance Guidelines, specifically requiring all directors to enter into a confidentiality agreement. Both directors refused to enter into such agreement with the company. The agreement, as amended on June 9, 2017, provides that, among other things, each director agrees (i) not to make any statement or announcement that disparages, or could reasonably be expected to damage the reputation of the company, (ii) not to publicly comment on any matter discussed at any board or committee meeting, and (iii) not to become a party to any agreement with any person other than the company with respect to any compensation, reimbursement or indemnification in connection with such director's service as a company director.</p> <p>Effective Oct. 1, 2017, Abteen Vaziri was appointed to the board. On the same date, Sarah Zubiata Darrouzet resigned from the board.</p> <p>On March 9, 2018, Jeremy J. Welter succeeded David A. Brooks as COO. On the same date, Brooks was appointed as chief transactions officer, general counsel and secretary. Brooks passed away on March 29, 2018.</p> |
| Name Change | <p>On April 23, 2018, the company changed its name from Ashford Hospitality Prime, Inc. to Braemar Hotels & Resorts Inc.</p> |

Financial Highlights

Company Description: Braemar Hotels & Resorts is a REIT that invests primarily in high RevPAR, full-service luxury hotels and resorts. It is listed on the New York Stock Exchange under the symbol BHR and is externally-advised by Ashford Inc.

STOCK PRICE PERFORMANCE



TOTAL SHAREHOLDER RETURNS

| | 1 Yr | 3 Yr | 5 Yr |
|----------------------|--------|--------|-------|
| Company TSR (%) | -24.05 | -13.82 | N/A |
| GICS 6010 TSR (%) | 5.04 | 6.09 | 10.73 |
| Russell 3000 TSR (%) | 21.13 | 11.12 | 15.58 |

Source: Compustat. As of last day of company FY end month: 12/31/2017

COMPANY SNAPSHOT

| | |
|--|--------|
| Market Cap (M) | 333.2 |
| Closing Price | 10.25 |
| Annual Dividend | 0.64 |
| 52-Week High | 11.34 |
| 52-Week Low | 8.44 |
| Shares Outstanding (M) | 32.51 |
| Average daily trading volume (prior mo)* | 256.96 |

As of May 15, 2018 (All currency in USD)

* Trading Volume in thousands of shares

FINANCIAL & OPERATIONAL PERFORMANCE

| All currency in USD | Historical Performance (FY ending) | | | | | Compared to Peers (Compustat FY*) – 2017 | | | | |
|------------------------------------|------------------------------------|---------|---------|---------|---------|--|-----------------------|--------------------------|-------------------------------|---------------------------------|
| | 12/2013 | 12/2014 | 12/2015 | 12/2016 | 12/2017 | HT | CLDT | CHSP | INN | DRH |
| Earnings | | | | | | Hersha Hospitality Trust | Chatham Lodging Trust | Chesapeake Lodging Trust | Summit Hotel Properties, Inc. | DiamondRock Hospitality Company |
| Revenue (M) | 234 | 307 | 347 | 403 | 415 | 496 | 300 | 598 | 515 | 872 |
| Net Income (M) | -12 | 2 | -7 | 19 | 23 | 100 | 29 | 76 | 99 | 92 |
| EBITDA (M) | 33 | 44 | 43 | 45 | 45 | N/A | N/A | N/A | N/A | 138 |
| EPS (USD) | -0.73 | 0.08 | -0.34 | 0.57 | 0.52 | 1.82 | 0.73 | 1.12 | 0.79 | 0.46 |
| EPS Y/Y Growth (%) | -161 | N/A | N/A | N/A | -9 | -18 | -11 | -1 | -21 | -19 |
| Profitability | | | | | | | | | | |
| Pretax Net Margin (%) | -7 | 2 | -1 | 6 | 7 | 22 | 10 | 13 | 20 | 12 |
| EBITDA Margin (%) | 14 | 14 | 13 | 11 | 11 | N/A | N/A | N/A | N/A | 16 |
| Return on Equity (%) | -8 | 1 | -3 | 5 | 4 | 9 | 4 | 7 | 6 | 5 |
| Return on Assets (%) | -1 | 0 | -1 | 1 | 1 | 4 | 2 | 4 | 4 | 3 |
| ROIC (%) | -1 | 0 | -1 | 3 | 1 | 4 | 2 | 4 | 4 | 3 |
| Leverage | | | | | | | | | | |
| Debt/Assets | 65 | 62 | 62 | 61 | 58 | 51 | 39 | 42 | 39 | 30 |
| Debt/Equity | 426 | 274 | 208 | 204 | 168 | 131 | 67 | 79 | 68 | 51 |
| Cash Flows | | | | | | | | | | |
| Operating (M) | 34 | 55 | 9 | 57 | 71 | 108 | 87 | 144 | 147 | 205 |
| Investing (M) | -28 | -213 | -183 | 100 | -174 | -100 | -161 | -4 | -516 | -179 |
| Financing (M) | 118 | 186 | 107 | -136 | 124 | -177 | 71 | -139 | 370 | -85 |
| Net Change (M) | 123 | 28 | -66 | 22 | 21 | -168 | -3 | 1 | 2 | -60 |
| Valuation & Performance | | | | | | | | | | |
| Price/Earnings | N/A | 214.50 | N/A | 23.90 | 18.70 | 9.60 | 31.20 | 24.20 | 19.30 | 24.50 |
| Annual TSR (%) | N/A | -4.54 | -13.48 | -2.59 | -24.05 | -13.34 | 18.04 | 11.47 | -0.86 | 2.41 |

Source: Compustat. *Note: Compustat standardizes financial data and fiscal year designations to allow for meaningful comparison across companies. Compustat data may differ from companies' disclosed financials and does not incorporate non-trading equity units. Peers shown here represent closest industry peers drawn from those peers used in ISS' pay-for-performance analysis. See www.issgovernance.com/policy-gateway/company-financials-faq/ for more information.

Corporate Governance Profile

BOARD & COMMITTEE SUMMARY

| | Independence | Members | Meetings |
|--------------|--------------|---------|----------|
| Full Board | 83% | 6 | 14 |
| Audit | 100% | 3 | 5 |
| Compensation | 100% | 3 | 4 |
| Nominating | 100% | 3 | 10 |

| | Executive Director |
|---|--------------------|
| Chairman classification | Executive Director |
| Separate chair/CEO | Yes |
| Independent lead director | Yes |
| Voting standard | Majority |
| Plurality carveout for contested elections | Yes |
| Resignation policy | Yes |
| Total director ownership (000 shares) | 1,879 |
| Total director ownership (%) | 5.4 |
| Percentage of directors owning stock | 100% |
| Number of directors attending < 75% of meetings | 0 |
| Number of directors on excessive number of outside boards | 0 |
| Average director age | 48 years |
| Average director tenure | 3 years |
| Percentage of women on board | 17% |

SHAREHOLDER RIGHTS SUMMARY

| | |
|---|-------------|
| Controlled company | No |
| Classified board | No |
| Dual-class stock | No |
| Vote standard for mergers/acquisitions | Majority |
| Vote standard for charter amendment | 66.67% |
| Vote standard for bylaw amendment | N/A |
| Shareholder right to call special meetings | Yes, 50.01% |
| Material restrictions on right to call special meetings | No |
| Shareholder right to act by written consent | Unanimous |
| Cumulative voting | No |
| Board authorized to issue blank-check preferred stock | Yes |
| Poison pill | No |
| Proxy Access | Yes |
| - Ownership requirement (%) | 3 |
| - Time requirement (years) | 3 |
| - Nomination limit (% of seats) | 20 |
| - Nomination limit (# of nominees) | 2 |
| - Aggregation cap (# of nominators) | 20 |

Director tenure



Board Profile (after upcoming meeting)

Director Independence & Affiliations

NON-EXECUTIVE DIRECTORS

| Item On Ballot | Name | Affiliation | Independence Classification | | Attend <75% | Gen-der | Age | Tenure | Term Ends | Outside | | Key Committees | | | | |
|----------------|-------------------|---------------|-----------------------------|--------------------|-------------|---------|-----|--------|-----------|---------|-----|----------------|------|-----|-----|--|
| | | | Company | ISS | | | | | | Boards | CEO | Audit | Comp | Nom | Gov | |
| 1.1 | Monty Bennett | Chair | Non-Independent | Executive Director | | M | 53 | 5 | 2019 | 2 | ✓ | | | | | |
| 1.4 | Curtis McWilliams | Lead Director | Independent | Independent | | M | 62 | 4 | 2019 | 1 | | C | F | | | |
| 1.2 | Stefani Carter | | Independent | Independent | | F | 40 | 4 | 2019 | 0 | | | M | C | C | |
| 1.3 | Kenneth Fearn Jr. | | Independent | Independent | | M | 52 | 1 | 2019 | 0 | | F | M | | | |
| 1.5 | Matthew Rinaldi | | Independent | Independent | | M | 42 | 4 | 2019 | 0 | | | C | M | M | |
| 1.6 | Abteen Vaziri | | Independent | Independent | | M | 39 | 0* | 2019 | 0 | | M | | M | M | |

*Indicates director not previously submitted to shareholders for election.

M = Member | C = Chair | F = Financial Expert

Director Notes

Monty Bennett

1) Monty J. Bennett is the founder of the company. 2) Bennett serves as CEO and chairman of Ashford Inc., which together with Ashford Hospitality Advisors LLC, a subsidiary of Ashford Inc., serve as advisors of the company. 3) Bennett served as CEO of the company until Nov. 14, 2016. 4) The company entered into a management agreement with Remington Lodging and Hospitality, LLC (Remington), pursuant to which the company has agreed to engage Remington for the property management, project management, development and certain other work for all hotels that the company acquires. In 2017, the company paid Remington \$1.7 million in fees related to the agreement. Bennett is the CEO of Remington and, together with his father, beneficially owns 100 percent of Remington. 5) The company entered into a mutual exclusivity agreement with Remington, in which the company has a first right of refusal to purchase any lodging-related investments identified by Remington and any of its affiliates that meet the company's investment criteria. (Source: DEF14A, 5/23/18, pp. 1, 7, 48, and under "Founder and Chairman Letter" section; 8-K, 11/2/16, under "ITEM 5.02" section.)

Braemar Hotels & Resorts, Inc. (BHR)

Meeting Date: 3 July 2018

POLICY: United States

Meeting ID: 1242685

Director Employment, Compensation & Ownership

| Name | Primary Employment | Outside Boards | Total Compensation* | Shares Held | 60-day Options | Total | Voting Power (%) |
|--------------------------|------------------------------|---|---------------------|-------------|----------------|-----------|------------------|
| Monty Bennett | CEO, Chairman - Ashford Inc. | Ashford Hospitality Trust, Inc., Ashford Inc. | N/D | 1,822,256 | 0 | 1,822,256 | 5.40 |
| Curtis McWilliams | Prof Director | Ardmore Shipping Corporation | 233,360 | 21,481 | 0 | 21,481 | <1 |
| Stefani Carter | Attorney | | 154,370 | 9,600 | 0 | 9,600 | <1 |
| Kenneth Fearn Jr. | Real Estate Services | | 176,044 | 6,400 | 0 | 6,400 | <1 |
| Matthew Rinaldi | Other | | 145,478 | 16,800 | 0 | 16,800 | <1 |
| Abteen Vaziri | Retired | | 55,764 | 2,133 | 0 | 2,133 | <1 |

* Local market currency

Compensation Profile

EXECUTIVE PAY OVERVIEW

| Executive | Title | Base Salary | Change in Pension, Deferred Comp, All Other Comp | Bonus & Non-equity Incentives | Restricted Stock | Option Grant | Total |
|-----------------------|---|-------------|--|-------------------------------|------------------|--------------|-------|
| R. Stockton | Chief Executive Officer and President | 0 | 0 | 0 | 194 | 0 | 194 |
| D. Brooks | Former Chief Transaction Officer, General Counsel and Secretary | 0 | 0 | 0 | 1,117 | 0 | 1,117 |
| J. Hays III | Chief Strategy Officer | 0 | 0 | 0 | 745 | 0 | 745 |
| J. Welter | Chief Operating Officer | 0 | 0 | 0 | 745 | 0 | 745 |
| D. Eubanks | Chief Financial Officer and Treasurer | 0 | 0 | 0 | 745 | 0 | 745 |
| Median CEO Pay | ISS Selected Peer Group | 713 | 47 | 944 | 2,191 | 0 | 3,931 |
| | Company Defined Peers | N/A | N/A | N/A | N/A | N/A | N/A |

Source: ISS. Pay in \$thousands. Total pay is sum of all reported pay elements, using ISS' Black-Scholes estimate for option grant-date values. Note: Median total pay will not equal sum of pay elements medians. Company Defined Peers are as disclosed. More information on ISS' peer group methodology at www.issgovernance.com/policy-gateway/us-compensation-policy-guidance/.

OPTION VALUATION ASSUMPTIONS

| For CEO's last FY Grant* | Company | ISS |
|-----------------------------------|---------|-----|
| Volatility (%) | N/A | N/A |
| Dividend Yield (%) | N/A | N/A |
| Term (yrs) | N/A | N/A |
| Risk-free Rate (%) | N/A | N/A |
| Grant date fair value per option | N/A | N/A |
| Grant Date Fair Value (\$ in 000) | N/A | N/A |

*The CEO did not receive stock options in the most recent fiscal year.

CEO PAY MULTIPLES

| Compared to | Multiple |
|-------------------------------------|----------|
| 2nd highest active executive | 0.17 |
| Average active NEO | 0.23 |
| ISS peer median | 0.05 |
| Company peer median | N/A |
| Median of employees (CEO Pay Ratio) | N/A |

CEO TALLY SHEET

| CEO | R. Stockton |
|---|-------------|
| CEO tenure at FYE: | 1.1 years |
| Present value of all accumulated pension: | N/A |
| Value of CEO stock owned (excluding options): | \$3,168,654 |
| Potential Termination Payments | |
| Involuntary termination without cause: | N/D |
| Termination after a change in control: | N/D |

Source: DEF14A

Dilution & Burn Rate

DILUTION

| | Dilution (%) |
|--------------------------------|--------------|
| Braemar Hotels & Resorts, Inc. | 11.61 |
| Peer group median | 2.73 |
| Peer group weighted average | 5.38 |
| Peer group 75th percentile | 6.46 |

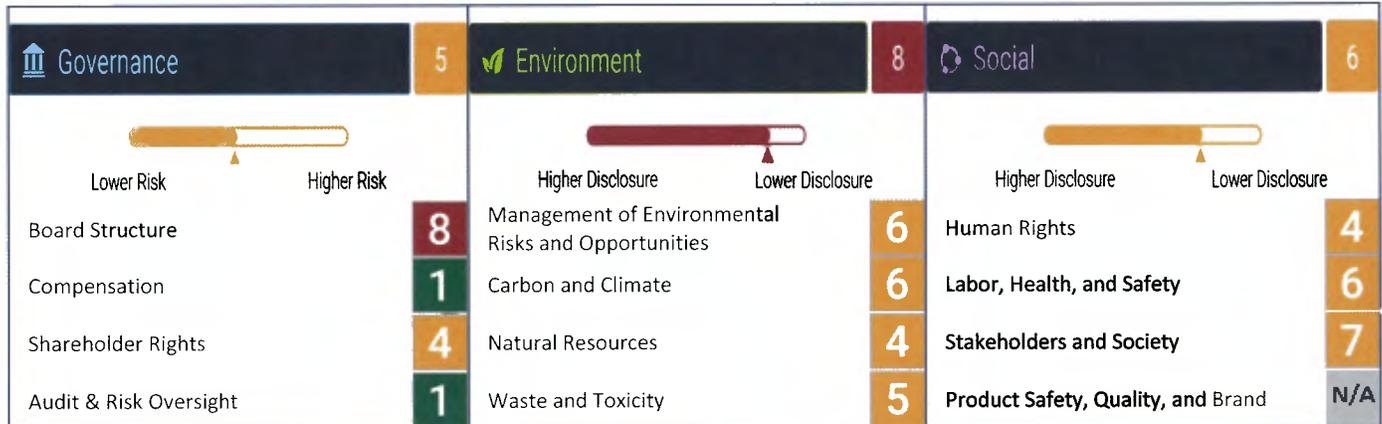
Dilution is the sum of the total amount of shares available for grant and outstanding under options and other equity awards (vested and unvested) expressed as a percentage of total basic common shares outstanding as of the record date. The dilution figure typically excludes employee stock purchase plans (ESPPs) and 401(k) shares. The underlying information for the company is based on the company's equity compensation table in the most recent proxy statement or 10-K.

BURN RATE

| | Non-Adjusted (%) | Adjusted (%) |
|----------------|------------------|--------------|
| 1-year | 0.98 | 1.97 |
| 3-year average | 0.72 | 1.44 |

Burn rate equals the number of shares granted in each fiscal year, including stock options, restricted stock (units), actual performance shares delivered under the long-term incentive plan or earned deferred shares, to employees and directors divided by weighted average common shares outstanding. The adjusted burn rate places a premium on grants of full-value awards using a multiplier based on the company's annual volatility.

QualityScore



Governance Scores As Of: June 20, 2018
Last Data Profile Update: June 20, 2018

Environmental and Social Scores As Of: June 20, 2018
Last Data Profile Update: May 17, 2018

ISS Governance QualityScore is derived from publicly disclosed data and reporting on company governance disclosure, risk and performance. ISS Environmental and Social QualityScore is based on company disclosure and transparency practices. Scores indicate decile rank among relative index, region (Governance QualityScore), or industry group (Environmental and Social QualityScore). Scores are calculated at each pillar by summing the factor scores in that pillar. Not all factors and not all subcategories have equal weight.

For more information on ISS Governance QualityScore, visit www.issgovernance.com/solutions/qualityscore/governance. For questions, please contact: QualityScore@issgovernance.com.

For more information on ISS-Ethix Environmental and Social QualityScore, visit www.issgovernance.com/solutions/qualityscore/environmental-social. For questions, please contact: ESGHelpdesk@Issethix.com.

Vote Results

ANNUAL MEETING 9 JUNE 2017

| Proposal | Board Rec | ISS Rec | Disclosed Result | Support Including Abstains (%) ¹ | Support Excluding Abstains (%) ² |
|---|-----------|----------|------------------|---|---|
| 1.1 Elect Director Monty J. Bennett | For | For | Pass | 92.0 | 92.0 |
| 1.2 Elect Director Stefani D. Carter | For | Withhold | Pass | 79.4 | 79.4 |
| 1.3 Elect Director Lawrence A. Cunningham | For | For | Pass | 94.4 | 94.4 |
| 1.4 Elect Director Sarah Zubiate Darrouzet | For | For | Pass | 96.1 | 96.1 |
| 1.5 Elect Director Kenneth H. Fearn | For | For | Pass | 96.2 | 96.2 |
| 1.6 Elect Director Curtis B. McWilliams | For | For | Pass | 93.9 | 93.9 |
| 1.7 Elect Director Matthew D. Rinaldi | For | For | Pass | 93.8 | 93.8 |
| 1.8 Elect Director Daniel B. Silvers | For | For | Pass | 94.1 | 94.1 |
| 2 Adopt Majority Voting for Uncontested Election of Directors | For | For | Pass | 56.7* | 56.7* |
| 3 Amend Omnibus Stock Plan | For | Against | Pass | 74.3 | 74.7 |
| 4 Amend Investment Advisory Agreement | For | For | Pass | 95.5 | 96.3 |
| 5 Ratify BDO USA LLP as Auditors | For | For | Pass | 99.7 | 99.7 |

Shaded results reflect a majority of votes cast FOR shareholder proposal or AGAINST management proposal or director election

¹Support Including Abstains is defined as %FOR/(For + Against + Abstain), as expressed as a percentage.

²Support Excluding Abstains is defined as %FOR/(For + Against), as expressed as a percentage, provided if different from For + Against + Abstain.

*Support as a percentage of outstanding shares.

Meeting Agenda & Proposals

Items 1.1-1.6. Elect Directors

SPLIT

VOTE RECOMMENDATION

WITHHOLD votes are warranted for incumbent director nominees Monty J. Bennett, Stefani D. Carter, Kenneth H. Fearn, Curtis B. McWilliams, and Matthew D. Rinaldi for a material governance failure. The board's actions following the entry into a settlement agreement with Sessa Capital demonstrated a willingness to entrench existing leadership rather than prioritizing all shareholders' interests.

WITHHOLD votes are warranted for incumbent Governance Committee members Stefani Carter and Matthew Rinaldi for a material governance failure. The company's governing documents prohibit or restrict shareholders' ability to amend the company bylaws.

A vote FOR Abteen Vaziri is warranted.

BACKGROUND INFORMATION

Policies: [Board Accountability](#) | [Board Responsiveness](#) | [Director Competence](#) | [Director Independence](#) | [Election of Directors](#) | [ISS Categorization of Directors](#) | [Vote No campaigns](#)

Vote Requirement: The company has adopted a majority vote standard (of shares cast) for the election of directors with a plurality carve-out for contested elections, and has a director resignation policy in its governance guidelines.

Discussion

Please see the [Board Profile](#) section above for more information on director nominees.

CHANGES TO THE BOARD OF DIRECTORS

On Feb. 16, 2017, the company entered into a settlement agreement with then-8.5 percent shareholder Sessa Capital L.P., which ran a proxy contest prior to the 2016 annual meeting. Pursuant to the agreement, the company agreed to appoint two of Sessa's director nominees, and that two of the incumbent directors would not stand for re-election at the 2017 annual meeting. The [settlement agreement](#) included a provision that the Sessa directors would sign the same confidentiality agreements as the other directors.

On March 3, 2017, Daniel Silvers and Lawrence Cunningham were appointed to the board and each was subsequently elected at the 2017 annual meeting with more than 90 percent support. Additionally, Sarah Zubiate Darrouzet was appointed to the board on April 27, 2017 and also elected with greater than 90 percent support. On June 9, 2017, the day of the 2017 annual meeting, the company amended its corporate governance guidelines to stipulate that each director must sign a confidentiality agreement. However, the confidentiality agreements presented to directors contained provisions that were problematic for the Sessa directors. On July 7, 2017, Silvers and Cunningham each received letters stating that they were not in compliance with the corporate governance guidelines and both directors elected to resign from the board.

The board of directors at Braemar took other concerning actions in regard to the agreement signed with Sessa. The agreement with Sessa stipulated that one of Sessa's two designees would be appointed to the Nominating and Corporate Governance Committee "as promptly as practicable following the execution of [the] agreement." However, at the time of the annual meeting (according to the company's 2017 proxy statement) and the amendments to the corporate governance guidelines, neither director had been appointed to the committee. Second, the company amended its standard confidentiality agreement after the settlement date of the Sessa agreement. Specifically, the amended confidentiality agreement contained the following provisions (as summarized in a company [filing](#)):

"The Confidentiality Agreement requires, subject to certain limited exceptions, that each director maintain the

confidentiality of information relating to the Company, Ashford Hospitality Trust, Inc., Ashford Inc. and their affiliates (collectively, the "Ashford Entities") and use such information solely for the purpose of serving on the Board and in connection with the Company's business. Pursuant to the Confidentiality Agreement, each director agrees (a) not to directly or indirectly make any statement or announcement that disparages, or could reasonably be expected to damage the reputation of, any of the Ashford Entities, (b) not to publicly comment on any matter discussed or deliberated at any meeting of the Board or at any meeting of any committee of the Board, (c) to comply with any and all policies and procedures of the Company, (d) not to make any commitment as to how such director will act or vote on any issue or question in his or her capacity as a director of the Company, and (e) not to become a party to any agreement, arrangement or understanding with any person other than the Company with respect to any direct or indirect compensation, reimbursement or indemnification in connection with such director's service as a director of the Company. The Confidentiality Agreement states that no provision thereof shall require any director to violate his or her fiduciary duties to the Company."

In the [8-K](#) announcing the resignation of Cunningham and Silvers, the company discloses that Cunningham was a member of the Nominating and Corporate Governance Committee; however, it is not disclosed when he was appointed to the committee. Cunningham and Silvers each disclosed their concerns to the board (but the board does not disclose the specific concerns to shareholders) over several of the contractual provisions in the amended confidentiality agreements. The board stated that the directors' refusal to sign the confidentiality agreements constituted a breach of the Sessa agreement.

Conclusion

The board's actions following its entry into the Sessa agreement are of concern to shareholders. The board amended the confidentiality agreements and implemented them into the corporate governance guidelines after signing the Sessa agreement – over the apparent objection of the Sessa designees – and then used the refusal of the Sessa designees to execute these confidentiality agreements as grounds for demanding their resignation despite overwhelming shareholder support for their election. One of the two Sessa directors was supposed to have been promptly appointed to the Nominating and Corporate Governance Committee, but as of the 2017 proxy statement, the company had elected to not abide by this provision of the agreement. Further, the company withheld the proposed changes from the remaining shareholder base and implemented the changes on the day of the annual meeting, thereby ensuring that shareholders would not have the opportunity to voice their opinions on the board's actions until the 2018 annual meeting. These actions demonstrate a willingness by the board to entrench itself and work to the directors' self-interest rather than to prioritize the unaffiliated shareholders' interests. These actions represent a material governance failure and as such, support for the incumbent director nominees is not warranted. Abteen Vaziri was appointed to the board in October 2017, after the actions in question, and may not have had sufficient time to address the ongoing governance concerns.

RESTRICTION ON BINDING SHAREHOLDER PROPOSALS

Shareholders' ability to amend corporate bylaws is a fundamental right, which is enshrined in most states' corporation statutes. A limited number of states permit companies to adopt provisions within their governing documents that prohibit shareholders from submitting binding bylaw amendments. In this case, the company stipulates in its governing documents that the right to amend the bylaws is reserved solely to the board of directors. Under current ISS policy, such a prohibition on binding shareholder amendments materially diminishes shareholder rights and represents an ongoing governance failure. As such, with the exception of new director nominee Abteen Vaziri, withhold votes for all Governance Committee members.

REVIEW OF EXECUTIVE COMPENSATION PRACTICES

Components of Pay

The chart below summarizes year-over-year CEO pay changes and provides a comparison to the median of a peer group based on industry and size criteria. Aggregate pay for all other named executive officers (NEOs) is also shown, along with the ratio of most recent CEO and NEO pay to the company's net income and revenue. Please also refer to the Compensation Profile earlier in the report.

| | CEO | | | CEO Peer Median | Other NEOs |
|---|---|---------------|--------------|-----------------|--------------|
| <i>(\$ in thousands)</i> | | | | | |
| | R. Stockton | | R. Stockton | M. Bennett | |
| | 2017 | Change | 2016 | 2015 | 2017 |
| Base salary | 0 | | 0 | 0 | 712 |
| Deferred comp & pension | 0 | | 0 | 0 | 0 |
| All other comp | 0 | | 0 | 0 | 34 |
| Bonus | 0 | | 0 | 0 | 0 |
| Non-equity incentives | 0 | | 0 | 0 | 879 |
| Restricted stock | 194 | -93.4% | 2,955 | 2,169 | 2,191 |
| Option grant | 0 | | 0 | 0 | 0 |
| Total | 194 | -93.4% | 2,955 | 2,169 | 3,931 |
| % of Net Income | 0.8% | | | | 14.6% |
| % of Revenue | N/A | | | | 0.8% |
| CEO equity pay mix (by value)* | Performance-conditioned: 66.7%; Time-based: 33.3% | | | | |
| *Performance shares, if any, are counted and valued at target | | | | | |

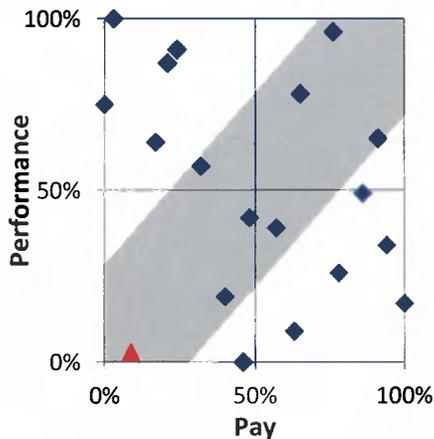
PAY-FOR-PERFORMANCE QUANTITATIVE SCREEN

The pay-for-performance quantitative screen uses four measures that together evaluate the alignment of CEO pay and company performance. The screen measures alignment over multiple time horizons, on both an absolute and relative basis, using multiple performance measures. The screen is designed to identify outlier companies that demonstrate a significant quantitative misalignment over time.

| Measure | Result |
|-------------------------------------|------------|
| Relative Degree of Alignment | -6 |
| Multiple of Median | 0.05 |
| Absolute Pay-TSR Alignment | 24 |
| Initial Quantitative Concern | Low |
| Financial Performance Assessment | 14.5 |
| Overall Quantitative Concern | Low |

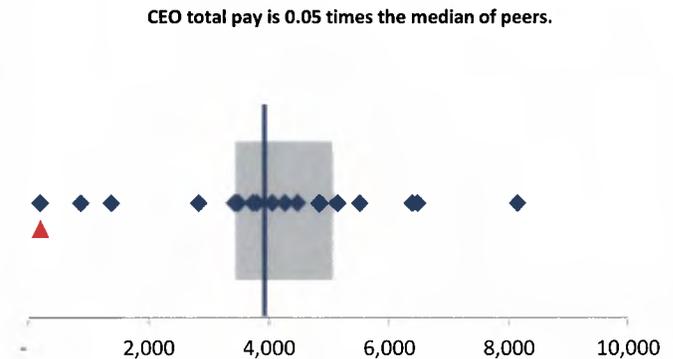
RELATIVE DEGREE OF ALIGNMENT

The chart plots percentiles of the annualized 3-year performance and pay rankings for the company (▲) and ISS' derived peers (◆). The gray band generally indicates alignment



MULTIPLE OF MEDIAN

Pay in \$thousands. The gray band represents 25th to 75th percentile of CEO pay of ISS' selected peer group, and the blue line represents the 50th percentile.



Braemar Hotels & Resorts, Inc. (BHR)

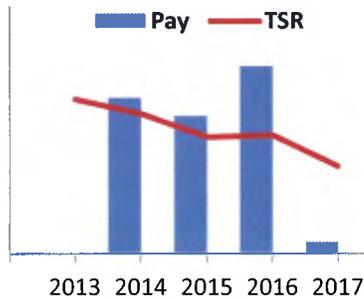
POLICY: United States

Meeting Date: 3 July 2018

Meeting ID: 1242685

ABSOLUTE PAY-TSR ALIGNMENT

CEO granted pay trends versus value of a \$100 investment made on the first day of the five-year period.



| | 2013 | 2014 | 2015 | 2016 | 2017 |
|-------------|--------|---------------|---------------|------------------|------------------|
| Pay(\$000) | | 2,456 | 2,169 | 2,955 | 194 |
| Indexed TSR | 100.00 | 90.61 | 75.56 | 76.84 | 56.66 |
| CEO | | Monty Bennett | Monty Bennett | Richard Stockton | Richard Stockton |

FINANCIAL PERFORMANCE ASSESSMENT

Blue boxes indicate the company's quartile rankings compared to ISS' selected peer group in the applicable measure/metric, measured over three years. The leftmost box indicates bottom quartile and rightmost box indicates top quartile.

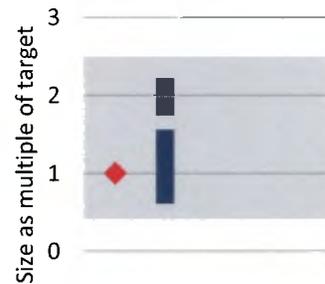
| Measure | Long-Term Performance | Quartile Ranking vs. Peers |
|----------------------|-----------------------|----------------------------|
| Pay | | ■ ■ ■ ■ ■ |
| Weighted Performance | | ■ ■ ■ ■ ■ |
| ROIC | 1.0 | ■ ■ ■ ■ ■ |
| Return on Assets | 0.6 | ■ ■ ■ ■ ■ |
| Return on Equity | 2.2 | ■ ■ ■ ■ ■ |
| Cash Flow Growth | 843.7 | ■ ■ ■ ■ ■ |

ISS AND COMPANY PEER GROUPS

| | | |
|------------------------|--|---|
| ISS Selected (18) | Alexander & Baldwin, Inc. Chatham Lodging Trust Columbia Property Trust, Inc. Equity Commonwealth Hersha Hospitality Trust Lexington Realty Trust Pennsylvania Real Estate Investment Trust QTS Realty Trust, Inc. Summit Hotel Properties, Inc. | Armada Hoffler Properties, Inc. Chesapeake Lodging Trust DiamondRock Hospitality Company First Industrial Realty Trust, Inc. Kite Realty Group Trust Pebblebrook Hotel Trust PS Business Parks, Inc. Select Income REIT Tanger Factory Outlet Centers, Inc. |
| Shared (0) | None disclosed. | |
| Company- Disclosed (0) | | |

PEER GROUP SIZE

Size (by revenue) of the ISS, company and overlap peer groups. The gray area represents 0.4 - 2.5 times the company's revenue.



- ◆ Braemar Hotels & Resorts, Inc.
- ISS Only
- ▲ Shared
- Company Only

For more information on the ISS peer group methodology, visit <https://www.issgovernance.com/policy-gateway/voting-policies/>

Data for ISS' pay-for-performance tests are sourced from proxy disclosures for pay and from Compustat for TSR and financial performance. For more information on ISS' quantitative pay-for-performance evaluation, visit <https://www.issgovernance.com/policy-gateway/voting-policies/>

Executive Summary

| Evaluation Component | Level of Concern |
|--|-------------------------|
| <i>Non-Performance-Based Pay Elements</i> | Low |
| <i>Peer Group Benchmarking</i> | Low |
| <i>Severance/CIC Arrangements</i> | Low |
| <i>Comp Committee Communication/Responsiveness</i> | Low |
| <i>Pay for Performance Evaluation</i> | Low |

Conclusion

Pay and performance are reasonably aligned and no significant compensation concerns are identified at this time.

Item 2. Ratify BDO USA, LLP as Auditors

FOR

VOTE RECOMMENDATION

A vote FOR this proposal to ratify the auditor is warranted.

BACKGROUND INFORMATION

Policies: [Auditor Ratification](#)

Vote Requirement: Majority of votes cast (abstentions not counted)

Discussion

AUDIT FIRM INFORMATION

The board recommends that BDO USA, LLP be reappointed as the company's independent audit firm.

| Audit firm name | BDO USA, LLP |
|--|--------------|
| Audit firm since (as disclosed) | 2015 |
| Audit opinion for the last fiscal year | Unqualified |
| Term to serve if reappointed | 1 year |

FEES PAID DURING THE LAST FISCAL YEAR

| Audit firm name | BDO USA, LLP |
|---|----------------|
| Fees currency | USD |
| Total fees paid to the audit firm | 887,066 |
| Audit fees | 887,066 |
| Audit-related fees | 0 |
| Total transaction-related fees | 0 |
| Total tax fees | 0 |
| Other fees | 0 |
| Total non-audit fees* | 0 |
| Total non-audit fees as a percentage of total fees | 0.0% |

*Total non-audit fees include other fees, tax advice fees, and certain transaction-related fees. Non-audit fees will also include any tax-related fees not identified as tax compliance or tax preparation.

The auditor's report contained in the annual report is unqualified, meaning that in the opinion of the auditor, the company's financial statements are fairly presented in accordance with generally accepted accounting principles.

Analysis

This request to ratify the auditor does not raise any exceptional issues, as the auditor is independent, there are no non-audit fees, and there is no reason to believe the auditor has rendered an inaccurate opinion or engaged in poor accounting practices.

Braemar Hotels & Resorts, Inc. (BHR)

POLICY: United States

Meeting Date: 3 July 2018

Meeting ID: 1242685

Equity Ownership Profile

| Type | Votes per share | Issued |
|--------------|-----------------|------------|
| Common Stock | 1.00 | 32,505,238 |

| Ownership - Common Stock | Number of Shares | % of Class |
|--|------------------|------------|
| The Vanguard Group, Inc. | 3,054,491 | 9.51 |
| BlackRock Fund Advisors | 2,280,017 | 7.10 |
| Sessa Capital IM LP | 2,210,427 | 6.88 |
| Fidelity Management & Research Co. | 1,350,052 | 4.20 |
| Invesco PowerShares Capital Management LLC | 1,238,120 | 3.86 |
| SSgA Funds Management, Inc. | 964,905 | 3.00 |
| Millennium Management LLC | 936,017 | 2.91 |
| Quantitative Management Associates LLC | 922,186 | 2.87 |
| LSV Asset Management | 846,441 | 2.64 |
| AJO LP | 591,447 | 1.84 |
| JPMorgan Investment Management, Inc. | 492,289 | 1.53 |
| Dimensional Fund Advisors LP | 476,696 | 1.48 |
| Charles Schwab Investment Management, Inc. | 391,917 | 1.22 |
| ClariVest Asset Management LLC | 378,096 | 1.18 |
| WEISMAN LYLE | 376,402 | 1.17 |
| Ranger Global Real Estate Advisors LLC | 349,676 | 1.09 |
| Geode Capital Management LLC | 328,939 | 1.02 |
| BENNETT MONTGOMERY JACK | 321,048 | 1.00 |
| STOCKTON RICHARD J | 309,137 | 0.96 |
| Northern Trust Investments, Inc. | 286,729 | 0.89 |

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Additional Information

| | |
|-------------------------------|---|
| Meeting Location | Dallas/Fort Worth Airport Marriott 8440 Airport Freeway Irving, Texas |
| Meeting Time | 9:00 a.m. Central Time |
| Shareholder Proposal Deadline | January 22, 2019 |
| Solicitor | Mackenzie Partners, Inc. |
| Security IDs | 10482B101(CUSIP) |

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EXHIBIT 2

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of Report (date of earliest event reported): June 25, 2018

BRAEMAR HOTELS & RESORTS INC.

(Exact name of registrant as specified in its charter)

Maryland
(State or other jurisdiction of
incorporation)

001-35972
(Commission File Number)

46-2488594
(IRS Employer
Identification No.)

14185 Dallas Parkway, Suite 1100
Dallas, Texas

(Address of principal executive offices)

75254
(Zip Code)

Registrant's telephone number, including area code: **(972) 490-9600**

Check the appropriate box if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the Company under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 7.01 Regulation FD Disclosure

The following statement by Braemar Hotels & Resorts Inc. (the "Company") is in response to recent inquiries from stockholders and members of the investment community about the circumstances surrounding the resignations of Daniel B. Silvers and Lawrence A. Cunningham from the Board of Directors of the Company (the "Board") last year:

- On February 16, 2017, in order to settle pending litigation and avoid the unnecessary cost and expense of a proxy contest, the Company and certain related entities entered into a Settlement Agreement (the "Settlement Agreement") with Sessa Capital (Master), L.P., Sessa Capital GP, LLC, Sessa Capital IM, L.P., Sessa Capital IM GP, LLC and John Petry (collectively, "Sessa") pursuant to which, among other things, the Company agreed to appoint to the Board two of the five individuals Sessa previously sought to nominate as directors of the Company.
 - The Settlement Agreement was publicly filed by the Company with the Securities and Exchange Commission on February 17, 2017. As part of the Settlement Agreement, Sessa agreed that its designees would comply with all Company policies and procedures applicable to all members of the Board and would execute a confidentiality agreement with the Company that would be similar in all material respects to the confidentiality agreement to be executed by the Company's other directors. At the time the Settlement Agreement was signed, none of the members of the Board had signed confidentiality agreements. The Company offered during its negotiations with Sessa to agree upon the form of confidentiality agreement, but Sessa's counsel declined to do so, and Sessa agreed that its designees would instead sign a form of confidentiality agreement that would be entered into by all other directors.
 - On March 3, 2017, the Board appointed Daniel B. Silvers and Lawrence A. Cunningham to the Board. Following their appointment to the Board, Messrs. Silvers and Cunningham were provided with a draft director confidentiality agreement that had previously been prepared by the Nominating and Corporate Governance Committee ("Governance Committee") with Company counsel and that all other directors were prepared to execute. In response, Messrs. Silvers and Cunningham stated that they were unaware of the requirement to execute the confidentiality agreement because they had not read the provisions of the Settlement Agreement pursuant to which they had been appointed to the Board. The Settlement Agreement had been executed and made publicly available two weeks prior to their appointment.
 - The Board and members of management made repeated attempts to accommodate the concerns raised by Messrs. Silvers and Cunningham regarding the draft director confidentiality agreement. Members of the Company's management, other directors and the Company's counsel participated in several phone calls with Messrs. Silvers and Cunningham attempting to understand and address any concerns they had with the director confidentiality agreement. The Board requested on multiple occasions that Messrs. Silvers and Cunningham provide written comments to the draft confidentiality agreement but they declined to do so. In response to oral comments from Messrs. Silvers and Cunningham, the draft confidentiality agreement was revised to expressly provide that no provision of the confidentiality agreement requires a director to violate his or her duties to the Company under Maryland law in order to make clear that, if a director's fiduciary duties and a director's obligations under the confidentiality agreement were in conflict, the director would not be bound by the confidentiality agreement.
 - On April 6, 2018, the draft confidentiality agreement was presented for the Board's consideration. Maryland counsel presented on legal matters relating to Board confidentiality. In response to oral concerns raised by Messrs. Silvers and Cunningham at the meeting, the draft confidentiality agreement was further revised to address the concerns raised. Following discussion at the meeting and agreement to make further additional changes, the Board voted to approve the director confidentiality agreement with Messrs. Silvers and Cunningham voting against approval. Mr. Silvers stated multiple times prior to and following this meeting that he had no intention of signing any confidentiality agreement.
-

- Despite the Board's determination, Messrs. Silvers and Cunningham refused to execute the confidentiality agreement.
 - On May 14, 2017, the Company sent a letter to Sessa advising Sessa that Messrs. Silvers and Cunningham refused to sign the director confidentiality agreement and reminding Sessa of its obligations under the Settlement Agreement.
 - At a meeting of the Board conducted on June 9, 2017 immediately following the annual shareholder meeting, the amended and restated Corporate Governance Guidelines were presented for the Board's consideration as part of the Company's regular annual review of its governance documents. Messrs. Silvers and Cunningham expressed concerns over the Corporate Governance Guidelines. When asked to provide specific comments, Mr. Silvers provided a comment regarding director access to management, which the Board agreed to address. All members of the Board, other than Messrs. Silvers and Cunningham, voted in favor of the Corporate Governance Guidelines. Messrs. Silvers and Cunningham also confirmed at the meeting that they did not intend to execute the director confidentiality agreement. Consistent with its obligations under applicable stock exchange rules, the Corporate Governance Guidelines were promptly made available on the Company's investor website.
 - Also at the June 9, 2017 meeting, and despite the fact that he refused to sign the confidentiality agreement, Mr. Cunningham was appointed to the Governance Committee. The adoption of the Corporate Governance Guidelines, and Mr. Cunningham's appointment to the Governance Committee, occurred at the regular annual meeting of the Board where governance matters and Board committee appointments are often approved. The Board appointed Mr. Cunningham to the Governance Committee at the time of the Board's annual meeting despite his non-compliance with the terms of the Settlement Agreement.
 - On June 30, 2017, the Company delivered letters to Messrs. Silvers and Cunningham reminding them that the Settlement Agreement required Sessa's designees to enter into the confidentiality agreement and also noting that they were in breach of the Company's Corporate Governance Guidelines. The Company encouraged Messrs. Silvers and Cunningham to sign the confidentiality agreement required of all directors of the Company. The letter did not request that Messrs. Silvers or Cunningham resign from the Board, and the Board did not at any time request that Messrs. Silvers or Cunningham resign from the Board.
 - On July 6, 2017, the Company entered into director confidentiality agreements with each director other than Messrs. Silvers and Cunningham. Also on July 6, 2017, Messrs. Silvers and Cunningham voluntarily resigned from the Board. In their resignation letters, Messrs. Silvers and Cunningham stated that they had received notices from the Company that they were in violation of the Company's policies due to their refusal to enter into the confidentiality agreement, referring to the Company's June 30, 2017 letters. Neither director stated in his resignation that he had been asked to resign.
 - The Board believes that maintaining confidentiality is extremely important and these views were expressed in the negotiations with Sessa, as a result of which Sessa agreed that its designees would enter into the confidentiality agreement entered into by all other directors. The Board believes that the director confidentiality agreement and the related provisions set forth in the Corporate Governance Guidelines are important for protecting the Company's confidential information from misuse, including insider trading, and that maintaining confidentiality facilitates open and collaborative Board deliberations. At no point during their tenure on the Board were Messrs. Silvers and Cunningham asked to abide by any policy to which the other members of the Board were not also subject. The director confidentiality agreement that Messrs. Silvers and Cunningham were asked to sign, a copy of which is available in the Company's public filings, has been signed by each current member of the Board.
-

SIGNATURE

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

Dated: June 25, 2018

BRAEMAR HOTELS & RESORTS INC.

By: /s/ ROBERT G. HAIMAN

Robert G. Haiman
Executive Vice President, General Counsel &
Secretary

EXHIBIT 3



ISS Proxy Analysis & Benchmark Policy Voting Recommendations

Braemar Hotels & Resorts, Inc.

Meeting Type: Annual
Meeting Date: 3 July 2018
Record Date: 15 May 2018
Meeting ID: 1242685

New York Stock Exchange: BHR
Index: Russell 3000
Sector: Hotel & Resort REITs
GICS: 60101030

Proxy Alert

Alert Date: 26 June 2018

Original Publication Date: 20 June 2018

This alert is being issued in order to update the analysis and vote recommendations on Item 1: Elect Directors. On June 25, 2018, the company filed an [8-K](#) providing comprehensive detail into the resignation of two directors, Daniel Silvers and Lawrence Cunningham, in July 2017. The previous analysis recommended that shareholders withhold votes from all incumbent director nominees due to concerns about the resignation of Silvers and Cunningham. However, in discussions with ISS and in the filing, the company disclosed that Sessa Capital had agreed that its director designees would sign a confidentiality agreement (the company had no previously existing agreements with directors) but declined the opportunity to specifically negotiate the term of the agreement. Subsequently, two Sessa-selected nominees, Silvers and Cunningham, were appointed to the board on March 3, 2017 with the understanding that Cunningham would also be appointed to the Governance Committee. At that time, Silvers and Cunningham were presented with confidentiality agreements. Both directors stated that they had not known they would be required to sign confidentiality agreements and stated they were not willing to sign any agreements. The company discloses that efforts were made to address Silvers' and Cunningham's objections (though the specific objections are not disclosed), and that the agreements were amended to clarify that they would not take precedence over directors' fiduciary duties under Maryland law. The filing discloses that Silvers and Cunningham voted in opposition to both the confidentiality agreement and the new corporate governance guidelines requiring directors to sign the agreements. Despite not signing the confidentiality agreement, Cunningham was appointed to the Governance Committee on June 9, 2017. The company states that on June 30, it reminded Silvers and Cunningham that the Sessa agreement required all directors to sign the confidentiality agreement. On July 6, all directors with the exception of Silvers and Cunningham signed the confidentiality agreement. On the same date, Silvers and Cunningham voluntarily submitted their resignations.

Given the additional information disclosed in the filing, support for Monty Bennett, Kenneth Fearn, and Curtis McWilliams is warranted. All other vote recommendations remain unchanged.

Agenda & Recommendations

Policy: United States

Incorporated: Maryland, USA

| Item | Code | Proposal | Board Rec. | ISS Rec. |
|-----------------------------|-------|-------------------------------------|------------|----------|
| MANAGEMENT PROPOSALS | | | | |
| 1.1 | M0201 | Elect Director Monty J. Bennett | FOR | FOR |
| 1.2 | M0201 | Elect Director Stefani D. Carter | FOR | WITHHOLD |
| 1.3 | M0201 | Elect Director Kenneth H. Fearn | FOR | FOR |
| 1.4 | M0201 | Elect Director Curtis B. McWilliams | FOR | FOR |
| 1.5 | M0201 | Elect Director Matthew D. Rinaldi | FOR | WITHHOLD |
| 1.6 | M0201 | Elect Director Abteen Vaziri | FOR | FOR |
| 2 | M0101 | Ratify BDO USA, LLP as Auditors | FOR | FOR |

* ISS Environmental and Social QualityScore is newly introduced for 2018 and is based on company disclosure and transparency practices.

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Meeting Agenda and Proposals

Items 1.1-1.6. Elect Directors

SPLIT

VOTE RECOMMENDATION

WITHHOLD votes are warranted for incumbent Governance Committee members Stefani Carter and Matthew Rinaldi for a material governance failure. The company's governing documents prohibit or restrict shareholders' ability to amend the company bylaws.

A vote FOR the remaining director nominees is warranted.

BACKGROUND INFORMATION

Policies: [Board Accountability](#) | [Board Responsiveness](#) | [Director Competence](#) | [Director Independence](#) | [Election of Directors](#) | [ISS Categorization of Directors](#) | [Vote No campaigns](#)

Vote Requirement: The company has adopted a majority vote standard (of shares cast) for the election of directors with a plurality carve-out for contested elections, and has a director resignation policy in its governance guidelines.

Discussion

Please see the [Board Profile](#) section above for more information on director nominees.

RESTRICTION ON BINDING SHAREHOLDER PROPOSALS

Shareholders' ability to amend corporate bylaws is a fundamental right, which is enshrined in most states' corporation statutes. A limited number of states permit companies to adopt provisions within their governing documents that prohibit shareholders from submitting binding bylaw amendments. In this case, the company stipulates in its governing documents that the right to amend the bylaws is reserved solely to the board of directors. Under current ISS policy, such a prohibition on binding shareholder amendments materially diminishes shareholder rights and represents an ongoing governance failure. As such, withhold votes are warranted for incumbent Governance Committee members Stefani Carter and Matthew Rinaldi are warranted. Abteen Varizi is a newly appointed director and member of the committee and may not have had sufficient time to address ongoing governance concerns.

REVIEW OF EXECUTIVE COMPENSATION PRACTICES

Components of Pay

The chart below summarizes year-over-year CEO pay changes and provides a comparison to the median of a peer group based on industry and size criteria. Aggregate pay for all other named executive officers (NEOs) is also shown, along with the ratio of most recent CEO and NEO pay to the company's net income and revenue. Please also refer to the Compensation Profile earlier in the report.

| (\$ in thousands) | CEO | | | CEO Peer Median | Other NEOs | |
|-------------------------|-------------|---------------|--------------|-----------------|--------------|--------------|
| | R. Stockton | | R. Stockton | M. Bennett | | |
| | 2017 | Change | 2016 | 2015 | 2017 | |
| Base salary | 0 | | 0 | 0 | 712 | 0 |
| Deferred comp & pension | 0 | | 0 | 0 | 0 | 0 |
| All other comp | 0 | | 0 | 0 | 34 | 0 |
| Bonus | 0 | | 0 | 0 | 0 | 0 |
| Non-equity incentives | 0 | | 0 | 0 | 879 | 0 |
| Restricted stock | 194 | -93.4% | 2,955 | 2,169 | 2,191 | 3,351 |
| Option grant | 0 | | 0 | 0 | 0 | 0 |
| Total | 194 | -93.4% | 2,955 | 2,169 | 3,931 | 3,351 |
| % of Net Income | 0.8% | | | | | 14.6% |
| % of Revenue | N/A | | | | | 0.8% |

CEO equity pay mix (by value)* Performance-conditioned: 66.7%; Time-based: 33.3%

*Performance shares, if any, are counted and valued at target

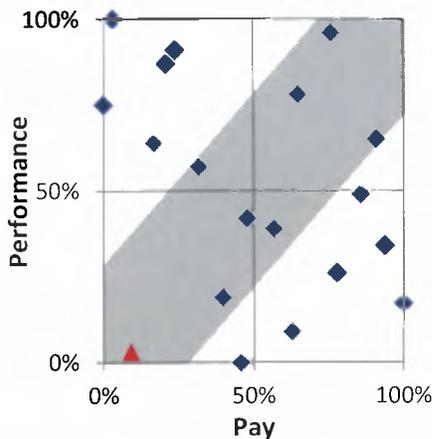
PAY-FOR-PERFORMANCE QUANTITATIVE SCREEN

The pay-for-performance quantitative screen uses four measures that together evaluate the alignment of CEO pay and company performance. The screen measures alignment over multiple time horizons, on both an absolute and relative basis, using multiple performance measures. The screen is designed to identify outlier companies that demonstrate a significant quantitative misalignment over time.

| Measure | Result |
|-------------------------------------|------------|
| Relative Degree of Alignment | -6 |
| Multiple of Median | 0.05 |
| Absolute Pay-TSR Alignment | 24 |
| Initial Quantitative Concern | Low |
| Financial Performance Assessment | 14.5 |
| Overall Quantitative Concern | Low |

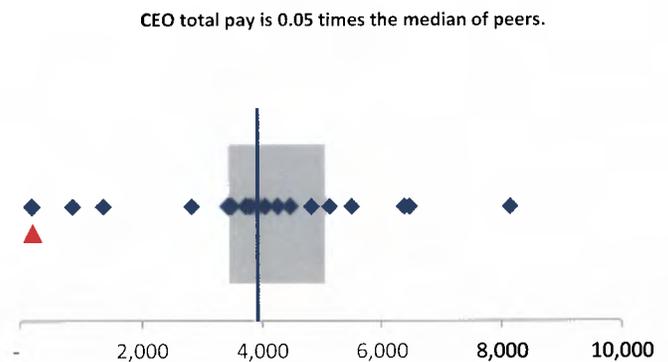
RELATIVE DEGREE OF ALIGNMENT

The chart plots percentiles of the annualized 3-year performance and pay rankings for the company (▲) and ISS' derived peers (◆). The gray band generally indicates alignment.



MULTIPLE OF MEDIAN

Pay in \$thousands. The gray band represents 25th to 75th percentile of CEO pay of ISS' select peer group, and the blue line represents the 50th percentile.



Braemar Hotels & Resorts, Inc. (BHR)

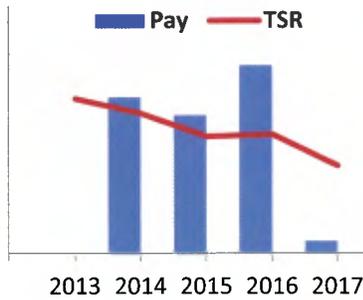
POLICY: United States

Meeting Date: 3 July 2018

Meeting ID: 1242685

ABSOLUTE PAY-TSR ALIGNMENT

CEO granted pay trends versus value of a \$100 investment made on the first day of the five-year period.



| | 2013 | 2014 | 2015 | 2016 | 2017 |
|-------------|--------|---------------|---------------|------------------|------------------|
| Pay(\$000) | | 2,456 | 2,169 | 2,955 | 194 |
| Indexed TSR | 100.00 | 90.61 | 75.56 | 76.84 | 56.66 |
| CEO | | Monty Bennett | Monty Bennett | Richard Stockton | Richard Stockton |

FINANCIAL PERFORMANCE ASSESSMENT

Blue boxes indicate the company's quartile rankings compared to ISS' selected peer group in applicable measure/metric, measured over three years. The leftmost box indicates bottom quartile and rightmost box indicates top quartile.

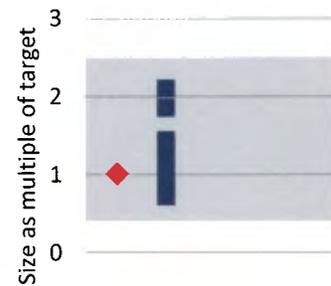
| Measure | Quartile Ranking vs. Peers | | | |
|----------------------------|----------------------------|----------------------------|---|---|
| Pay | ■ | ■ | ■ | ■ |
| Weighted Performance | ■ | ■ | ■ | ■ |
| Metrics (ranked by weight) | Long-Term Performance | Quartile Ranking vs. Peers | | |
| ROIC | 1.0 | ■ | ■ | ■ |
| Return on Assets | 0.6 | ■ | ■ | ■ |
| Return on Equity | 2.2 | ■ | ■ | ■ |
| Cash Flow Growth | 843.7 | ■ | ■ | ■ |

ISS AND COMPANY PEER GROUPS

| | | |
|------------------------|--|--|
| ISS Selected (18) | Alexander & Baldwin, Inc. Chatham Lodging Trust Columbia Property Trust, Inc. Equity Commonwealth Hersha Hospitality Trust Lexington Realty Trust Pennsylvania Real Estate Investment Trust QTS Realty Trust, Inc. Summit Hotel Properties, Inc. | Armada Hoffer Properties, Inc. Chesapeake Lodging Trust DiamondRock Hospitality Company First Industrial Realty Trust, Inc. Kite Realty Group Trust Pebblebrook Hotel Trust PS Business Parks, Inc. Select Income REIT Tanger Factory Outlet Centers, Inc. |
| Shared (0) | None disclosed. | |
| Company- Disclosed (0) | | |

PEER GROUP SIZE

Size (by revenue) of the ISS, company and overlap peer groups. Gray area represents 0.4 - 2.5 times the company's revenue.



- ◆ Braemar Hotels & Resorts, Inc.
- ISS Only
- ▲ Shared
- Company Only

For more information on the ISS peer group methodology, visit <https://www.issgovernance.com/policy-gateway/voting-policies/>

Data for ISS' pay-for-performance tests are sourced from proxy disclosures for pay and from Compustat for TSR and financial performance. For more information on ISS' quantile pay-for-performance evaluation, visit <https://www.issgovernance.com/policy-gateway/voting-policies/>

Executive Summary

| Evaluation Component | Level of Concern |
|---|------------------|
| Non-Performance-Based Pay Elements | Low |
| Peer Group Benchmarking | Low |
| Severance/CIC Arrangements | Low |
| Comp Committee Communication/Responsiveness | Low |
| Pay for Performance Evaluation | Low |

Conclusion

Pay and performance are reasonably aligned and no significant compensation concerns are identified at this time.

Braemar Hotels & Resorts, Inc.



Meeting Type: Annual
Meeting Date: 3 July 2018
Record Date: 15 May 2018
Meeting ID: 1242685

New York Stock Exchange: BHR
Index: Russell 3000
Sector: Hotel & Resort REITs
GICS: 60101030

Primary Contact
Andrew Maletz
Andrew.d.maletz@issgovernance.com

Key Takeaways

The board's actions in connection with the settlement agreement with Sessa Capital demonstrated a willingness to entrench existing leadership rather than prioritizing all shareholders' interests.

The company's governing documents do not permit shareholders to amend the bylaws.

Agenda & Recommendations

Policy: United States
Incorporated: Maryland, USA

| Item | Code | Proposal | Board Rec. | ISS Rec. |
|-----------------------------|-------|-------------------------------------|------------|----------|
| MANAGEMENT PROPOSALS | | | | |
| 1.1 | M0201 | Elect Director Monty J. Bennett | FOR | WITHHOLD |
| 1.2 | M0201 | Elect Director Stefani D. Carter | FOR | WITHHOLD |
| 1.3 | M0201 | Elect Director Kenneth H. Fearn | FOR | WITHHOLD |
| 1.4 | M0201 | Elect Director Curtis B. McWilliams | FOR | WITHHOLD |
| 1.5 | M0201 | Elect Director Matthew D. Rinaldi | FOR | WITHHOLD |
| 1.6 | M0201 | Elect Director Abteen Vaziri | FOR | FOR |
| 2 | M0101 | Ratify BDO USA, LLP as Auditors | FOR | FOR |

Shading indicates that ISS recommendation differs from Board recommendation
► Items deserving attention due to contentious issues or controversy

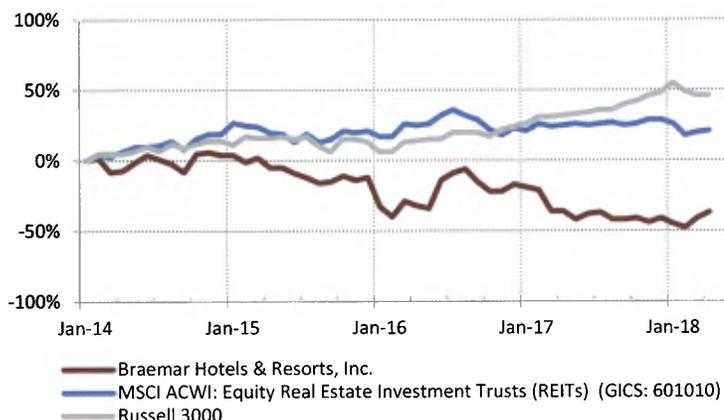
Material Company Updates

| Item | Summary |
|-------------------------------------|--|
| Board and Management Updates | <p>On July 6, 2017, Daniel B. Silvers and Lawrence A. Cunningham resigned from the board following receipt of notice from the company that they were in violation of its Corporate Governance Guidelines, specifically requiring all directors to enter into a confidentiality agreement. Both directors refused to enter into such agreement with the company. The agreement, as amended on June 9, 2017, provides that, among other things, each director agrees (i) not to make any statement or announcement that disparages, or could reasonably be expected to damage the reputation of the company, (ii) not to publicly comment on any matter discussed at any board or committee meeting, and (iii) not to become a party to any agreement with any person other than the company with respect to any compensation, reimbursement or indemnification in connection with such director's service as a company director.</p> <p>Effective Oct. 1, 2017, Abteen Vaziri was appointed to the board. On the same date, Sarah Zubiata Darrouzet resigned from the board.</p> <p>On March 9, 2018, Jeremy J. Welter succeeded David A. Brooks as COO. On the same date, Brooks was appointed as chief transactions officer, general counsel and secretary. Brooks passed away on March 29, 2018.</p> |
| Name Change | <p>On April 23, 2018, the company changed its name from Ashford Hospitality Prime, Inc. to Braemar Hotels & Resorts Inc.</p> |

Financial Highlights

Company Description: Braemar Hotels & Resorts is a REIT that invests primarily in high RevPAR, full-service luxury hotels and resorts. It is listed on the New York Stock Exchange under the symbol BHR and is externally-advised by Ashford Inc.

STOCK PRICE PERFORMANCE



TOTAL SHAREHOLDER RETURNS

| | 1 Yr | 3 Yr | 5 Yr |
|----------------------|--------|--------|-------|
| Company TSR (%) | -24.05 | -13.82 | N/A |
| GICS 6010 TSR (%) | 5.04 | 6.09 | 10.73 |
| Russell 3000 TSR (%) | 21.13 | 11.12 | 15.58 |

Source: Compustat. As of last day of company FY end month: 12/31/2017

COMPANY SNAPSHOT

| | |
|--|--------|
| Market Cap (M) | 333.2 |
| Closing Price | 10.25 |
| Annual Dividend | 0.64 |
| 52-Week High | 11.34 |
| 52-Week Low | 8.44 |
| Shares Outstanding (M) | 32.51 |
| Average daily trading volume (prior mo)* | 256.96 |

As of May 15, 2018 (All currency in USD)

* Trading Volume in thousands of shares

FINANCIAL & OPERATIONAL PERFORMANCE

| All currency in USD | Historical Performance (FY ending) | | | | | Compared to Peers (Compustat FY*) – 2017 | | | | |
|------------------------------------|------------------------------------|---------|---------|---------|---------|--|-----------------------|--------------------------|-------------------------------|---------------------------------|
| | 12/2013 | 12/2014 | 12/2015 | 12/2016 | 12/2017 | HT | CLDT | CHSP | INN | DRH |
| Earnings | | | | | | Hersha Hospitality Trust | Chatham Lodging Trust | Chesapeake Lodging Trust | Summit Hotel Properties, Inc. | DiamondRock Hospitality Company |
| Revenue (M) | 234 | 307 | 347 | 403 | 415 | 496 | 300 | 598 | 515 | 872 |
| Net Income (M) | -12 | 2 | -7 | 19 | 23 | 100 | 29 | 76 | 99 | 92 |
| EBITDA (M) | 33 | 44 | 43 | 45 | 45 | N/A | N/A | N/A | N/A | 138 |
| EPS (USD) | -0.73 | 0.08 | -0.34 | 0.57 | 0.52 | 1.82 | 0.73 | 1.12 | 0.79 | 0.46 |
| EPS Y/Y Growth (%) | -161 | N/A | N/A | N/A | -9 | -18 | -11 | -1 | -21 | -19 |
| Profitability | | | | | | | | | | |
| Pretax Net Margin (%) | -7 | 2 | -1 | 6 | 7 | 22 | 10 | 13 | 20 | 12 |
| EBITDA Margin (%) | 14 | 14 | 13 | 11 | 11 | N/A | N/A | N/A | N/A | 16 |
| Return on Equity (%) | -8 | 1 | -3 | 5 | 4 | 9 | 4 | 7 | 6 | 5 |
| Return on Assets (%) | -1 | 0 | -1 | 1 | 1 | 4 | 2 | 4 | 4 | 3 |
| ROIC (%) | -1 | 0 | -1 | 3 | 1 | 4 | 2 | 4 | 4 | 3 |
| Leverage | | | | | | | | | | |
| Debt/Assets | 65 | 62 | 62 | 61 | 58 | 51 | 39 | 42 | 39 | 30 |
| Debt/Equity | 426 | 274 | 208 | 204 | 168 | 131 | 67 | 79 | 68 | 51 |
| Cash Flows | | | | | | | | | | |
| Operating (M) | 34 | 55 | 9 | 57 | 71 | 108 | 87 | 144 | 147 | 205 |
| Investing (M) | -28 | -213 | -183 | 100 | -174 | -100 | -161 | -4 | -516 | -179 |
| Financing (M) | 118 | 186 | 107 | -136 | 124 | -177 | 71 | -139 | 370 | -85 |
| Net Change (M) | 123 | 28 | -66 | 22 | 21 | -168 | -3 | 1 | 2 | -60 |
| Valuation & Performance | | | | | | | | | | |
| Price/Earnings | N/A | 214.50 | N/A | 23.90 | 18.70 | 9.60 | 31.20 | 24.20 | 19.30 | 24.50 |
| Annual TSR (%) | N/A | -4.54 | -13.48 | -2.59 | -24.05 | -13.34 | 18.04 | 11.47 | -0.86 | 2.41 |

Source: Compustat. *Note: Compustat standardizes financial data and fiscal year designations to allow for meaningful comparison across companies. Compustat data may differ from companies' disclosed financials and does not incorporate non-trading equity units. Peers shown here represent closest industry peers drawn from those peers used in ISS' pay-for-performance analysis. See www.issgovernance.com/policy-gateway/company-financials-faq/ for more information.

Corporate Governance Profile

BOARD & COMMITTEE SUMMARY

| | Independence | Members | Meetings |
|--------------|--------------|---------|----------|
| Full Board | 83% | 6 | 14 |
| Audit | 100% | 3 | 5 |
| Compensation | 100% | 3 | 4 |
| Nominating | 100% | 3 | 10 |

| | |
|---|--------------------|
| Chairman classification | Executive Director |
| Separate chair/CEO | Yes |
| Independent lead director | Yes |
| Voting standard | Majority |
| Plurality carveout for contested elections | Yes |
| Resignation policy | Yes |
| Total director ownership (000 shares) | 1,879 |
| Total director ownership (%) | 5.4 |
| Percentage of directors owning stock | 100% |
| Number of directors attending < 75% of meetings | 0 |
| Number of directors on excessive number of outside boards | 0 |
| Average director age | 48 years |
| Average director tenure | 3 years |
| Percentage of women on board | 17% |

SHAREHOLDER RIGHTS SUMMARY

| | |
|---|-------------|
| Controlled company | No |
| Classified board | No |
| Dual-class stock | No |
| Vote standard for mergers/acquisitions | Majority |
| Vote standard for charter amendment | 66.67% |
| Vote standard for bylaw amendment | N/A |
| Shareholder right to call special meetings | Yes, 50.01% |
| Material restrictions on right to call special meetings | No |
| Shareholder right to act by written consent | Unanimous |
| Cumulative voting | No |
| Board authorized to issue blank-check preferred stock | Yes |
| Poison pill | No |
| Proxy Access | Yes |
| - Ownership requirement (%) | 3 |
| - Time requirement (years) | 3 |
| - Nomination limit (% of seats) | 20 |
| - Nomination limit (# of nominees) | 2 |
| - Aggregation cap (# of nominators) | 20 |

Director tenure



Board Profile (after upcoming meeting)

Director Independence & Affiliations

NON-EXECUTIVE DIRECTORS

| Item On Ballot | Name | Affiliation | Independence Classification | | Attend <75% | Gen-der | Age | Tenure | Term Ends | Outside | | Key Committees | | | | |
|----------------|-------------------|---------------|-----------------------------|--------------------|-------------|---------|-----|--------|-----------|---------|-----|----------------|------|-----|-----|--|
| | | | Company | ISS | | | | | | Boards | CEO | Audit | Comp | Nom | Gov | |
| 1.1 | Monty Bennett | Chair | Non-Independent | Executive Director | | M | 53 | 5 | 2019 | 2 | ✓ | | | | | |
| 1.4 | Curtis McWilliams | Lead Director | Independent | Independent | | M | 62 | 4 | 2019 | 1 | | C | F | | | |
| 1.2 | Stefani Carter | | Independent | Independent | | F | 40 | 4 | 2019 | 0 | | | M | C | C | |
| 1.3 | Kenneth Fearn Jr. | | Independent | Independent | | M | 52 | 1 | 2019 | 0 | | F | M | | | |
| 1.5 | Matthew Rinaldi | | Independent | Independent | | M | 42 | 4 | 2019 | 0 | | | C | M | M | |
| 1.6 | Abteen Vaziri | | Independent | Independent | | M | 39 | 0* | 2019 | 0 | | M | | M | M | |

*Indicates director not previously submitted to shareholders for election.

M = Member | C = Chair | F = Financial Expert

Director Notes

Monty Bennett

1) Monty J. Bennett is the founder of the company. 2) Bennett serves as CEO and chairman of Ashford Inc., which together with Ashford Hospitality Advisors LLC, a subsidiary of Ashford Inc., serve as advisors of the company. 3) Bennett served as CEO of the company until Nov. 14, 2016. 4) The company entered into a management agreement with Remington Lodging and Hospitality, LLC (Remington), pursuant to which the company has agreed to engage Remington for the property management, project management, development and certain other work for all hotels that the company acquires. In 2017, the company paid Remington \$1.7 million in fees related to the agreement. Bennett is the CEO of Remington and, together with his father, beneficially owns 100 percent of Remington. 5) The company entered into a mutual exclusivity agreement with Remington, in which the company has a first right of refusal to purchase any lodging-related investments identified by Remington and any of its affiliates that meet the company's investment criteria. (Source: DEF14A, 5/23/18, pp. 1, 7, 48, and under "Founder and Chairman Letter" section; 8-K, 11/2/16, under "ITEM 5.02" section.)

Braemar Hotels & Resorts, Inc. (BHR)

POLICY: United States

Meeting Date: 3 July 2018

Meeting ID: 1242685

Director Employment, Compensation & Ownership

| Name | Primary Employment | Outside Boards | Total Compensation* | Shares Held | 60-day Options | Total | Voting Power (%) |
|-------------------|------------------------------|---|---------------------|-------------|----------------|-----------|------------------|
| Monty Bennett | CEO, Chairman - Ashford Inc. | Ashford Hospitality Trust, Inc., Ashford Inc. | N/D | 1,822,256 | 0 | 1,822,256 | 5.40 |
| Curtis McWilliams | Prof Director | Ardmore Shipping Corporation | 233,360 | 21,481 | 0 | 21,481 | <1 |
| Stefani Carter | Attorney | | 154,370 | 9,600 | 0 | 9,600 | <1 |
| Kenneth Fearn Jr. | Real Estate Services | | 176,044 | 6,400 | 0 | 6,400 | <1 |
| Matthew Rinaldi | Other | | 145,478 | 16,800 | 0 | 16,800 | <1 |
| Abteen Vaziri | Retired | | 55,764 | 2,133 | 0 | 2,133 | <1 |

*Local market currency

Compensation Profile

EXECUTIVE PAY OVERVIEW

| Executive | Title | Base Salary | Change in Pension, Deferred Comp, All Other Comp | Bonus & Non-equity Incentives | Restricted Stock | Option Grant | Total |
|-----------------------|---|-------------|--|-------------------------------|------------------|--------------|-------|
| R. Stockton | Chief Executive Officer and President | 0 | 0 | 0 | 194 | 0 | 194 |
| D. Brooks | Former Chief Transaction Officer, General Counsel and Secretary | 0 | 0 | 0 | 1,117 | 0 | 1,117 |
| J. Hays III | Chief Strategy Officer | 0 | 0 | 0 | 745 | 0 | 745 |
| J. Welter | Chief Operating Officer | 0 | 0 | 0 | 745 | 0 | 745 |
| D. Eubanks | Chief Financial Officer and Treasurer | 0 | 0 | 0 | 745 | 0 | 745 |
| Median CEO Pay | ISS Selected Peer Group | 713 | 47 | 944 | 2,191 | 0 | 3,931 |
| | Company Defined Peers | N/A | N/A | N/A | N/A | N/A | N/A |

Source: ISS. Pay in \$thousands. Total pay is sum of all reported pay elements, using ISS' Black-Scholes estimate for option grant-date values. Note: Median total pay will not equal sum of pay elements medians. Company Defined Peers are as disclosed. More information on ISS' peer group methodology at www.issgovernance.com/policy-gateway/us-compensation-policy-guidance/.

Braemar Hotels & Resorts, Inc. (BHR)

POLICY: United States

Meeting Date: 3 July 2018

Meeting ID: 1242685

OPTION VALUATION ASSUMPTIONS

| For CEO's last FY Grant* | Company | ISS |
|-----------------------------------|---------|-----|
| Volatility (%) | N/A | N/A |
| Dividend Yield (%) | N/A | N/A |
| Term (yrs) | N/A | N/A |
| Risk-free Rate (%) | N/A | N/A |
| Grant date fair value per option | N/A | N/A |
| Grant Date Fair Value (\$ in 000) | N/A | N/A |

*The CEO did not receive stock options in the most recent fiscal year.

CEO PAY MULTIPLES

| Compared to | Multiple |
|-------------------------------------|----------|
| 2nd highest active executive | 0.17 |
| Average active NEO | 0.23 |
| ISS peer median | 0.05 |
| Company peer median | N/A |
| Median of employees (CEO Pay Ratio) | N/A |

CEO TALLY SHEET

| CEO | R. Stockton |
|---|-------------|
| CEO tenure at FYE: | 1.1 years |
| Present value of all accumulated pension: | N/A |
| Value of CEO stock owned (excluding options): | \$3,168,654 |
| Potential Termination Payments | |
| Involuntary termination without cause: | N/D |
| Termination after a change in control: | N/D |

Source: DEF14A

Dilution & Burn Rate

DILUTION

| | Dilution (%) |
|--------------------------------|--------------|
| Braemar Hotels & Resorts, Inc. | 11.61 |
| Peer group median | 2.73 |
| Peer group weighted average | 5.38 |
| Peer group 75th percentile | 6.46 |

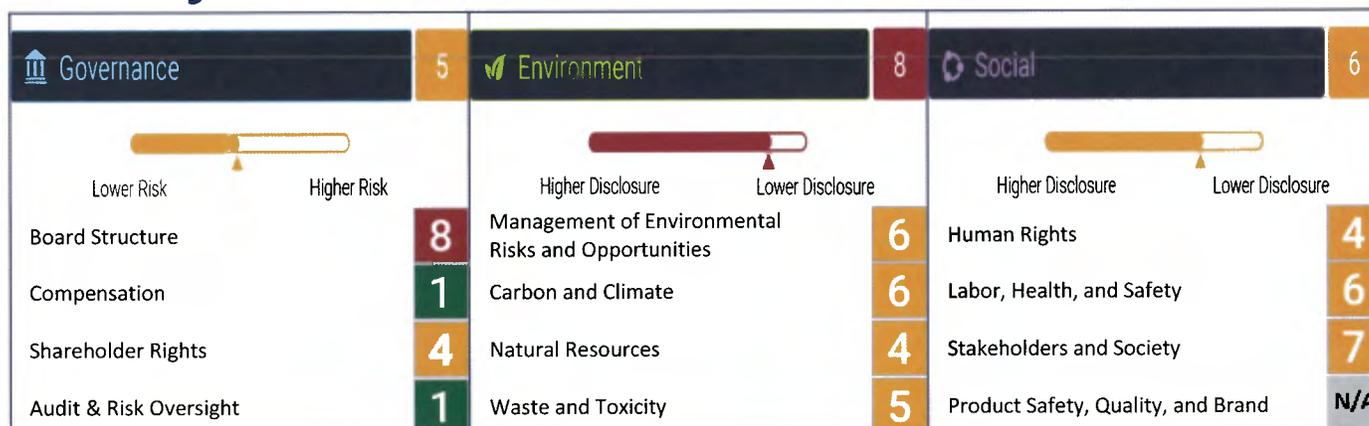
Dilution is the sum of the total amount of shares available for grant and outstanding under options and other equity awards (vested and unvested) expressed as a percentage of total basic common shares outstanding as of the record date. The dilution figure typically excludes employee stock purchase plans (ESPPs) and 401(k) shares. The underlying information for the company is based on the company's equity compensation table in the most recent proxy statement or 10-K.

BURN RATE

| | Non-Adjusted (%) | Adjusted (%) |
|----------------|------------------|--------------|
| 1-year | 0.98 | 1.97 |
| 3-year average | 0.72 | 1.44 |

Burn rate equals the number of shares granted in each fiscal year, including stock options, restricted stock (units), actual performance shares delivered under the long-term incentive plan or earned deferred shares, to employees and directors divided by weighted average common shares outstanding. The adjusted burn rate places a premium on grants of full-value awards using a multiplier based on the company's annual volatility.

QualityScore



Governance Scores As Of: June 20, 2018
Last Data Profile Update: June 20, 2018

Environmental and Social Scores As Of: June 20, 2018
Last Data Profile Update: May 17, 2018

ISS Governance QualityScore is derived from publicly disclosed data and reporting on company governance disclosure, risk and performance. ISS Environmental and Social QualityScore is based on company disclosure and transparency practices. Scores indicate decile rank among relative index, region (Governance QualityScore), or industry group (Environmental and Social QualityScore). Scores are calculated at each pillar by summing the factor scores in that pillar. Not all factors and not all subcategories have equal weight.

For more information on ISS Governance QualityScore, visit www.issgovernance.com/solutions/qualityscore/governance. For questions, please contact: QualityScore@issgovernance.com.

For more information on ISS-Ethix Environmental and Social QualityScore, visit www.issgovernance.com/solutions/qualityscore/environmental-social. For questions, please contact: ESGHelpdesk@Isethix.com.

Vote Results

ANNUAL MEETING 9 JUNE 2017

| Proposal | Board Rec | ISS Rec | Disclosed Result | Support Including Abstains (%) ¹ | Support Excluding Abstains (%) ² |
|---|-----------|----------|------------------|---|---|
| 1.1 Elect Director Monty J. Bennett | For | For | Pass | 92.0 | 92.0 |
| 1.2 Elect Director Stefani D. Carter | For | Withhold | Pass | 79.4 | 79.4 |
| 1.3 Elect Director Lawrence A. Cunningham | For | For | Pass | 94.4 | 94.4 |
| 1.4 Elect Director Sarah Zubiarte Darrouzet | For | For | Pass | 96.1 | 96.1 |
| 1.5 Elect Director Kenneth H. Fearn | For | For | Pass | 96.2 | 96.2 |
| 1.6 Elect Director Curtis B. McWilliams | For | For | Pass | 93.9 | 93.9 |
| 1.7 Elect Director Matthew D. Rinaldi | For | For | Pass | 93.8 | 93.8 |
| 1.8 Elect Director Daniel B. Silvers | For | For | Pass | 94.1 | 94.1 |
| 2 Adopt Majority Voting for Uncontested Election of Directors | For | For | Pass | 56.7* | 56.7* |
| 3 Amend Omnibus Stock Plan | For | Against | Pass | 74.3 | 74.7 |
| 4 Amend Investment Advisory Agreement | For | For | Pass | 95.5 | 96.3 |
| 5 Ratify BDO USA LLP as Auditors | For | For | Pass | 99.7 | 99.7 |

Shaded results reflect a majority of votes cast FOR shareholder proposal or AGAINST management proposal or director election

¹Support Including Abstains is defined as %FOR/(For + Against + Abstain), as expressed as a percentage.

²Support Excluding Abstains is defined as %FOR/(For + Against), as expressed as a percentage, provided if different from For + Against + Abstain.

*Support as a percentage of outstanding shares.

Meeting Agenda & Proposals

Items 1.1-1.6. Elect Directors

SPLIT

VOTE RECOMMENDATION

WITHHOLD votes are warranted for incumbent director nominees Monty J. Bennett, Stefani D. Carter, Kenneth H. Fearn, Curtis B. McWilliams, and Matthew D. Rinaldi for a material governance failure. The board's actions following the entry into a settlement agreement with Sessa Capital demonstrated a willingness to entrench existing leadership rather than prioritizing all shareholders' interests.

WITHHOLD votes are warranted for incumbent Governance Committee members Stefani Carter and Matthew Rinaldi for a material governance failure. The company's governing documents prohibit or restrict shareholders' ability to amend the company bylaws.

A vote FOR Abteen Vaziri is warranted.

BACKGROUND INFORMATION

Policies: [Board Accountability](#) | [Board Responsiveness](#) | [Director Competence](#) | [Director Independence](#) | [Election of Directors](#) | [ISS Categorization of Directors](#) | [Vote No campaigns](#)

Vote Requirement: The company has adopted a majority vote standard (of shares cast) for the election of directors with a plurality carve-out for contested elections, and has a director resignation policy in its governance guidelines.

Discussion

Please see the [Board Profile](#) section above for more information on director nominees.

CHANGES TO THE BOARD OF DIRECTORS

On Feb. 16, 2017, the company entered into a settlement agreement with then-8.5 percent shareholder Sessa Capital L.P., which ran a proxy contest prior to the 2016 annual meeting. Pursuant to the agreement, the company agreed to appoint two of Sessa's director nominees, and that two of the incumbent directors would not stand for re-election at the 2017 annual meeting. The [settlement agreement](#) included a provision that the Sessa directors would sign the same confidentiality agreements as the other directors.

On March 3, 2017, Daniel Silvers and Lawrence Cunningham were appointed to the board and each was subsequently elected at the 2017 annual meeting with more than 90 percent support. Additionally, Sarah Zubiata Darrouzet was appointed to the board on April 27, 2017 and also elected with greater than 90 percent support. On June 9, 2017, the day of the 2017 annual meeting, the company amended its corporate governance guidelines to stipulate that each director must sign a confidentiality agreement. However, the confidentiality agreements presented to directors contained provisions that were problematic for the Sessa directors. On July 7, 2017, Silvers and Cunningham each received letters stating that they were not in compliance with the corporate governance guidelines and both directors elected to resign from the board.

The board of directors at Braemar took other concerning actions in regard to the agreement signed with Sessa. The agreement with Sessa stipulated that one of Sessa's two designees would be appointed to the Nominating and Corporate Governance Committee "as promptly as practicable following the execution of [the] agreement." However, at the time of the annual meeting (according to the company's 2017 proxy statement) and the amendments to the corporate governance guidelines, neither director had been appointed to the committee. Second, the company amended its standard confidentiality agreement after the settlement date of the Sessa agreement. Specifically, the amended confidentiality agreement contained the following provisions (as summarized in a company [filing](#)):

"The Confidentiality Agreement requires, subject to certain limited exceptions, that each director maintain the confidentiality of information relating to the Company, Ashford Hospitality Trust, Inc., Ashford Inc. and their affiliates (collectively, the "Ashford Entities") and use such information solely for the purpose of serving on the Board and in connection with the Company's business. Pursuant to the Confidentiality Agreement, each director agrees (a) not to directly or indirectly make any statement or

announcement that disparages, or could reasonably be expected to damage the reputation of, any of the Ashford Entities, (b) not to publicly comment on any matter discussed or deliberated at any meeting of the Board or at any meeting of any committee of the Board, (c) to comply with any and all policies and procedures of the Company, (d) not to make any commitment as to how such director will act or vote on any issue or question in his or her capacity as a director of the Company, and (e) not to become a party to any agreement, arrangement or understanding with any person other than the Company with respect to any direct or indirect compensation, reimbursement or indemnification in connection with such director's service as a director of the Company. The Confidentiality Agreement states that no provision thereof shall require any director to violate his or her fiduciary duties to the Company."

In the [8-K](#) announcing the resignation of Cunningham and Silvers, the company discloses that Cunningham was a member of the Nominating and Corporate Governance Committee; however, it is not disclosed when he was appointed to the committee. Cunningham and Silvers each disclosed their concerns to the board (but the board does not disclose the specific concerns to shareholders) over several of the contractual provisions in the amended confidentiality agreements. The board stated that the directors' refusal to sign the confidentiality agreements constituted a breach of the Sessa agreement.

Conclusion

The board's actions following its entry into the Sessa agreement are of concern to shareholders. The board amended the confidentiality agreements and implemented them into the corporate governance guidelines after signing the Sessa agreement – over the apparent objection of the Sessa designees – and then used the refusal of the Sessa designees to execute these confidentiality agreements as grounds for demanding their resignation despite overwhelming shareholder support for their election. One of the two Sessa directors was supposed to have been promptly appointed to the Nominating and Corporate Governance Committee, but as of the 2017 proxy statement, the company had elected to not abide by this provision of the agreement. Further, the company withheld the proposed changes from the remaining shareholder base and implemented the changes on the day of the annual meeting, thereby ensuring that shareholders would not have the opportunity to voice their opinions on the board's actions until the 2018 annual meeting. These actions demonstrate a willingness by the board to entrench itself and work to the directors' self-interest rather than to prioritize the unaffiliated shareholders' interests. These actions represent a material governance failure and as such, support for the incumbent director nominees is not warranted. Abteen Vaziri was appointed to the board in October 2017, after the actions in question, and may not have had sufficient time to address the ongoing governance concerns.

RESTRICTION ON BINDING SHAREHOLDER PROPOSALS

Shareholders' ability to amend corporate bylaws is a fundamental right, which is enshrined in most states' corporation statutes. A limited number of states permit companies to adopt provisions within their governing documents that prohibit shareholders from submitting binding bylaw amendments. In this case, the company stipulates in its governing documents that the right to amend the bylaws is reserved solely to the board of directors. Under current ISS policy, such a prohibition on binding shareholder amendments materially diminishes shareholder rights and represents an ongoing governance failure. As such, with the exception of new director nominee Abteen Vaziri, withhold votes for all Governance Committee members.

REVIEW OF EXECUTIVE COMPENSATION PRACTICES

Components of Pay

The chart below summarizes year-over-year CEO pay changes and provides a comparison to the median of a peer group based on industry and size criteria. Aggregate pay for all other named executive officers (NEOs) is also shown, along with the ratio of most recent CEO and NEO pay to the company's net income and revenue. Please also refer to the Compensation Profile earlier in the report.

| (\$ in thousands) | CEO | | | CEO Peer Median | Other NEOs | |
|-------------------------|-------------|---------------|--------------|-----------------|--------------|--------------|
| | R. Stockton | | R. Stockton | M. Bennett | | |
| | 2017 | Change | 2016 | 2015 | 2017 | |
| Base salary | 0 | | 0 | 0 | 712 | 0 |
| Deferred comp & pension | 0 | | 0 | 0 | 0 | 0 |
| All other comp | 0 | | 0 | 0 | 34 | 0 |
| Bonus | 0 | | 0 | 0 | 0 | 0 |
| Non-equity incentives | 0 | | 0 | 0 | 879 | 0 |
| Restricted stock | 194 | -93.4% | 2,955 | 2,169 | 2,191 | 3,351 |
| Option grant | 0 | | 0 | 0 | 0 | 0 |
| Total | 194 | -93.4% | 2,955 | 2,169 | 3,931 | 3,351 |
| % of Net Income | 0.8% | | | | | 14.6% |
| % of Revenue | N/A | | | | | 0.8% |

CEO equity pay mix (by value)* Performance-conditioned: 66.7%; Time-based: 33.3%

*Performance shares, if any, are counted and valued at target

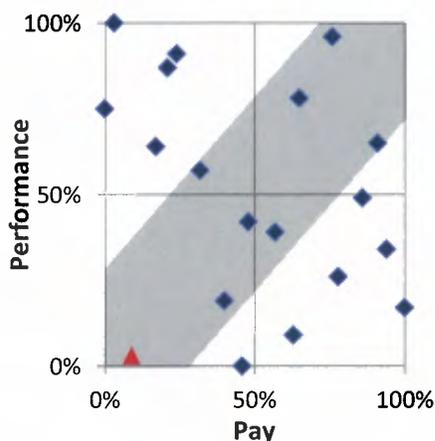
PAY-FOR-PERFORMANCE QUANTITATIVE SCREEN

The pay-for-performance quantitative screen uses four measures that together evaluate the alignment of CEO pay and company performance. The screen measures alignment over multiple time horizons, on both an absolute and relative basis, using multiple performance measures. The screen is designed to identify outlier companies that demonstrate a significant quantitative misalignment over time.

| Measure | Result |
|-------------------------------------|------------|
| Relative Degree of Alignment | -6 |
| Multiple of Median | 0.05 |
| Absolute Pay-TSR Alignment | 24 |
| Initial Quantitative Concern | Low |
| Financial Performance Assessment | 14.5 |
| Overall Quantitative Concern | Low |

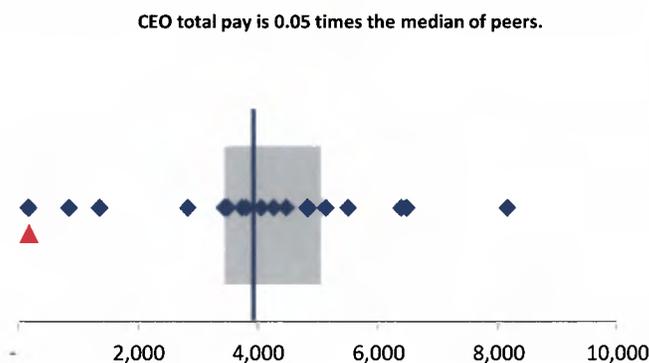
RELATIVE DEGREE OF ALIGNMENT

The chart plots percentiles of the annualized 3-year performance and pay rankings for the company (▲) and ISS' derived peers (◆). The gray band generally indicates alignment



MULTIPLE OF MEDIAN

Pay in \$thousands. The gray band represents 25th to 75th percentile of CEO pay of ISS' select peer group, and the blue line represents the 50th percentile.



Braemar Hotels & Resorts, Inc. (BHR)

POLICY: United States

Meeting Date: 3 July 2018

Meeting ID: 1242685

ABSOLUTE PAY-TSR ALIGNMENT

CEO granted pay trends versus value of a \$100 investment made on the first day of the five-year period.



| | 2013 | 2014 | 2015 | 2016 | 2017 |
|-------------|--------|---------------|---------------|------------------|------------------|
| Pay(\$000) | | 2,456 | 2,169 | 2,955 | 194 |
| Indexed TSR | 100.00 | 90.61 | 75.56 | 76.84 | 56.66 |
| CEO | | Monty Bennett | Monty Bennett | Richard Stockton | Richard Stockton |

FINANCIAL PERFORMANCE ASSESSMENT

Blue boxes indicate the company's quartile rankings compared to ISS' selected peer group in applicable measure/metric, measured over three years. The leftmost box indicates bottom quartile and rightmost box indicates top quartile.

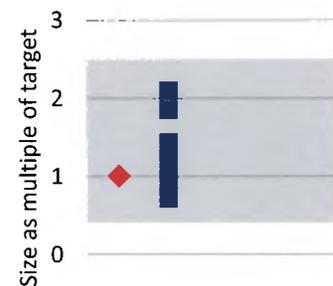
| Measure | Quartile Ranking vs. Peers | | | |
|----------------------------|----------------------------|----------------------------|---|---|
| Pay | ■ | ■ | ■ | ■ |
| Weighted Performance | ■ | ■ | ■ | ■ |
| Metrics (ranked by weight) | Long-Term Performance | Quartile Ranking vs. Peers | | |
| ROIC | 1.0 | ■ | ■ | ■ |
| Return on Assets | 0.6 | ■ | ■ | ■ |
| Return on Equity | 2.2 | ■ | ■ | ■ |
| Cash Flow Growth | 843.7 | ■ | ■ | ■ |

ISS AND COMPANY PEER GROUPS

| | | | |
|-------------------|---|-------------------------------------|--|
| ISS Selected (18) | Alexander & Baldwin, Inc. | Armada Hoffer Properties, Inc. | |
| | Chatham Lodging Trust | Chesapeake Lodging Trust | |
| | Columbia Property Trust, Inc. | DiamondRock Hospitality Company | |
| | Equity Commonwealth | First Industrial Realty Trust, Inc. | |
| | Hersha Hospitality Trust | Kite Realty Group Trust | |
| | Lexington Realty Trust | Pebblebrook Hotel Trust | |
| | Pennsylvania Real Estate Investment Trust | PS Business Parks, Inc. | |
| | QTS Realty Trust, Inc. | Select Income REIT | |
| | Summit Hotel Properties, Inc. | Tanger Factory Outlet Centers, Inc. | |
| | Shared (0) | None disclosed. | |
| | Company- Disclosed (0) | | |

PEER GROUP SIZE

Size (by revenue) of the ISS, company and overlap peer groups. gray area represents 0.4 - 2.5 times the company's revenue.



- ◆ Braemar Hotels & Resorts, Inc.
- ISS Only
- ▲ Shared
- Company Only

For more information on the ISS peer group methodology, visit <https://www.issgovernance.com/policy-gateway/voting-policies/>

Data for ISS' pay-for-performance tests are sourced from proxy disclosures for pay and from Compustat for TSR and financial performance. For more information on ISS' quantile pay-for-performance evaluation, visit <https://www.issgovernance.com/policy-gateway/voting-policies/>

Braemar Hotels & Resorts, Inc. (BHR)

POLICY: United States

Meeting Date: 3 July 2018

Meeting ID: 1242685

Executive Summary

| Evaluation Component | Level of Concern |
|--|-------------------------|
| <i>Non-Performance-Based Pay Elements</i> | Low |
| <i>Peer Group Benchmarking</i> | Low |
| <i>Severance/CIC Arrangements</i> | Low |
| <i>Comp Committee Communication/Responsiveness</i> | Low |
| <i>Pay for Performance Evaluation</i> | Low |

Conclusion

Pay and performance are reasonably aligned and no significant compensation concerns are identified at this time.

Item 2. Ratify BDO USA, LLP as Auditors

FOR

VOTE RECOMMENDATION

A vote FOR this proposal to ratify the auditor is warranted.

BACKGROUND INFORMATION

Policies: [Auditor Ratification](#)

Vote Requirement: Majority of votes cast (abstentions not counted)

Discussion

AUDIT FIRM INFORMATION

The board recommends that BDO USA, LLP be reappointed as the company's independent audit firm.

| Audit firm name | BDO USA, LLP |
|--|--------------|
| Audit firm since (as disclosed) | 2015 |
| Audit opinion for the last fiscal year | Unqualified |
| Term to serve if reappointed | 1 year |

FEES PAID DURING THE LAST FISCAL YEAR

| Audit firm name | BDO USA, LLP |
|--|----------------|
| Fees currency | USD |
| Total fees paid to the audit firm | 887,066 |
| Audit fees | 887,066 |
| Audit-related fees | 0 |
| Total transaction-related fees | 0 |
| Total tax fees | 0 |
| Other fees | 0 |
| Total non-audit fees* | 0 |
| Total non-audit fees as a percentage of total fees | 0.0% |

*Total non-audit fees include other fees, tax advice fees, and certain transaction-related fees. Non-audit fees will also include any tax-related fees not identified as tax compliance or tax preparation.

The auditor's report contained in the annual report is unqualified, meaning that in the opinion of the auditor, the company's financial statements are fairly presented in accordance with generally accepted accounting principles.

Analysis

This request to ratify the auditor does not raise any exceptional issues, as the auditor is independent, there are no non-audit fees, and there is no reason to believe the auditor has rendered an inaccurate opinion or engaged in poor accounting practices.

Braemar Hotels & Resorts, Inc. (BHR)

POLICY: United States

Meeting Date: 3 July 2018

Meeting ID: 1242685

Equity Ownership Profile

| Type | Votes per share | Issued |
|--------------|-----------------|------------|
| Common Stock | 1.00 | 32,505,238 |

| Ownership - Common Stock | Number of Shares | % of Class |
|--|------------------|------------|
| The Vanguard Group, Inc. | 3,054,491 | 9.51 |
| BlackRock Fund Advisors | 2,280,017 | 7.10 |
| Sessa Capital IM LP | 2,210,427 | 6.88 |
| Fidelity Management & Research Co. | 1,350,052 | 4.20 |
| Invesco PowerShares Capital Management LLC | 1,238,120 | 3.86 |
| SSgA Funds Management, Inc. | 964,905 | 3.00 |
| Millennium Management LLC | 936,017 | 2.91 |
| Quantitative Management Associates LLC | 922,186 | 2.87 |
| LSV Asset Management | 846,441 | 2.64 |
| AJO LP | 591,447 | 1.84 |
| JPMorgan Investment Management, Inc. | 492,289 | 1.53 |
| Dimensional Fund Advisors LP | 476,696 | 1.48 |
| Charles Schwab Investment Management, Inc. | 391,917 | 1.22 |
| ClariVest Asset Management LLC | 378,096 | 1.18 |
| WEISMAN LYLE | 376,402 | 1.17 |
| Ranger Global Real Estate Advisors LLC | 349,676 | 1.09 |
| Geode Capital Management LLC | 328,939 | 1.02 |
| BENNETT MONTGOMERY JACK | 321,048 | 1.00 |
| STOCKTON RICHARD J | 309,137 | 0.96 |
| Northern Trust Investments, Inc. | 286,729 | 0.89 |

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Additional Information

| | |
|-------------------------------|---|
| Meeting Location | Dallas/Fort Worth Airport Marriott 8440 Airport Freeway Irving, Texas |
| Meeting Time | 9:00 a.m. Central Time |
| Shareholder Proposal Deadline | January 22, 2019 |
| Solicitor | Mackenzie Partners, Inc. |
| Security IDs | 10482B101(CUSIP) |

Braemar Hotels & Resorts, Inc. (BHR)

POLICY: United States

Meeting Date: **3 July 2018**

Meeting ID: 1242685

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