CorePoint
Lodging

Notice of **2020** Annual Meeting of Stockholders and Proxy Statement
&
2019 Annual Report

Pure play select service hotel owner strategically focused primarily on the upper midscale and midscale segments

CPLG at a Glance*:

254 Hotels

32,924 Rooms

41 States

116 MSAs

*As of March 12, 2020

Dear Stockholders:

As I write this letter, our company, industry and nation are facing unprecedented times. The public health crisis caused by COVID-19 is rapidly evolving, and the macro lodging environment has deteriorated as government-mandated lockdowns, closures of businesses and travel restrictions have severely impacted hotel demand.

The short-term steps we are taking to aggressively respond to these events may be superseded by other necessary actions in coming weeks and months. What will remain constant throughout this crisis, however, are our top priorities of ensuring the health and safety of our guests and employees, safeguarding our capital and working collaboratively with our third-party manager to contain costs.

Looking back on 2019, CorePoint had a challenging year from an operational perspective. We experienced revenue disruption following the systems migration to the Wyndham platforms that occurred in early 2019, as well as a softening of the macro lodging environment in the second half of the year. We were pleased to be able to secure an economic and structural settlement with Wyndham during the year to resolve the core issues of our dispute and begin addressing the underperformance of our hotels that had existed since that systems conversion. This settlement resulted in cash payments to CorePoint totaling approximately $37 million, agreement on what we believe are critical revenue management and other booking functionalities to be re-established at Wyndham's expense, agreement on objective franchise transfer approval criteria related to asset sales, and clarification and enhancement of financial reporting procedures, deliverables and related timelines.

Our non-core disposition program was highly accretive and one of our top initiatives for 2019. Since outlining our plan to sell 78 non-core hotels last March, we have sold 57 hotels to date for gross proceeds of approximately $235 million. These sales far exceeded our original expectations in terms of pace, valuation and proceeds.

Based on the success of these sales and a strategic review of our remaining portfolio, we expanded the size of our non-core disposition program to include an additional phase two group of 132 hotels. We have already sold four of these phase two hotels for a combined gross sales price of approximately $16 million and are making significant progress on other hotels under contract. We have a total of 149 remaining non-core hotels that we intend to sell generally over the next two years. At full execution, this strategy should result in a core portfolio of 105 hotels that are focused on our higher quality and growth potential assets that are primarily located in top 50 MSAs.

In addition to remaining vigilant and aggressively responding to disruptions to our business from this rapidly evolving environment, our key initiatives will include:

- ensuring that the revenue and other platform improvements are completed on time and properly address our needs and improve upon our asset management capabilities and processes, which we believe will drive improved operational results; and
- executing on the next phase of our real estate strategy, which should drive meaningful value creation once again through asset dispositions.

Thank you for your continued support and investment in CorePoint Lodging.

Sincerely,

Keith A Cline

Keith Cline
President & Chief Executive Officer

Chicago Downtown




CorePoint
Lodging

April 14, 2020

Dear Stockholder:

Please join us for CorePoint Lodging Inc.'s Annual Meeting of Stockholders on Thursday, May 21, 2020, at 10:00 a.m., Central Time, at La Quinta Inn & Suites by Wyndham DFW Airport South/Irving, 4105 West Airport Freeway, Irving, Texas 75062.

Attached to this letter are a Notice of Annual Meeting of Stockholders and Proxy Statement, which describe the business to be conducted at the meeting. This Proxy Statement and the enclosed proxy card and annual report are first being sent to stockholders on or about April 14, 2020. We urge you to read the accompanying materials regarding the matters to be voted on at the meeting and to submit your voting instructions by proxy.

Whether or not you plan to attend the meeting, your vote is important to us. You may vote your shares by proxy on the Internet, by telephone or by completing, signing and promptly returning a proxy card, or you may vote in person at the Annual Meeting. We encourage you to vote by Internet, by telephone or by proxy card even if you plan to attend the Annual Meeting. By doing so, you will ensure that your shares are represented and voted at the Annual Meeting.

Thank you for your continued support of CorePoint Lodging Inc.

Sincerely,

Mitesh B. Shah
Chairman of the Board of Directors

Keith A. Cline
President and Chief Executive Officer

COREPOINT LODGING INC.
NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

TIME	10:00 a.m., Central Time, on Thursday, May 21, 2020
PLACE	La Quinta Inn & Suites by Wyndham[1] DFW Airport South/Irving 4105 West Airport Freeway Irving, Texas 75062
ITEMS OF BUSINESS	1. To elect the director nominees listed in the Proxy Statement. 2. To ratify the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for 2020. 3. To consider such other business as may properly come before the Annual Meeting and any adjournments or postponements thereof.
RECORD DATE	You may vote at the Annual Meeting if you were a stockholder of record at the close of business on April 2, 2020.
VOTING BY PROXY	To ensure your shares are voted, you may vote your shares over the Internet, by telephone or by completing, signing and mailing the enclosed proxy card. Voting procedures are described on the following page and on the proxy card.

By Order of the Board of Directors,

Mark M. Chloupek
Executive Vice President, Secretary and General Counsel
April 14, 2020

Important Notice Regarding the Availability of Proxy Materials for the Stockholder Meeting to Be Held on Thursday, May 21, 2020: This Proxy Statement and our Annual Report are available free of charge at the Investors section of our website (www.corepoint.com) under "Financial Information".

[1] Due to the emerging public health impact of coronavirus disease 2019 (COVID-19), we are planning for the possibility that the Annual Meeting may become a virtual meeting, held solely by means of remote communication. If we take this step, we will announce the decision to do so in advance, and details on how to participate in a live audio webcast will be set forth in a press release issued by CorePoint Lodging Inc. and available at www.corepoint.com in the "News" section.

PROXY VOTING METHODS

If at the close of business on April 2, 2020, you were a stockholder of record or held shares through a broker or bank, you may vote your shares by proxy at the Annual Meeting. If you were a stockholder of record, you may vote your shares over the Internet, by telephone or by mail, or you may vote in person at the Annual Meeting. You may also revoke your proxies at the times and in the manners described in the General Information section of this Proxy Statement. For shares held through a broker, bank or other nominee, you may submit voting instructions to your broker, bank or other nominee. Please refer to information from your broker, bank or other nominee on how to submit voting instructions.

If you are a stockholder of record, your Internet, telephone or mail vote must be received by 11:59 p.m., Eastern Time, on May 20, 2020 to be counted. If you hold shares through a broker, bank or other nominee, please refer to information from your bank, broker or nominee for voting instructions.

To vote by proxy if you are a stockholder of record:

BY INTERNET

- Go to the website *www.proxyvote.com* and follow the instructions, 24 hours a day, seven days a week.
- You will need the 16-digit number included on your proxy card to obtain your records and to create an electronic voting instruction form.

BY TELEPHONE

- From a touch-tone telephone, dial 1-800-690-6903 and follow the recorded instructions, 24 hours a day, seven days a week.
- You will need the 16-digit number included on your proxy card in order to vote by telephone.

BY MAIL

- Mark your selections on the proxy card.
- Date and sign your name exactly as it appears on your proxy card.
- Mail the proxy card in the enclosed postage-paid envelope provided to you.

YOUR VOTE IS IMPORTANT TO US. THANK YOU FOR VOTING.

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COREPOINT LODGING INC.
125 East John Carpenter Freeway, Suite 1650
Irving, Texas 75062
Telephone: (972) 893-3199

PROXY STATEMENT
Annual Meeting of Stockholders
May 21, 2020

Proxy Statement

GENERAL INFORMATION

Why am I being provided with these materials?

This proxy statement and the enclosed proxy card and annual report are first being sent to stockholders on or about April 14, 2020. We have delivered these proxy materials to you in connection with the solicitation by the Board of Directors (the "Board" or "Board of Directors") of CorePoint Lodging Inc. ("we," "our," "us" and the "Company") of proxies to be voted at our Annual Meeting of Stockholders to be held on May 21, 2020 (the "Annual Meeting"), and at any postponements or adjournments of the Annual Meeting. You are invited to attend the Annual Meeting and vote your shares in person or to vote your shares by proxy via the Internet, by telephone or by mail.

What am I voting on?

There are two proposals scheduled to be voted on at the Annual Meeting:

- Proposal No. 1: Election of the director nominees listed in this Proxy Statement.
- Proposal No. 2: Ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for 2020.

Who is entitled to vote?

Stockholders as of the close of business on April 2, 2020 (the "Record Date") may vote at the Annual Meeting. As of that date, there were 58,051,220 shares of common stock outstanding. You have one vote for each share of common stock held by you as of the Record Date, including shares:

- Held directly in your name as "stockholder of record" (also referred to as "registered stockholder"); and
- Held for you in an account with a broker, bank or other nominee (shares held in "street name")—Street name holders generally cannot vote their shares directly and instead must instruct the brokerage firm, bank or nominee how to vote their shares.

What constitutes a quorum?

The presence in person or by proxy of stockholders entitled to cast a majority of all the votes entitled to be cast at such meeting on any matter constitutes a quorum. Abstentions and shares represented by "broker non-votes" that are present and entitled to vote at the Annual Meeting are counted for purposes of determining a quorum.

What is a "broker non-vote"?

A broker non-vote occurs when shares held through a broker are not voted with respect to a proposal because (1) the broker has not received voting instructions from the stockholder who beneficially owns the shares and (2) the broker lacks the authority to vote the shares at its discretion. Under current New York Stock Exchange ("NYSE") interpretations that govern broker non-votes, Proposal No. 1 is considered a non-routine matter, and a broker will lack the authority to vote uninstructed shares at their discretion on such proposal. Proposal No. 2 is considered a discretionary matter, and a broker will be permitted to exercise its discretion to vote uninstructed shares on this proposal.

How many votes are required to approve each proposal?

For Proposal No. 1, under our Amended and Restated Bylaws (the "Bylaws"), directors are elected by a plurality vote, which means that the director nominees with the greatest number of votes cast, even if less than a majority, will be elected. There is no cumulative voting.

Notwithstanding the foregoing, under our Corporate Governance Guidelines, a director nominee (other than any person nominated or designated pursuant to the stockholders' agreement between the Company and affiliates of The Blackstone Group Inc. ("Blackstone")) who fails to receive a majority of the votes cast in an uncontested election is required to tender his or her resignation from the Board. For purposes of this provision, our Corporate Governance Guidelines state that a "majority of votes cast" means that the number of votes cast "for" a director's election exceeds the number of votes "withheld" as to that director's election (with "broker non-votes" not counted as a vote cast either "for" or "withheld" as to that director's election). The Nominating and Corporate Governance Committee will then make a recommendation to the Board as to whether to accept or reject the resignation, or whether other action should be taken. The Board is required to act on the proffered resignation, taking into account the Nominating and Corporate Governance Committee's recommendation, within 90 days following certification of the election results.

For Proposal No. 2, under our Bylaws, approval of the proposal requires a majority of the votes cast, and under Maryland law, abstentions are not treated as "votes cast."

It is important to note that the proposal to ratify the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for 2020 (Proposal No. 2) is non-binding and advisory. While the ratification of Deloitte & Touche LLP as our independent registered public accounting firm is not required by our Bylaws or otherwise, if our stockholders fail to ratify the selection, we will consider it notice to the Board and the Audit Committee to consider the selection of a different firm.

How are votes counted?

With respect to the election of directors (Proposal No. 1), you may vote "FOR" or "WITHHOLD" with respect to each nominee. Votes that are "withheld" will have the same effect as an abstention and will not count as a vote "FOR" or "AGAINST" a director because directors are elected by plurality voting. Broker non-votes will have no effect on the outcome of Proposal No. 1.

With respect to the ratification of our independent registered public accounting firm (Proposal No. 2), you may vote "FOR," "AGAINST" or "ABSTAIN." For Proposal No. 2, under Maryland law, abstentions will not affect the outcome.

If you sign and submit your proxy card without voting instructions, your shares will be voted in accordance with the recommendation of the Board with respect to the Proposals and in accordance with the discretion of the holders of the proxy with respect to any other matters that may be voted upon.

How does the Board recommend that I vote?

Our Board recommends that you vote your shares:

- "FOR" each of the director nominees set forth in this Proxy Statement.
- "FOR" the ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for 2020.

Who will count the vote?

Representatives of Broadridge Financial Solutions, Inc. will tabulate the votes and act as inspectors of election.

How do I vote my shares without attending the Annual Meeting?

If you are a stockholder of record, you may vote by authorizing a proxy to vote on your behalf at the Annual Meeting. Specifically, you may authorize a proxy:

- *By Internet*—If you have Internet access, you may submit your proxy by going to *www.proxyvote.com* and by following the instructions on how to complete an electronic proxy card. You will need the 16-digit number included on your proxy card in order to vote by Internet.
- *By Telephone*—If you have access to a touch-tone telephone, you may submit your proxy by dialing 1-800-690-6903 and by following the recorded instructions. You will need the 16-digit number included on your proxy card in order to vote by telephone.
- *By Mail*—You may vote by mail by signing and dating the enclosed proxy card where indicated and by mailing or otherwise returning the card in the postage-paid envelope provided to you. You should sign your name exactly as it appears on the proxy card. If you are signing in a representative capacity (for example, as guardian, executor, trustee, custodian, attorney or officer of a corporation), indicate your name and title or capacity.

Internet and telephone voting facilities will close at 11:59 p.m., Eastern Time, on May 20, 2020, for the voting of shares held by stockholders of record as of the Record Date. Proxy cards with respect to shares held of record must be received no later than May 20, 2020.

If you hold your shares in street name, you may submit voting instructions to your broker, bank or other nominee. In most instances, you will be able to do this over the Internet, by telephone or by mail. Please refer to information from your bank, broker or other nominee on how to submit voting instructions.

How do I vote my shares in person at the Annual Meeting?

If you are a stockholder of record and prefer to vote your shares at the Annual Meeting, you must bring proof of identification along with your proof of stock ownership on the Record Date. If you hold your shares in street name, you may only vote shares at the Annual Meeting if you bring a signed proxy from the record holder (broker, bank or other nominee) giving you the right to vote the shares, as well as proof of identification and proof of ownership.

Even if you plan to attend the Annual Meeting, we encourage you to vote in advance by Internet, telephone or mail so that your vote will be counted even if you later decide not to attend the Annual Meeting.

How do I attend the Annual Meeting?

In order to be admitted to the meeting, you will need to present (1) a form of personal identification, and (2) proof of your stock ownership of CorePoint Lodging Inc. stock on the Record Date.

No cameras, recording equipment, electronic devices, large bags, briefcases or packages will be permitted in the Annual Meeting.

For directions to the meeting, you may contact La Quinta Inn & Suites by Wyndham DFW Airport South/Irving at (972) 252-6546.

What happens if a change to the Annual Meeting is necessary due to exigent circumstances?

While we have every intention of holding the Annual Meeting as indicated in the "Notice of Annual Meeting of Stockholders", if exigent and unexpected circumstances such as a global health crisis such as the coronavirus disease 2019, or COVID-19, pandemic prevent the Company from holding the Annual Meeting as planned, we may determine to change the location of the Annual Meeting or to switch to an alternative method of holding the meeting, such as a virtual meeting. If the Company needs to take such action on an exceptional basis, we plan on issuing a press release notifying our stockholders of such development which will be posted on our website at *www.corepoint.com* in the "News" section. Any such decision by the Company has no impact on a stockholder's ability to provide their proxy by using the Internet or telephone or by completing, signing, dating and mailing their proxy card, each as explained in this proxy statement.

What does it mean if I receive more than one proxy card on or about the same time?

It generally means you hold shares registered in more than one account. To ensure that all your shares are voted, please sign and return each proxy card or, if you vote by Internet or telephone, vote once for each proxy card you receive.

May I change my vote or revoke my proxy?

Yes. Whether you have voted by Internet, telephone or mail, if you are a stockholder of record, you may change your vote and revoke your proxy by:

- sending a written statement to that effect to our Secretary, provided such statement is received no later than May 20, 2020;
- voting by Internet or telephone at a later time than your previous vote and before the closing of those voting facilities at 11:59 p.m., Eastern Time, on May 20, 2020;
- submitting a properly signed proxy card, which has a later date than your previous vote, and that is received no later than May 20, 2020; or
- attending the Annual Meeting and voting in person.

If you hold shares in street name, please refer to information from your bank, broker or other nominee on how to revoke or submit new voting instructions.

Could other matters be decided at the Annual Meeting?

As of the date of this Proxy Statement, we do not know of any matters to be raised at the Annual Meeting other than those referred to in this Proxy Statement. If other matters are properly presented at the Annual Meeting for consideration and you are a stockholder of record and have submitted a proxy card, the persons named in your proxy card will have the discretion to vote on those matters for you.

Who will pay for the cost of this proxy solicitation?

We will pay the cost of soliciting proxies. Proxies may be solicited on our behalf by directors, officers or employees of the Company (for no additional compensation) in person or by telephone, electronic transmission and facsimile transmission. Brokers and other nominees will be requested to solicit proxies or authorizations from beneficial owners and will be reimbursed for their reasonable expenses.

PROPOSAL NO. 1—ELECTION OF DIRECTORS

The number of directors that comprise our Board of Directors is currently set at eleven. Upon the recommendation of the Nominating and Corporate Governance Committee, our Board of Directors has considered and nominated each of the following nominees for a term expiring at the 2021 Annual Meeting of Stockholders and when his or her successor is duly elected and qualified: Keith A. Cline, James R. Abrahamson, Glenn Alba, Jean M. Birch, Alan J. Bowers, Giovanni Cutaia, Alice E. Gould, B. Anthony Isaac, Brian Kim, David Loeb and Mitesh B. Shah. Action will be taken at the Annual Meeting for the election of these nominees. All 11 nominees currently serve on the Board.

Unless otherwise instructed, the persons named in the form of proxy card (the "proxyholders") included with this Proxy Statement intend to vote the proxies held by them "FOR" the election of the director nominees. All of the nominees have indicated that they will be willing and able to serve as directors. If any of these nominees ceases to be a candidate for election by the time of the Annual Meeting (a contingency which the Board does not expect to occur), such proxies may be voted by the proxyholders in accordance with the recommendation of the Board.

Nominees for Election to the Board of Directors in 2020

The following information describes the offices held, other business directorships and the term of service of each director nominee.

Name	Age	Principal Occupation and Other Information
Keith A. Cline	50	Keith A. Cline has served as a Director of the Company since May 2017 and as the President and Chief Executive Officer of the Company since the Company's spin-off from La Quinta Holdings Inc. ("LQH Parent"). Mr. Cline previously served as the President and Chief Executive Officer of LQH Parent since February 18, 2016, after serving as LQH Parent's Interim President and Chief Executive Officer since September 15, 2015. Mr. Cline previously served on the LQH Parent board since September 2015. From January 2013 until November 2015, Mr. Cline was LQH Parent's Executive Vice President and Chief Financial Officer. From 2011 to 2013, prior to joining LQH Parent, Mr. Cline was Chief Administrative Officer and Chief Financial Officer at Charming Charlie, Inc. and, from 2006 to 2011, Mr. Cline was Senior Vice President of Finance at Express, Inc. Mr. Cline began his career at Arthur Andersen & Company and held financial leadership roles at The J.M. Smucker Company, FedEx Custom Critical and Limited Brands. Mr. Cline is a summa cum laude graduate of the University of Akron with a B.S. in Accounting and a M.B.A. in Finance.
James R. Abrahamson	64	James R. Abrahamson has served as a Director of the Company since April 2018. Mr. Abrahamson previously served on the LQH Parent board since November 2015. Mr. Abrahamson most recently served as Chairman of Interstate Hotels & Resorts until its merger with Aimbridge Hospitality in October 2019, and previously also served as Interstate's Chief Executive Officer until March 2017. Prior to joining Interstate in 2011, Mr. Abrahamson held senior leadership positions with InterContinental Hotels Group ("IHG"), Hyatt Corporation, Marcus Corporation and Hilton Worldwide. At IHG, where he served from 2009 to 2011, he was President of the Americas division, and at Hyatt, which he joined in 2004, he was Head of Development for the Americas division. At Marcus, where he served from 2000 to 2004, Mr. Abrahamson led the Baymont Inns and Suites and Woodfield Suites hotels division consisting of approximately 200

Name	Age	Principal Occupation and Other Information
		properties, both owned and franchised. At Hilton, where he served from 1988 to 2000, Mr. Abrahamson oversaw the Americas region franchise and management contract development for all Hilton brands, and he launched the Hilton Garden Inn brand. Mr. Abrahamson currently serves as an independent director on the board and is a member of the audit committee and the nominating and governance committee of BrightView Holdings Inc. and also serves as non-executive chairman of the board of Vici Properties Inc. Mr. Abrahamson previously served on the board, and served as board chair in 2015 and 2016, of American Hotel and Lodging Association and previously served on the board, and served as board chair in 2013 and 2014, of U.S. Travel Association. He holds a degree in Business Administration from the University of Minnesota.
Glenn Alba	48	Glenn Alba has served as a Director of the Company since April 2018. Mr. Alba previously served on the LQH Parent board since 2013 and on the boards of directors of certain of LQH Parent's predecessor entities since 2006. Mr. Alba is the Founder and President of Opterra Capital, a real estate investment sponsor and operating partner, capital markets advisor and asset manager with significant experience in all sectors of commercial real estate. Mr. Alba was previously a Managing Director in the Real Estate Group of Blackstone based in New York until July 2017. At Blackstone, which Mr. Alba joined in 1997, he was involved in the asset management of a broad range of Blackstone's real estate investments in the U.S. and Europe including office, hotel, multi-family and industrial assets. While based in the London office from 2001 to 2004, Mr. Alba managed a diverse set of assets in London, Paris and other cities in France as well as portfolio investments across Germany. More recently, Mr. Alba was primarily involved in the hotel sector with management responsibility for various full-service and limited service hotels in the LXR Luxury Resorts portfolio and for us as well as global portfolio management duties. Mr. Alba received a B.S. in Accounting from Villanova University. Mr. Alba currently serves as a member of the President's Advisory Council and the Real Estate Advisory Council at Villanova University.
Jean M. Birch	60	Jean M. Birch has served as a Director of the Company since September 2018. Ms. Birch served as President and Chief Executive Officer of Papa Murphy's Holdings, Inc., an operator and franchisor of a take and bake pizza brand, from December 2016 until July 2017. Prior to that, from 2009 to 2012, Ms. Birch served as President of IHOP Restaurants, Inc., a division of DineEquity, Inc., where she repositioned and focused IHOP's brand and launched a new marketing campaign and innovative culinary strategy to include health and wellness. Ms. Birch served as President of Romano's Macaroni Grill from January 2005 to August 2007 and President of Corner Bakery Café from August 2003 to December 2004, both divisions of Brinker International, Inc. From 1991 to 2003, Ms. Birch held various roles with YUM! Brands, Inc., a global quick service restaurant company, including VP, Operations for Taco Bell, Inc. and Senior Director, Concept Development for Pizza Hut, Inc. Ms. Birch has also served as the Chief Executive Officer and President of Birch Company, LLC, a small consulting practice, since 2007. She currently serves on the boards of directors of Jack in the Box Inc. and Forrester Research. Ms. Birch previously served on the boards of directors of Papa Murphy's Holdings, Inc., and served as its board chair from 2016 until May 2019 when Papa Murphy's was sold,

Name	Age	Principal Occupation and Other Information
		Darden Restaurants, Inc. from 2014 to 2016 and Cosi, Inc. from 2013 to 2016. Ms. Birch holds a B.A. from the University of Arizona and an Executive MBA from Southern Methodist University.
Alan J. Bowers	65	Alan J. Bowers has served as a Director of the Company since April 2018. Mr. Bowers previously served on the LQH Parent board since February 2014 and on the boards of directors of certain of LQH Parent's predecessor entities since 2013. Mr. Bowers most recently served as President, Chief Executive Officer and a board member of Cape Success, LLC from 2001 to 2004 and of Marketsource Corporation from 2000 to 2001. From 1995 to 1999, Mr. Bowers served as President, Chief Executive Officer and a board member of MBL Life Assurance Corporation. Mr. Bowers held various positions, including Audit and Area Managing Partner, at Coopers & Lybrand, L.L.P. where he worked from 1978 to 1995 and also worked at Laventhol & Horwath, CPAs from 1976 to 1978. Mr. Bowers also serves on the boards of directors of Ocwen Financial Corporation and Walker & Dunlop, Inc. and previously served on the board of American Achievement Corp. Mr. Bowers holds a B.S. in Accounting, from Montclair State University and an M.B.A., Finance and Economics, from St. John's University and is a Certified Public Accountant in New Jersey.
Giovanni Cutaia	47	Giovanni Cutaia has served as a Director of the Company since April 2018. Mr. Cutaia previously served on the LQH Parent board since November 2014. Mr. Cutaia is a Senior Managing Director and Global Head of Asset Management in the Real Estate Group of Blackstone. Prior to joining Blackstone in 2014, Mr. Cutaia was at Lone Star Funds where he was a Senior Managing Director and Co-Head of Commercial Real Estate Investments Americas from 2009 to 2014. Prior to Lone Star, Mr. Cutaia spent over 12 years at Goldman Sachs in its Real Estate Principal Investments Area as a Managing Director in its New York and London offices. Mr. Cutaia received a B.A. from Colgate University and an M.B.A. from the Tuck School of Business at Dartmouth College.
Alice E. Gould	58	Alice E. Gould has served as a Director of the Company since September 2018. Ms. Gould most recently led the Private Investments team at DUMAC, Inc., a professionally staffed investment office controlled by Duke University that manages over $18 billion of endowment and other Duke-related assets. While at DUMAC from 2004 until 2018, she led and oversaw investments in real estate, energy, venture capital and leveraged buyouts. Prior to joining DUMAC, Ms. Gould was a management consultant assisting senior executives in the technology, pharmaceutical, media and financial industries with strategic initiatives. She also worked for ten years at IBM where she managed product development, marketing and business planning. Ms. Gould holds a B.S. in Engineering from Duke University and an MBA from the Fuqua School of Business at Duke University.
B. Anthony Isaac	67	B. Anthony Isaac has served as a Director of the Company since April 2018. Mr. Isaac is Managing Director of TMI Shore Partnership L.P., acting as an advisor and investor to several venture funds and early stage companies. Before joining TMI Shore in May 2015, Mr. Isaac served as Senior Vice President, Select Development & Strategy for Hyatt Hotels Corp., where he worked on the integration of LodgeWorks Corp. and managed corporate/

Proxy Statement

Name	Age	Principal Occupation and Other Information
		franchise development of Hyatt's Select Service Platform. From 2000 to its acquisition by Hyatt in 2011, Mr. Isaac was President of LodgeWorks. Prior to joining LodgeWorks, Mr. Isaac held leadership roles in a variety of hospitality companies including Summerfield Hotel Corporation, The Residence Inn Company and Marriott Corporation. Mr. Isaac previously served on the board of Westar Energy, where he also was chair of the finance committee, and was chairman of the board for the Via Christi Health System. Currently, he serves on the board of Evergy, the successor to Westar Energy and is chair of the finance committee and a member of the compensation committee. Additionally, he is a member of the board of advisors for Thayer Ventures, a hospitality venture capital fund. Mr. Isaac received a B.S. in civil engineering from the Massachusetts Institute of Technology and an M.B.A. from Harvard Business School.
Brian Kim	41	Brian Kim has served as a Director of the Company since April 2018. Mr. Kim previously served on the LQH Parent board since November 2014. Mr. Kim is a Managing Director in the Real Estate Group of Blackstone. Since joining Blackstone in 2008, Mr. Kim has played a key role in a number of Blackstone's investments including the take private and subsequent sale of Strategic Hotels & Resorts, the acquisition of Peter Cooper Village / Stuyvesant Town and the creation of BRE Select Hotels Corp, Blackstone's select service hotel platform. Prior to joining Blackstone, Mr. Kim worked at Apollo Real Estate Advisors, Max Capital Management Corp. and Credit Suisse First Boston. Mr. Kim has served as a board member, Chief Financial Officer, Vice President and Managing Director of BRE Select Hotels Corp since May 2013 and as Head of Acquisition and Capital Markets of Blackstone Real Estate Income Trust, Inc. since January 2017. Mr. Kim received an AB in Biology from Harvard College where he graduated with honors.
David Loeb	59	David Loeb has served as a Director of the Company April 2018. Mr. Loeb is Founder and Managing Director of Dirigo Consulting LLC, which advises hotel and real estate businesses, including hotel REITs, on strategy and capital markets execution. From 2006 to 2017, Mr. Loeb was a Senior Research Analyst, Managing Director covering real estate for Robert W. Baird & Co., where he specialized in lodging and office companies. Mr. Loeb has specialized in real estate for over twenty years, as he published research on the lodging industry beginning in 1994. Prior to joining Baird, Mr. Loeb was Managing Director in Real Estate Research at Freidman Billings Ramsey and a Vice President, Research Analyst with Credit Lyonnais Securities, The Chicago Corporation and Oppenheimer & Co., Inc. Mr. Loeb received a B.A. in psychology and sociology from Brandeis University and an M.B.A. in finance and accounting from the Olin School of Business at Washington University in St. Louis.

Name	Age	Principal Occupation and Other Information
Mitesh B. Shah	50	Mitesh B. Shah has served as a Director and as Chairperson of the Company since April 2018. Mr. Shah previously served on the LQH Parent board since February 2014, as Chairperson of the LQH Parent board since November 2014 and on the boards of directors of certain of LQH Parent's predecessor entities since 2013. Mr. Shah currently serves as Chief Executive Officer and Senior Managing Principal of Noble Investment Group, which he founded in 1993 and which specializes in making opportunistic investments in the lodging and hospitality real estate sector. Mr. Shah is a member of the franchise and owners board for Hyatt Hotels Corporation and is a member of the Industry Real Estate Finance Advisory Council of the American Hotel and Lodging Association. Mr. Shah is serving his third term as a member of the Board of Trustees of Wake Forest University. In addition, he is an executive committee member of Woodward Academy. Mr. Shah holds a Bachelor of Arts in Economics from Wake Forest University.

YOUR BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE "FOR" THE ELECTION OF EACH OF THE DIRECTOR NOMINEES NAMED ABOVE.

THE BOARD OF DIRECTORS AND CERTAIN GOVERNANCE MATTERS

Our Board of Directors manages or directs our business and affairs, as provided by Maryland law, and conducts its business through meetings of the Board of Directors and four standing committees: the Audit Committee; the Compensation Committee; the Nominating and Corporate Governance Committee; and the Capital Committee.

We have structured our corporate governance in a manner we believe closely aligns our interests with those of our stockholders. Notable features of our corporate governance include:

- our Board of Directors is not classified and each of our directors is subject to re-election annually;
- under our Corporate Governance Guidelines, directors (other than directors designated pursuant to the stockholders' agreement) who fail to receive a majority of the votes cast in uncontested elections will be required to submit their resignation to our Board of Directors;
- we have fully independent Audit, Compensation and Nominating and Corporate Governance Committees and our independent directors meet regularly in executive sessions without the presence of our corporate officers or non-independent directors;
- we do not have a stockholder rights plan, and if our Board of Directors were ever to adopt a stockholder rights plan in the future without prior stockholder approval, our Board of Directors would either submit the plan to stockholders for ratification or cause the rights plan to expire within one year;
- we have opted out of the Maryland business combination and control share acquisition statutes, and in the future cannot opt in without stockholder approval; and
- we have implemented a range of other corporate governance best practices.

The stockholders agreement described under "Transactions with Related Persons—Stockholders Agreement" provides that Blackstone has the right to nominate to our Board of Directors a number of designees approximately equal to the percentage of voting power of all shares of our capital stock entitled to vote generally in the election of directors as collectively beneficially owned by Blackstone. Currently, we have two directors on our Board who are current employees of Blackstone and who were recommended by Blackstone as director nominees pursuant to the stockholders agreement (Messrs. Cutaia and Kim), and we have one director on our Board who is a retired employee of Blackstone (Mr. Alba). The provisions of the stockholders agreement regarding the nomination of directors will remain in effect until Blackstone is no longer entitled to nominate a director to our Board of Directors, unless Blackstone requests that they terminate at an earlier date.

Director Independence and Independence Determinations

Under our Corporate Governance Guidelines and NYSE rules, a director is not independent unless our Board of Directors affirmatively determines that he or she does not have a direct or indirect material relationship with us or any of our subsidiaries.

Our Corporate Governance Guidelines define independence in accordance with the independence definition in the current NYSE corporate governance rules for listed companies. Our Corporate Governance Guidelines require our Board of Directors to review the independence of all directors at least annually.

In the event a director has a relationship with the Company that is relevant to his or her independence and is not addressed by the objective tests set forth in the NYSE independence definition, our Board of Directors will determine, considering all relevant facts and circumstances, whether such relationship is material.

Our Board of Directors has affirmatively determined that each of Messrs. Abrahamson, Bowers, Cutaia, Isaac, Kim, Loeb and Shah and Mses. Birch and Gould is independent under the guidelines for director independence set forth in the Corporate Governance Guidelines and under all applicable NYSE guidelines, including with respect to committee membership. Our Board also has determined that each of Messrs. Abrahamson, Bowers, Loeb and Shah and Ms. Birch is "independent" for purposes of Section 10A(m)(3) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and that each of Messrs. Abrahamson, Bowers, Cutaia and Shah and Ms. Gould is "independent" for purposes of Section 10C(a)(3) of the Exchange Act. In making its independence determinations, our Board of Directors considered and reviewed all information known to it (including information identified through annual directors' questionnaires).

Director Nomination Process

The Nominating and Corporate Governance Committee weighs the characteristics, experience, independence and skills of potential candidates for election to the Board and recommends nominees for director to the Board for election. In considering candidates for the Board, the Nominating and Corporate Governance Committee also assesses the size, composition and combined expertise of the Board. As the application of these factors involves the exercise of judgment, the Nominating and Corporate Governance Committee does not have a standard set of fixed qualifications that is applicable to all director candidates, although the Nominating and Corporate Governance Committee does at a minimum assess each candidate's strength of character, judgment, industry knowledge or experience, his or her ability to work collegially with the other members of the Board and his or her ability to satisfy any applicable legal requirements or listing standards. In addition, although the Board considers diversity of viewpoints, background and experiences, the Board does not have a formal diversity policy. In identifying prospective director candidates, the Nominating and Corporate Governance Committee may seek referrals from other members of the Board, management, stockholders and other sources, including third party recommendations. The Nominating and Corporate Governance Committee also may, but need not, retain a search firm in order to assist it in identifying candidates to serve as directors of the Company. The Nominating and Corporate Governance Committee utilizes the same criteria for evaluating candidates regardless of the source of the referral. When considering director candidates, the Nominating and Corporate Governance Committee seeks individuals with backgrounds and qualities that, when combined with those of our incumbent directors, provide a blend of skills and experience to further enhance the Board's effectiveness.

In recommending that, or determining whether, members of the Board should stand for re-election, the Nominating and Corporate Governance Committee also may assess the contributions of incumbent directors in the context of the Board evaluation process and other perceived needs of the Board.

In addition to the process described above, the Nominating and Corporate Governance Committee also nominates a number of individuals designated by Blackstone as required under the provisions of the stockholders agreement described under "Transactions With Related Persons—Stockholders Agreement." Each of Messrs. Cutaia and Kim were recommended by Blackstone as director nominees pursuant to the stockholders agreement.

When considering whether the nominees have the experience, qualifications, attributes and skills, taken as a whole, to enable the Board to satisfy its oversight responsibilities effectively in light of our business and structure, the Board focused primarily on the information discussed in each board member's biographical information set forth above. We believe that our directors provide an appropriate mix of experience and skills relevant to the size and nature of our business. In particular, the members of our Board of Directors considered the following important characteristics:

- Mr. Abrahamson—his significant executive management experience in the hospitality industry, including his experience in hotel management.
- Mr. Alba—his prior affiliation with Blackstone, his significant experience in working with companies controlled by private equity sponsors, particularly in the real estate industry, his experience in working with the management of various other companies owned by Blackstone's funds, including in the hospitality industry, his experience with real estate investing and his extensive financial background.

- Ms. Birch—her executive management experience and her franchising experience, as well as her marketing experience.
- Mr. Bowers—his experience in accounting and executive management, including his substantial experience on the audit committees of private and public companies alike.
- Mr. Cline—his extensive financial background. Furthermore, we also considered how his additional role as our President and Chief Executive Officer would bring management perspective to board deliberations and provide valuable information about the status of our day-to-day operations.
- Mr. Cutaia—his affiliation with Blackstone, his significant experience in working with companies in the real estate industry, his experience involving oversight of real estate assets, his experience with real estate investing and his extensive financial background.
- Ms. Gould—her significant experience in marketing, business planning, and strategy as well as her asset management experience.
- Mr. Isaac— his significant executive management experience in the hospitality industry, including his experience in managing corporate/franchise development.
- Mr. Kim—his affiliation with Blackstone, his significant experience in working with companies in the real estate industry, his experience with real estate management and investing and his extensive financial background.
- Mr. Loeb—his experience advising real estate businesses, including hotel REITs, on strategy and capital markets execution and his significant experience in real estate, including as an analyst covering real estate.
- Mr. Shah—his experience with investing in the lodging and hospitality real estate sector and his significant experience in the hospitality industry, including with respect to franchising.

This process resulted in the Board's nomination of the incumbent directors named in this Proxy Statement and proposed for election by you at the upcoming Annual Meeting.

The Nominating and Corporate Governance Committee will consider director candidates recommended by stockholders. Any recommendation submitted to the Secretary of the Company should be in writing and should include any supporting material the stockholder considers appropriate in support of that recommendation, but must include information that would be required under the rules of the U.S. Securities and Exchange Commission (the "SEC") to be included in a proxy statement soliciting proxies for the election of such candidate and a written consent of the candidate to serve as one of our directors if elected. Stockholders wishing to propose a candidate for consideration may do so by submitting the above information to the attention of the Secretary, CorePoint Lodging Inc., at 125 East John Carpenter Freeway, Suite 1650, Irving, Texas 75062. All recommendations for nomination received by the Secretary that satisfy our Bylaw requirements relating to director nominations will be presented to the Nominating and Corporate Governance Committee for its consideration. Stockholders also must satisfy the notification, timeliness, consent and information requirements set forth in our Bylaws. These requirements are also described under "Stockholder Proposals for the 2021 Annual Meeting."

Board Structure

Our Board of Directors is led by Mr. Shah, our Chairperson. The Chief Executive Officer position is separate from the Chairperson position. We believe that the separation of the Chairperson and Chief Executive Officer positions is appropriate corporate governance for us at this time. Accordingly, Mr. Shah serves as Chairperson, while Mr. Cline serves as our Chief Executive Officer and President. Our Board of Directors believes this structure best encourages the free and open dialogue of competing views and provides for strong checks and balances. Additionally, Mr. Shah's attention to Board of Directors and committee matters allows Mr. Cline to focus more specifically on overseeing the Company's day-to-day operations, as well as strategic opportunities and planning.

Executive Sessions

Executive sessions, which are meetings of the non-management members of the Board, are regularly scheduled throughout the year. In addition, at least once a year, the independent directors meet in a private session that excludes management and any non-independent directors. Our Chairperson, Mr. Shah, presides at the executive sessions.

Communications with the Board

As described in our Corporate Governance Guidelines, stockholders and other interested parties who wish to communicate with a member or members of our Board of Directors, including the chairperson of our Board of Directors and each of the Audit, Compensation or Nominating and Corporate Governance Committees or with the non-management or independent directors as a group, may do so by addressing such communications or concerns to the General Counsel of the Company, at 125 East John Carpenter Freeway, Suite 1650, Irving, Texas 75062, who will forward such communication to the appropriate party.

Board Committees and Meetings

The following table summarizes the current membership of each of the Board's committees and the number of meetings held by each committee during the year ended December 31, 2019.

	Audit Committee	Compensation Committee	Nominating and Corporate Governance Committee	Capital Committee
James R. Abrahamson	X	Chair		
Glenn Alba				Chair
Jean M. Birch	X		X	
Alan J. Bowers	Chair	X	X	
Giovanni Cutaia		X		X
Alice E. Gould		X	X	
B. Anthony Isaac			Chair	X
Brian Kim			X	
David Loeb	X			X
Mitesh B. Shah	X	X		X
Number of meetings held in 2019:	**7**	**5**	**2**	**6**

All directors are expected to attend all meetings of the Board, meetings of the committees of which they are members and the annual meeting of stockholders. During the year ended December 31, 2019, the Board held five meetings. In 2019, all of our directors attended at least 75% of the meetings of the Board and committees during the time in which he or she served as a member of the Board or such committee. All 11 of our directors attended our annual meeting of stockholders in 2019.

Audit Committee

Our Audit Committee consists of Messrs. Abrahamson, Bowers, Loeb and Shah and Ms. Birch, with Mr. Bowers serving as chair. All members of the Audit Committee have been determined to be "independent," consistent with our Audit Committee charter, Corporate Governance Guidelines and the NYSE listing standards applicable to boards of directors in general and audit committees in particular. Our Board of Directors also has determined that each of the members of the Audit Committee is "financially literate" within the meaning of the listing standards of the NYSE. In addition, our Board of Directors has determined that Alan J. Bowers qualifies as an audit committee financial expert as defined by applicable SEC regulations.

The duties and responsibilities of the Audit Committee are set forth in its charter, which may be found at *www.corepoint.com* under Investors: Corporate Governance: Governance Documents: Charter of the Audit Committee of the Board of Directors, and include oversight of the following:

- the adequacy and integrity of our financial statements and our financial reporting and disclosure practices;
- the soundness of our system of internal controls regarding finance and accounting compliance;
- the annual independent audit of our financial statements;
- the independent registered public accounting firm's qualifications and independence;
- the engagement of the independent registered public accounting firm;
- the performance of our internal audit function and independent registered public accounting firm; and
- our compliance with legal and regulatory requirements in connection with the foregoing.

The Audit Committee also prepares the report of the committee required by the rules and regulations of the SEC to be included in our annual proxy statement.

With respect to our reporting and disclosure matters, the responsibilities and duties of the Audit Committee include reviewing and discussing with management and the independent registered public accounting firm our annual audited financial statements and quarterly financial statements prior to inclusion in our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q or other public filings in accordance with applicable rules and regulations of the SEC.

The charter of the Audit Committee permits the committee to delegate any or all of its authority to one or more subcommittees. In addition, the Audit Committee has the authority under its charter to engage independent counsel and other advisors as it deems necessary or advisable.

Compensation Committee

Our Compensation Committee consists of Messrs. Abrahamson, Bowers, Cutaia and Shah and Ms. Gould, with Mr. Abrahamson serving as chair. Each of Messrs. Abrahamson, Bowers, Cutaia and Shah and Ms. Gould has been determined to be "independent" as defined by our Corporate Governance Guidelines and the NYSE listing standards applicable to boards of directors in general and compensation committees in particular.

The duties and responsibilities of the Compensation Committee are set forth in its charter, which may be found at *www.corepoint.com* under Investors: Corporate Governance: Governance Documents: Charter of the Compensation Committee of the Board of Directors, and include the following:

- the establishment, maintenance and administration of compensation and benefit policies designed to attract, motivate and retain personnel with the requisite skills and abilities to contribute to the long-term success of the Company;
- oversight of the goals, objectives and compensation of our Chief Executive Officer, including evaluating the performance of the Chief Executive Officer in light of those goals;
- oversight of the compensation of our other executives and non-management directors; and
- our compliance with the compensation rules, regulations and guidelines promulgated by the NYSE, the SEC and other laws, as applicable.

The charter of the Compensation Committee permits the committee to delegate any or all of its authority to one or more subcommittees and to delegate to one or more of our officers the authority to make awards to team members other than any Section 16 officer under our incentive compensation or other equity-based plan, subject to compliance with the plan and the laws of our state of incorporation. In addition, the Compensation Committee has the authority under its charter to retain outside consultants or advisors, as it deems necessary or advisable.

Our Compensation Committee has been responsible for making all executive compensation determinations. Mr. Cline works closely with the Compensation Committee in managing the executive compensation program and attends some meetings of the Compensation Committee. He does not participate in the determination of his own compensation.

In 2019, the Compensation Committee retained Frederic W. Cook & Co., Inc. ("FW Cook") to advise the Compensation Committee with respect to executive officer compensation, including executive and non-employee director compensation programs, individual compensation levels, the peer companies used to assess compensation levels and marketplace trends in executive compensation. FW Cook does not provide any services to the Company other than advising on executive officer compensation. In February 2020, the Compensation Committee determined that FW Cook is independent from management and that FW Cook's work has not raised any conflicts of interest.

Nominating and Corporate Governance Committee

Our Nominating and Corporate Governance Committee consists of Messrs. Bowers, Isaac and Kim and Mses. Birch and Gould, with Mr. Isaac serving as chair. Each of Messrs. Bowers, Isaac and Kim and Mses. Birch and Gould has been determined to be "independent" as defined by our Corporate Governance Guidelines and the NYSE listing standards.

The duties and responsibilities of the Nominating and Corporate Governance Committee are set forth in its charter, which may be found at *www.corepoint.com* under Investors: Corporate Governance: Governance Documents: Charter of the Nominating and Corporate Governance Committee of the Board of Directors, and include the following:

- advise our Board of Directors concerning the appropriate composition and qualifications of our Board of Directors and its committees;
- identify individuals qualified to become board members;
- recommend to the Board the persons to be nominated by the Board for election as directors at any meeting of stockholders;
- recommend to the Board the members of the board to serve on the various committees of the Board;
- develop and recommend to the Board a set of corporate governance principles and assist the Board in complying with them; and
- oversee the evaluation of the Board, the Board's committees and management.

The charter of the Nominating and Corporate Governance Committee permits the committee to delegate any or all of its authority to one or more subcommittees. In addition, the Nominating and Corporate Governance Committee has the authority under its charter to retain outside counsel or other experts as it deems necessary or advisable.

Capital Committee

Our Capital Committee consists of Messrs. Alba, Cutaia, Isaac, Loeb and Shah, with Mr. Alba serving as chair. The purpose and responsibilities of the Capital Committee are set forth in its charter, which may be found at *www.corepoint.com* under Investors: Corporate Governance: Governance Documents: Charter of the Capital Committee of the Board of Directors, and include providing assistance to the Board of Directors with respect to the oversight of:

- investments in or dispositions of real estate assets proposed by the Company's management;
- capital deployment to owned real estate assets;
- the performance and valuations of the Company's real estate assets and real estate investment portfolios; and
- periodic review of the Company's real estate investment policies, strategies, programs and procedures.

The charter of the Capital Committee permits the committee to delegate any or all of its authority to one or more subcommittees consisting of one or more non-management members.

Committee Charters and Corporate Governance Guidelines

Our commitment to good corporate governance is reflected in our Corporate Governance Guidelines, which describe our Board's views and policies on a wide range of governance topics. These Corporate Governance Guidelines are reviewed from time to time by our Nominating and Corporate Governance Committee and, to the extent deemed appropriate in light of emerging practices, revised accordingly, upon recommendation to and approval by our Board of Directors.

Our Corporate Governance Guidelines, Audit Committee, Compensation Committee, Nominating and Corporate Governance Committee and Capital Committee charters, and other corporate governance information are available on our website at *www.corepoint.com* under Investors: Corporate Governance. Any stockholder also may request them in print, without charge, by contacting the Secretary of CorePoint Lodging Inc., at 125 East John Carpenter Freeway, Suite 1650, Irving, Texas 75062.

Code of Business Conduct & Ethics

We maintain a Code of Business Conduct & Ethics that is applicable to all of our directors, officers and employees, including our Chairman, Chief Executive Officer, Chief Financial Officer, Chief Accounting Officer and other senior officers. The Code of Business Conduct & Ethics sets forth our policies and expectations on a number of topics, including conflicts of interest, corporate opportunities, confidentiality, compliance with laws (including insider trading laws), use of our assets and business conduct and fair dealing. This Code of Business Conduct & Ethics also satisfies the requirements for a code of ethics, as defined by Item 406 of Regulation S-K promulgated by the SEC. The Code of Business Conduct & Ethics may be found on our website at *www.corepoint.com* under Investors: Corporate Governance: Governance Documents: Code of Business Conduct & Ethics.

We will disclose within four business days any substantive changes in or waivers of the Code of Business Conduct & Ethics granted to our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions, by posting such information on our website as set forth above rather than by filing a Form 8-K. In the case of a waiver for an executive officer or a director, the required disclosure also will be made available on our website within four business days of the date of such waiver.

Oversight of Risk Management

The Board has extensive involvement in the oversight of risk management related to us and our business. The Board accomplishes this oversight both directly and through its Audit Committee, Compensation Committee and Nominating and Corporate Governance Committee, each of which assists the Board in overseeing a part of our overall risk management and regularly reports to the Board. The Audit Committee represents the Board by periodically reviewing our accounting, reporting and financial practices, including the integrity of our financial statements, the oversight of administrative and financial controls, our compliance with legal and regulatory requirements and our enterprise risk management program. Through its regular meetings with management, including the finance, legal and internal audit functions, the Audit Committee reviews and discusses all significant areas of our business and related risks and summarizes for the Board areas of risk (including cyber risk) and any mitigating factors. The Compensation Committee considers, and discusses with management, management's assessment of certain risks, including whether any risks arising from our compensation policies and practices for our employees are reasonably likely to have a material adverse effect on us. The Nominating and Corporate Governance Committee oversees and evaluates programs and risks associated with Board organization, membership and structure, succession planning and corporate governance. In addition, our Board receives periodic detailed operating performance reviews from management.

Clawback Policy

We have adopted a clawback policy for incentive compensation. The Compensation Committee determined that it may be appropriate to recover annual and/or long-term incentive compensation in specified situations. Under the policy, if the Compensation Committee determines that incentive compensation of its current and former Section 16 officers (or any other employee designated by the Board or the Compensation Committee) was overpaid, in whole or in part, as a result of a restatement of the reported financial results of the Company or any of its segments due to material non-compliance with financial reporting requirements (unless due to a change in accounting policy or applicable law), and such restatement was caused or contributed, directly or indirectly, by such employee's fraud, willful misconduct or gross negligence, then the Compensation Committee will determine, in its discretion, whether to seek to recover or cancel any overpayment of incentive compensation paid or awarded during the three-year period preceding the date on which the Company is required to prepare the restatement.

Stock Ownership Policy

We have a stock ownership policy for our non-employee directors and executive officers, which provides that each of our non-employee directors and executive officers are expected to acquire ownership of the following amounts of stock within five years of the later of (x) the date on which we made our first broad-based equity incentive grants following the distribution of the Company's common stock to stockholders of LQH Parent (with respect to our Chief Executive Officer and executive officers) or our first annual grant to non-employee directors or (y) the date he or she first becomes subject to the stock ownership policy:

- Chief Executive Officer: 4 times annual base salary
- All other executive officers: 2 times annual base salary
- Non-employee directors: 5 times annual cash retainer

Hedging and Pledging Policies

The Company's Securities Trading Policy requires executive officers and directors to consult the Company's General Counsel prior to engaging in transactions involving the Company's securities. In order to protect the Company from exposure under insider trading laws, executive officers and directors are encouraged to enter into pre-programmed trading plans under Exchange Act Rule 10b5-1. The Company's Securities Trading Policy prohibits directors and employees (including officers) from hedging or monetization transactions including, but not limited to, through the use of financial instruments such as exchange funds, variable forward contracts, equity swaps, puts, calls, and other derivative instruments, or through the establishment of a short position in the Company's securities. The Company's Securities Trading Policy also prohibits the pledging of Company securities.

Executive Officers of the Company

Set forth below is certain information regarding each of our current executive officers other than Mr. Cline, whose biographical information is presented under “Nominees for Election to the Board of Directors in 2020.”

Name	Age	Principal Occupation and Other Information
Mark M. Chloupek	48	Mark M. Chloupek has served as the Company’s Executive Vice President, Secretary and General Counsel since its spin-off from LQH Parent. Mr. Chloupek previously served as Executive Vice President and General Counsel of LQH Parent since 2006 and was named Secretary in 2013. Prior to joining LQH Parent, from 1999 through 2006, Mr. Chloupek served as Vice President and Senior Vice President and Chief Counsel of Operations for Wyndham International, Inc. Prior to joining Wyndham, from 1996 to 1999, Mr. Chloupek worked for Locke Lord LLP (formerly Locke Purnell Rain Harrell—a professional corporation). Additionally, Mr. Chloupek currently serves on the board of the Dallas Chapter of the Juvenile Diabetes Research Foundation and formerly served on the board of The Texas General Counsel Forum. Mr. Chloupek received a B.A. in economics from the College of William and Mary, where he graduated Phi Beta Kappa and summa cum laude, and received a J.D. from the University of Virginia School of Law.
Daniel E. Swanstrom II	43	Daniel E. Swanstrom II has served as the Company’s Executive Vice President and Chief Financial Officer since its spin-off from LQH Parent. Mr. Swanstrom previously served as Executive Vice President and Chief Financial Officer of Monogram Residential Trust, Inc., a publicly traded multifamily real estate investment trust, from 2015 to 2017. Prior to Monogram, Mr. Swanstrom worked at Morgan Stanley from 2006 to 2015 and served in a variety of capacities, most recently as Executive Director in the Real Estate Investment Banking Division from 2013 to 2015. From 2002 to 2004, Mr. Swanstrom was at AEW Capital Management, a real estate investment manager, most recently as an Assistant Vice President. From 1999 to 2002, Mr. Swanstrom was in the Assurance and Advisory Services Group at Deloitte & Touche LLP, most recently as senior accountant. Mr. Swanstrom received a B.S. in Accounting from Boston College and an M.B.A. from the University of North Carolina at Chapel Hill. Mr. Swanstrom is also a certified public accountant (inactive).

PROPOSAL NO. 2—RATIFICATION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Audit Committee has appointed Deloitte & Touche LLP to serve as our independent registered public accounting firm for 2020.

Although ratification is not required by our Bylaws or otherwise, the Board is submitting the selection of Deloitte & Touche LLP to our stockholders for ratification because we value our stockholders' views on the Company's independent registered public accounting firm. If our stockholders fail to ratify the selection, it will be considered as notice to the Board and the Audit Committee to consider the selection of a different firm. Even if the selection is ratified, the Audit Committee, in its discretion, may select a different independent registered public accounting firm at any time during the year if it determines that such a change would be in the best interests of the Company and our stockholders.

A representative of Deloitte & Touche LLP is expected to be present at the Annual Meeting. The representative will also have the opportunity to make a statement if he or she desires to do so, and the representative is expected to be available to respond to appropriate questions.

The shares represented by your proxy will be voted "FOR" the ratification of the selection of Deloitte & Touche LLP unless you specify otherwise.

Audit and Non-Audit Fees

In connection with the audit of the 2019 financial statements, we entered into an agreement with Deloitte & Touche LLP which sets forth the terms by which Deloitte & Touche LLP will perform audit services for the Company.

The following table summarizes fees for professional services rendered by our independent registered public accounting firm, Deloitte & Touche LLP, the member firms of Deloitte Touche Tohmatsu, and their respective affiliates (collectively, "Deloitte & Touche") for the audits of our annual consolidated financial statements for the years ended December 31, 2019 and 2018:

	2019	2018
Audit fees(1)	$1,857,000	$1,380,000
Audit-related fees(2)	—	937,000
Tax fees(3)	1,408,000	268,000
All other fees	—	—
Total:	$3,265,000	$2,585,000

(1) Includes the aggregate fees recognized in each of the last two fiscal years for professional services rendered for the audit of the Company's annual financial statements, reviews of financial statements, comfort letters and other services related to SEC matters. The fees are for services that are normally provided in connection with statutory or regulatory filings or engagements.
(2) Includes fees billed in 2018 for services performed that are related to the Company's SEC filings (including costs relating to the Company's spin-off from LQH Parent in May 2018) and other research and consultation services.
(3) Includes the aggregate fees recognized in each of the last two fiscal years for professional services rendered for tax compliance, tax advice and tax planning.

All of the services shown in this table were pre-approved by the Audit Committee. The Audit Committee considered whether providing the non-audit services shown in this table was compatible with maintaining Deloitte & Touche's independence and concluded that it was.

Pre-Approval Policy for Services of Independent Registered Public Accounting Firm

Consistent with SEC policies regarding auditor independence and the Audit Committee's charter, the Audit Committee has responsibility for engaging, setting compensation for and reviewing the performance of the independent registered public accounting firm. In exercising this responsibility, the Audit Committee has established procedures relating to the approval of all audit and non-audit services that are to be performed by our independent registered public accounting firm and, subject to the next sentence, pre-approves all audit and permitted non-audit services provided by any independent registered public accounting firm prior to each engagement. As part of such procedures, the Audit Committee has delegated to its chair the authority to review and pre-approve any such services in between the Audit Committee's regular meetings. Any such pre-approval will be subsequently considered and ratified by the Audit Committee at the next regularly scheduled meeting.

YOUR BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE "FOR" THE RATIFICATION OF DELOITTE & TOUCHE LLP AS OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR 2020.

REPORT OF THE AUDIT COMMITTEE

The Audit Committee operates pursuant to a charter which is reviewed annually by the Audit Committee. Additionally, a brief description of the primary responsibilities of the Audit Committee is included in this Proxy Statement under “The Board of Directors and Certain Governance Matters—Board Committees and Meetings—Audit Committee.” Under the Audit Committee charter, our management is responsible for the preparation, presentation and integrity of our financial statements, the application of accounting and financial reporting principles and our internal controls and procedures designed to assure compliance with accounting standards and applicable laws and regulations. The independent registered public accounting firm is responsible for auditing our financial statements and expressing an opinion as to their conformity with accounting principles generally accepted in the United States of America.

In the performance of its oversight function, the Audit Committee reviewed and discussed the audited financial statements of the Company with management and with the independent registered public accounting firm. The Audit Committee also discussed with the independent registered public accounting firm the matters required to be discussed by Public Company Accounting Oversight Board Auditing Standard No. 1301 “Communications with Audit Committees.” In addition, the Audit Committee received the written disclosures and the letter from the independent registered public accounting firm required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent registered public accounting firm’s communications with the Audit Committee concerning independence, and discussed with the independent registered public accounting firm their independence.

Based upon the review and discussions described in the preceding paragraph, the Audit Committee recommended to the Board that the audited financial statements of the Company be included in the Annual Report on Form 10-K for the fiscal year ended December 31, 2019 filed with the SEC.

Submitted by the Audit Committee of the Company’s Board of Directors:

James R. Abrahamson
Jean M. Birch
Alan J. Bowers, Chair
David Loeb
Mitesh B. Shah

EXECUTIVE AND DIRECTOR COMPENSATION

Emerging Growth Company Status

We qualify as an “emerging growth company” under the Jumpstart Our Business Startups Act of 2012. As a result, we are permitted to and rely on exemptions from certain disclosure requirements that are applicable to other companies that are not emerging growth companies. Accordingly, we have included compensation information for only our principal executive officer and our two next most highly compensated executive officers serving at fiscal year-end, plus one individual who would have been one of our two next most highly compensated executive officers had he been serving at fiscal year-end, and have not included a compensation discussion and analysis of our executive compensation programs or tabular compensation information other than the Summary Compensation Table and the Outstanding Equity Awards table. In addition, for so long as we are an emerging growth company, we will not be required to submit certain executive compensation matters to our stockholders for advisory votes, such as “say-on-pay” and “say-on-frequency” of say-on-pay votes.

We will remain an emerging growth company until the earliest to occur of: (i) December 31, 2023; (ii) the last day of the fiscal year during which our annual gross revenues are $1.07 billion or more; (iii) the date on which we have, during the previous three-year period, issued more than $1.0 billion in non-convertible debt securities; or (iv) the end of any fiscal year in which we become a “large accelerated filer,” which means that we have been public for at least 12 months, have filed at least one annual report and the market value of our voting and non-voting common equity held by non-affiliates exceeds $700 million as of the last day of our most recently completed second fiscal quarter.

Executive Compensation

On May 30, 2018, we were spun off from La Quinta Holdings Inc. (“LQH” and, exclusive of its subsidiaries, “LQH Parent”) as part of a plan approved by LQH Parent’s board of directors to spin off its hotel ownership business into an independent, publicly traded company prior to the merger of LQH Parent with a wholly-owned subsidiary of Wyndham Worldwide Corporation (“Wyndham”). As part of LQH, we were not historically a separate division or managed as a separate business. Therefore, we did not have any of our own executive officers prior to our spin-off from LQH as LQH Parent’s executive officers operated the combined business.

Each of our President and Chief Executive Officer, Keith A. Cline; our Executive Vice President, Secretary and General Counsel, Mark M. Chloupek; and our former Executive Vice President and Chief Operating Officer, John W. Cantele; was employed by LQH Parent prior to the spin-off on May 30, 2018. Accordingly, the compensation presented prior to May 30, 2018 is their compensation by LQH Parent. We have also presented the terms of their compensation by us, which became effective upon the spin-off, below, along with the terms of our executive compensation programs that became effective upon the spin-off. We refer to Messrs. Cline, Chloupek, and Cantele, together with Daniel E. Swanstrom II, our Executive Vice President and Chief Financial Officer, as our “Named Executive Officers,” or “NEOs.”

Summary Compensation Table

The following table presents summary information regarding the total compensation awarded to, earned by, or paid to each of the NEOs for their service for the fiscal years indicated. Prior to May 30, 2018, for Messrs. Cline, Chloupek and Cantele such amounts were paid by LQH for service to LQH Parent. Beginning May 30, 2018, such amounts were paid by us for service to us.

Name and principal position	Year	Salary ($)	Bonus ($)	Stock Awards ($)(1)	Non-Equity Incentive Plan Compensation ($)(2)	All Other Compensation ($)(3)	Total ($)
Keith A. Cline	2019	795,675	—	2,240,547	1,180,841	14,632	4,231,695
President and Chief Executive Officer	2018	824,881	937,500	6,859,064	942,835	13,503	9,577,783
Daniel E. Swanstrom II	2019	475,000	—	886,928	704,936	11,200	2,078,064
Executive Vice President and Chief Financial Officer	2018	294,135	300,000	2,100,061	279,795	11,000	2,984,991
Mark M. Chloupek	2019	412,000	—	786,880	611,439	14,948	1,825,267
Executive Vice President, Secretary and General Counsel	2018	427,122	456,250	2,523,845	488,200	15,320	3,910,737
John W. Cantele(4)	2019	191,194	—	786,880	—	2,294,683	3,272,757
Former Executive Vice President and Chief Operating Officer	2018	528,565	445,313	3,000,016	604,147	19,200	4,597,241

(1) Represents the aggregate grant date fair value of stock awards granted, computed in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718, Compensation—Stock Compensation ("Topic 718"), without taking into account estimated forfeitures. The fiscal 2019 stock awards consist of the grants of time-vesting restricted stock awards and performance-vesting restricted stock unit award ("PSUs") issued under the CorePoint Lodging Inc. 2018 Omnibus Incentive Plan (the "Omnibus Incentive Plan"). Terms of the fiscal 2019 stock awards are summarized in the "Narrative to Summary Compensation Table" below. The assumptions made when calculating the amounts are found in Note 11: "Equity-Based Compensation" to our audited consolidated financial statements included in Part II, Item 8 of our Annual Report on Form 10-K for the fiscal year ended December 31, 2019. The final value of the PSUs granted in fiscal 2019 will be determined subject to achievement under the relative total shareholder return measure. As the PSUs are only subject to market conditions and a service period requirement as defined under Topic 718, they have no maximum grant date fair values that differ from the fair values presented in the table.

(2) Amounts in this column for fiscal 2019 include the amounts earned under the STI Plan (as defined below). See "Narrative to Summary Compensation Table—2019 Annual Cash Incentive Compensation."

(3) All other compensation for fiscal 2019 includes 401(k) matching contributions of $11,200 for Mr. Cline, $11,200 for Mr. Swanstrom, $11,200 for Mr. Chloupek and $9,099 for Mr. Cantele. Amounts shown for Mr. Cantele include severance payments pursuant to his separation and release agreement of $2,281,251. For a description of the terms of Mr. Cantele's Separation and Release agreement, see "Potential Payments upon Termination or Change in Control" below. In addition, for Messrs. Cline, Chloupek and Cantele, perquisites and other personal benefits included an employer-paid executive physical. The amount shown in this column for Mr. Chloupek in 2018 has been adjusted to reflect $4,374 of 401(k) matching contributions earned by Mr. Chloupek in 2018 but not paid to him in 2018 due to administrative error. This amount was subsequently paid to Mr. Chloupek in 2019.

(4) Mr. Cantele's employment with the Company terminated on May 15, 2019.

Narrative to Summary Compensation Table

Employment Agreements

In April 2018, in connection with his appointment as President and Chief Executive Officer of the Company, we entered into an offer letter, dated April 13, 2018, with Mr. Cline (the "Cline Offer Letter"), effective as of the spin-off. In May 2018, in connection with his appointment as Executive Vice President and Chief Financial Officer of the Company, we entered into an offer letter, dated May 5, 2018, with Mr. Swanstrom (the "Swanstrom Offer Letter"), effective as of the spin-off. In April 2018, in connection with his appointment as Executive Vice President and Chief Operating Officer of the Company, we entered into an offer letter, dated April 13, 2018, with Mr. Cantele (the "Cantele Offer Letter"), effective as of the spin-off. In addition, we entered into a separation and release agreement, effective as of May 15, 2019, with Mr. Cantele (the "Separation and Release Agreement") in connection with his termination from the Company, which agreement is described below under "Potential Payments upon Termination of Change in Control." We also assumed Mr. Chloupek's employment agreement with LQH Parent, dated as of August 20, 2003, as amended August 17, 2005, upon the consummation of the spin-off in connection with his appointment as Executive Vice President, Secretary and General Counsel of the Company.

Mr. Cline

In connection with his appointment as President and Chief Executive Officer of the Company, we entered into the Cline Offer Letter with Mr. Cline, effective as of the spin-off. The Cline Offer Letter provides that Mr. Cline is employed with the Company as our President and Chief Executive Officer with the following compensation and benefits: (i) an annual base salary of $795,675, subject to increase (but not decrease); (ii) an annual bonus opportunity with a target amount equal to 100% of his base salary, with the actual bonus amount based upon achievement of Company and individual performance targets established by our Compensation Committee for the fiscal year to which the bonus relates; (iii) eligibility to receive annual grants under our Omnibus Incentive Plan in amounts and in a form determined by the compensation committee, provided that, for the 2018 fiscal year, Mr. Cline's long-term incentive award would have a target value of $3 million; (iv) a one-time grant of restricted stock with a grant date value equal to $1.875 million, and which vests on the third anniversary of the date of grant; and (v) a one-time grant of restricted stock with a grant date value equal to $1.875 million, and which vests on the fourth anniversary of the date of grant. The 2018 annual long-term incentive award and both of the one-time restricted stock awards were granted to Mr. Cline effective on the day following the consummation of the spin-off. The Cline Offer Letter also provides that Mr. Cline will participate in the CorePoint Lodging Inc. Executive Severance Plan (the "Executive Severance Plan"), in accordance with its terms.

Mr. Swanstrom

In connection with his employment with the Company, we entered into the Swanstrom Offer Letter. The Swanstrom Offer Letter provides that effective as of the spin-off, Mr. Swanstrom would be appointed Executive Vice President and Chief Financial Officer of the Company and provides him with the following compensation and benefits: (i) an annual base salary of $475,000, subject to increase (but not decrease); (ii) an annual bonus opportunity with a target amount equal to 100% of his base salary, with the actual bonus amount based upon achievement of Company and individual performance targets established by our compensation committee and our Chief Executive Officer for the fiscal year to which the bonus relates; (iii) a lump-sum cash signing bonus equal to $300,000, subject to repayment upon certain terminations of employment prior to May 21, 2019; (iv) eligibility to receive annual grants under our Omnibus Incentive Plan in amounts and in a form determined by our compensation committee, provided that, for the 2018 fiscal year, Mr. Swanstrom's long-term incentive award would have a target value of $900,000; (v) a one-time grant of restricted stock with a grant date value equal to $600,000, and which vests on the third anniversary of the date of grant; and (vi) a one-time grant of restricted stock with a grant date value equal to $600,000, and which vests on the fourth anniversary of the date of grant.

The Swanstrom Offer Letter also provides that Mr. Swanstrom will participate in the Executive Severance Plan, in accordance with its terms. The 2018 annual long-term incentive award and both of the one-time restricted stock awards were granted to Mr. Swanstrom effective on the day following the consummation of the spin-off.

Mr. Chloupek

Mr. Chloupek's employment agreement, dated as of August 20, 2003, as amended August 17, 2005, provides that he is to serve as Senior Vice President, is eligible to receive a base salary (which was increased to $412,000 as of February 26, 2018), and is eligible to receive a cash incentive compensation award, which amounts shall be determined by the Compensation Committee. The employment agreement provides for an initial three-year employment term that extends automatically for additional one-year periods, unless we or Mr. Chloupek elects not to extend the term.

Mr. Cantele

In connection with his appointment as Executive Vice President and Chief Operating Officer of the Company, we entered into the Cantele Offer Letter with Mr. Cantele, effective as of the spin-off. The Cantele Offer Letter provided that Mr. Cantele was employed with the Company as our Executive Vice President and Chief Operating Officer with the following compensation and benefits: (i) an annual base salary of $509,850, subject to increase (but not decrease); (ii) an annual bonus opportunity with a target amount equal to 100% of his base salary, with the actual bonus amount based upon achievement of Company and individual performance targets established by our Compensation Committee and our Chief Executive Officer for the fiscal year to which the bonus relates; (iii) eligibility to receive annual grants under our Omnibus Incentive Plan in amounts and in a form determined by our Compensation Committee, provided that, for the 2018 fiscal year, Mr. Cantele's long-term incentive award would have a target value of $900,000; (iv) a one-time grant of restricted stock with a grant date value equal to $1.05 million, and which vests on the third anniversary of the date of grant; and (v) a one-time grant of restricted stock with a grant date value equal to $1.05 million, and which vests on the fourth anniversary of the date of grant. The 2018 annual long-term incentive award and both of the one-time restricted stock awards were granted to Mr. Cantele effective on the day following the consummation of the spin-off. The Cantele Offer Letter also provided that Mr. Cantele would participate in the Executive Severance Plan, in accordance with its terms.

Mr. Cantele ceased to serve as the Company's Executive Vice President and Chief Operating Officer and left the Company May 15, 2019. For a description of the terms of Mr. Cantele's Separation and Release agreement, see "Potential Payments upon Termination or Change in Control" below.

2019 Equity Awards

In March 2019, the Company granted annual long-term incentive awards (the "2019 LTI Awards") to the NEOs composed of time-vesting restricted stock and PSUs pursuant to the Company's Omnibus Incentive Plan. The table below sets forth the total target value of the 2019 LTI Awards as well as the fair market value on the grant date of the time-vesting restricted stock awards and the target value of the PSUs, assuming that the target level of performance is achieved.

Name	Total Target Value	Restricted Stock Value	Target PSU Value
Keith A. Cline	$2,800,000	$1,120,000	$1,680,000
Daniel E. Swanstrom II	$ 900,000	$ 360,000	$ 540,000
Mark M. Chloupek	$ 900,000	$ 360,000	$ 540,000
John W. Cantele	$ 900,000	$ 360,000	$ 540,000

In addition, Messrs. Swanstrom, Chloupek and Cantele were each granted one-time PSU awards in the target amounts of $250,000, $100,000 and $100,000, respectively.

Time-vesting restricted stock awards. The time-vesting restricted stock awards ("Annual RSAs") vest in three equal annual installments beginning on December 15, 2019, subject to the NEO's continued employment with the Company through each vesting date. The vesting terms of the Annual RSAs upon termination or a change in control are summarized below in "Potential Payments upon Termination or Change in Control."

PSUs. The PSUs are divided into two equal tranches, one of which ("Tranche I") vests based the Company's total shareholder return relative to a peer group ("Relative TSR") and one of which ("Tranche II") vests based on the Company's absolute total shareholder return ("Absolute TSR"), in each case over specified performance periods. The performance period for 50% of each tranche begins on the grant date and ends on the second anniversary of the grant date. The performance period for the other 50% of each tranche begins on the grant date and ends on the third anniversary of the grant date. The multiple performance periods for the 2019 PSUs are intended to provide an initial transition as the PSU program ramps up. The 2020 PSU grants have a three-year performance period.

Absolute TSR is calculated as the appreciation in the price per share of the Company's common stock during the performance period (assuming dividends are reinvested), expressed as a percentage, and Relative TSR is based on the percentile rank of the Company's Absolute TSR against the Absolute TSRs of the peer companies set forth below, which companies are constituents of the SNL US Hotel REIT Index.

Peer Companies

Apple Hospitality REIT	Park Hotels & Resorts
Ashford Hospitality Trust	Pebblebrook Hotel Trust
Braemar Hotels & Resorts	RLJ Lodging Trust
Chatham Lodging Trust	Ryman Hospitality Properties
Chesapeake Lodging Trust	Service Properties Trust
Condor Hospitality Trust	Sotherly Hotels Inc.
DiamondRock Hospitality Co.	Summit Hotel Properties Inc.
Hersha Hospitality Trust	Sunstone Hotel Investors
Host Hotels & Resorts	Xenia Hotels & Resorts

A constituent listed above will be removed from the Relative TSR comparison group if: (i) during the applicable performance period, the company makes a public disclosure of its intent or agreement to enter into a merger or sale with another company, after which it will no longer be listed on a securities exchange; or (ii) it is not listed on a securities exchange for the entire applicable performance period; provided, that a company that becomes subject to a proceeding as a debtor under the U.S. Bankruptcy Code during the applicable performance period will be included with TSR equal to negative one hundred percent (-100%)

The actual number of PSUs that become vested based on each performance measure is based on an achievement factor which, in each case, ranges from 0% of the target number of PSUs for below threshold performance to 50% of the target number of PSUs for threshold performance, to 100% of the target number of PSUs for target performance, to 175% of the target number of PSUs for maximum performance. For actual performance between the specified threshold, target and maximum levels, the resulting payout percentage will be interpolated on a linear basis. Notwithstanding the foregoing, if Absolute TSR is negative, the maximum payout with respect to Relative TSR PSUs is 100% of the target number of Relative TSR PSUs. Following the last day of the applicable performance period, the Compensation Committee will calculate the payout with respect to each tranche and the PSUs do not vest until the Compensation Committee certifies in writing the extent to which the applicable performance conditions have been met.

The vesting terms of the PSUs upon termination or a change in control are summarized below in "Potential Payments upon Termination or Change in Control."

2019 Annual Cash Incentive Compensation

2019 Short Term Incentive Plan. In March 2019, the Company granted cash incentive awards to the NEOs under our Short Term Incentive Plan for Section 16 Officers for the year ended December 31, 2019 (the

"STI Plan" and such awards, the "2019 STI Awards"). Our STI Plan compensated and rewarded successful achievement of short-term strategic priorities that were designed to maximize the Company's performance and drive shareholder value. The payments to the NEOs under the 2019 STI Awards were based on a combination of the financial performance of the Company (65% of the total award opportunity) and strategic objectives (35% of the total award opportunity). For each performance component, payments to the NEOs under the 2019 STI Awards, expressed as a percentage of an NEO's base salary, could range from 0% for below threshold performance, to 50% for threshold performance, to 100% for target performance, and to a maximum of 200%, subject to an NEO's continued employment with the Company or a subsidiary of the Company on the payment date.

The financial component of each NEO's 2019 STI Award opportunity was based on Adjusted Funds from Operations ("AFFO") per share, where AFFO is defined as Funds from Operations (as defined by the National Association of Real Estate Investment Trusts) adjusted for certain items, such as stock-based compensation expense, noncash tax expense, amortization of debt issuance costs, nonrecurring general and administrative expense and business interruption proceeds, as well as other items as the Compensation Committee determined were appropriate and consistent with the purpose and intent of the 2019 STI Awards. Adjustments specific to the 2019 STI Plan included, among other things (a) inclusion of certain payments to the Company pursuant to the Wyndham Settlement (as defined in the Company's Annual Report on Form 10-K for the year ended December 31, 2019), (b) adjustments for the impact of hotels sold during the year and (c) exclusion of the effect of the Company's bonus accruals.

The strategic objective component of each executive's 2019 STI Award opportunity was based on the number of hotels sold by the Company during the 2019. For purposes of determining the number of hotels sold, if the Company entered into a definitive transaction agreement for the sale of a hotel prior to the end of the calendar year and the applicable deposit made in connection with such sale was non-refundable, the sale of such hotel was included in the number of hotels sold during the performance period.

The following tables sets forth the threshold, target and maximum performance targets for each of the financial component and the strategic objective component, as well as the payout percentage for each category.

	Threshold	Target	Maximum
AFFO per share (weighted 65%)	$1.78	$2.00	$2.26
Number of Hotels Sold (weighted 35%)	25	35	45
Payout Percentage	50%	100%	200%

To the extent that actual performance fell between the specified threshold, target and maximum performance levels for each of the financial performance and strategic objective metrics, the resulting payout percentage was determined using linear interpolation.

The following table shows the actual results based on the Company's fiscal 2019 performance and the payout percentages with respect to each of the financial component and the strategic objective component.

	AFFO per share	Number of Hotels Sold
Actual Performance	$ 2.05	79
Payout Percentage	120.63%	200%

Actual amounts paid under the 2019 STI Awards to our NEOs other than Mr. Cantele were calculated by multiplying the NEO's base salary by his target bonus percentage and a weighted achievement factor based on the Company's performance against the financial component targets and the strategic objective targets. Based on the performance achieved, each of the NEOs other than Mr. Cantele earned an annual bonus for 2019 under the STI Plan as follows, which amounts are reflected in the "Non-Equity Incentive Plan Compensation" column of the Summary Compensation Table:

Name	2019 base salary	Target bonus as a percentage of base salary	Target bonus potential	Achievement factor as a percentage of target	2019 STI Plan payout
Keith A. Cline	$795,675	100%	$795,675	148.41%	$1,180,841
Daniel E. Swanstrom II	$475,000	100%	$475,000	148.41%	$ 704,936
Mark M. Chloupek	$412,000	100%	$412,000	148.41%	$ 611,439

In connection with his termination in May 2019, Mr. Cantele became entitled to receive a lump sum payment of his STI Plan award, pro-rated for his months of service up to and including May 2019 and based on target performance, which amount ($212,438) is reflected in the "All Other Compensation" column of the Summary Compensation Table.

Other Benefits and Perquisites

Our executives, including the NEOs, are eligible for specified benefits, such as group health, dental and disability insurance and employer-paid basic life insurance premiums on the same basis as all other employees. In addition, we provide limited perquisites to the NEOs, when determined to be necessary and appropriate, including employer-paid executive physical examinations.

The value of perquisites and other personal benefits provided to the NEOs is reflected in the "All Other Compensation" column of the "Summary Compensation Table" and the accompanying footnote.

Retirement Benefits

We maintain a tax-qualified 401(k) plan in which all of our employees, including the NEOs, are eligible to participate and under which we will match each employee's contributions dollar-for-dollar up to 3% of such employee's eligible earnings and $0.50 for every $1.00 for the next 2% of the employee's eligible earnings. The maximum match available under our 401(k) Plan is 4% of the employee's eligible earnings. All matching contributions by us are always fully vested.

Outstanding Equity Awards at 2019 Fiscal Year-End

The following table sets forth information regarding outstanding equity awards made to the NEOs as of December 31, 2019.

	Stock Awards			
Name	Number of shares or units of stock that have not vested (#)(1)	Market value of shares or units of stock that have not vested ($)(2)	Equity incentive plan awards: Number of unearned shares, units or other rights that have not vested (#)(3)	Equity incentive plan awards: Market or payout value of unearned shares, units or other rights that have not vested ($)(2)
Keith A. Cline	256,391	2,738,256	80,153	856,034
Daniel E. Swanstrom II	81,372	869,053	37,692	402,551
Mark M. Chloupek	96,962	1,035,554	30,536	326,125
John W. Cantele(4)	—	—	1,777	18,978

(1) Number of shares includes accrued dividend equivalent rights ("DERs") which will vest upon the same schedule and under the same terms as the restricted stock grants to which they relate. Consists of the following outstanding restricted stock awards, including the following number of DERs:

Name	Award	Grant Date	Number (including DERs)	DERs	Vesting
Mr. Cline	2018 Annual RSA	5/31/2018	38,976	3,121	In full on December 15, 2020
	Three-Year Cliff-Vesting RSA	5/31/2018	73,084	5,855	In full on May 31, 2021
	Four-Year Cliff-Vesting RSA	5/31/2018	73,084	5,855	In full on May 31, 2022
	2019 Annual RSA	3/26/2019	71,247	—	Ratably on December 15, 2020 and December 15, 2021
Mr. Swanstrom	2018 Annual RSA	5/31/2018	11,693	937	In full on December 15, 2020
	Three-Year Cliff-Vesting RSA	5/31/2018	23,389	1,875	In full on May 31, 2021
	Four-Year Cliff-Vesting RSA	5/31/2018	23,389	1,875	In full on May 31, 2022
	2019 Annual RSA	3/26/2019	22,901	—	Ratably on December 15, 2020 and December 15, 2021
Mr. Chloupek	2018 Annual RSA	5/31/2018	11,693	937	In full on December 15, 2020
	Three-Year Cliff-Vesting RSA	5/31/2018	31,184	2,499	In full on May 31, 2021
	Four-Year Cliff-Vesting RSA	5/31/2018	31,184	2,499	In full on May 31, 2022
	2019 Annual RSA	3/26/2019	22,901	—	Ratably on December 15, 2020 and December 15, 2021

(2) Values determined based on December 31, 2019 closing market price of our common stock of $10.68 per share.

(3) Consists of the following outstanding PSUs:

Name	Grant Date	Tranche	Number
Mr. Cline	3/26/2019	Tranche I	40,077
	3/26/2019	Tranche II	40,076
Mr. Swanstrom	3/26/2019	Tranche I	18,846
	3/26/2019	Tranche II	18,846
Mr. Chloupek	3/26/2019	Tranche I	15,268
	3/26/2019	Tranche II	15,268
Mr. Cantele	3/26/2019	Tranche I	889
	3/26/2019	Tranche II	888

50% of the PSUs granted on March 26, 2019 will vest, if at all, based on the Company's achievement of the Relative TSR performance measure ("Tranche I") and 50% of such PSUs will vest, if at all, based on the Company's achievement of the Absolute TSR performance measure ("Tranche II"), in each case over specified performance periods. The performance period for 50% of each tranche begins on March 26, 2019 and ends on March 26, 2021. The performance period for the other 50% of each tranche begins on March 26, 2019 and ends on March 26, 2022. The terms of the PSUs are summarized in "Narrative to Summary Compensation Table—2019 Equity Awards" above. As of December 31, 2019, the achievement levels with respect to Absolute TSR and Relative TSR were both below threshold. Accordingly, the number of Tranche I and Tranche II PSUs reported in the table reflect amounts based on threshold. The actual number of shares that will vest with respect to the PSUs is not yet determinable.

(4) In connection with his termination in May 2019, all of Mr. Cantele's time-vesting restricted stock awards either vested or were forfeited, however a prorated portion of Mr. Cantele's PSUs remain outstanding and subject to continued vesting in accordance with the terms of the award agreement relating thereto.

Potential Payments upon Termination or Change in Control

Executive Severance Plan

On April 2, 2018 our Board of Directors adopted (which adoption was subsequently ratified by our Board of Directors on April 12, 2018) the Executive Severance Plan. The Executive Severance Plan offers severance and change in control benefits for employees of the Company at the level of Vice President and above, including the NEOs. The Executive Severance Plan provides for payment of severance and other benefits to eligible executives, including the NEOs, in the event of a termination of employment with us without cause or for good reason (each as defined in the Executive Severance Plan) (a "covered termination"), or in the event of a termination of employment as a result of retirement, death, or disability (as such terms are defined in the Executive Severance Plan), in each case, subject to the (i) executive's execution and non-revocation of a general release of claims in our favor and (ii) continued compliance with the executive's confidentiality, non-interference and invention assignment obligations to us.

In the event of a covered termination, in addition to certain accrued obligations, the Executive Severance Plan provides for the following payments and benefits to the NEOs:

- a lump-sum pro-rata bonus for the year of termination, based on actual performance;
- a lump-sum payment equal to the sum of the executive's (x) annual base salary and (y) bonus based on target performance (the "cash severance amount") times the multiplier applicable to such executive (which is 1.5 for Messrs. Swanstrom, Cantele and Chloupek and 2.0 for Mr. Cline);
- continued health insurance coverage at substantially the same level as provided immediately prior to such termination, at the same cost as generally provided to similarly situated active Company employees (the "welfare benefit"), for a period of 18 months for Messrs. Swanstrom, Cantele and Chloupek and 24 months for Mr. Cline; and
- payment of, or reimbursement for, up to $10,000 in outplacement services within the three-year period following such termination (the "outplacement benefit").

Notwithstanding the foregoing, in the event such covered termination occurs on or within the six-month period prior to, or within the two-year period following, the first to occur of (i) a change in control and (ii) a significant corporate event (each as defined in the Executive Severance Plan), in addition to certain accrued obligations, the Executive Severance Plan provides for the following payments and benefits to the NEOs:

- a lump-sum pro-rata bonus for the year of termination, based on target performance;
- the cash severance amount times the multiplier applicable to such executive (which is 2.0 for Messrs. Swanstrom, Cantele and Chloupek and 3.0 for Mr. Cline);

- the welfare benefit for a period of 24 months for Messrs. Swanstrom, Cantele and Chloupek and 36 months for Mr. Cline; and
- the outplacement benefit.

In the event of a termination with us as a result of the executive's death or disability, in addition to certain accrued obligations, the Executive Severance Plan provides for the following payments and benefits to the NEOs: (i) a lump-sum bonus for the year of termination, based on target performance; and (ii) solely in the case of the executive's disability, the welfare benefit for a period of 12 months. In the event of a termination with us as a result of the executive's retirement, in addition to certain accrued obligations, the Executive Severance Plan provides for the payment of a lump-sum pro-rata bonus for the year of termination, based on actual performance, to eligible executives, which include the NEOs.

In addition, the Executive Severance Plan provides that, upon the first to occur of (i) a change in control and (ii) a significant corporate event, any unvested and outstanding award granted to the NEOs under our Omnibus Incentive Plan that is not continued, converted, assumed or replaced in connection with such change in control or significant corporate event will fully vest; provided, that, vesting for performance-based vesting awards (a) with market performance conditions will be based on actual performance and (b) with financial performance conditions will be based on target performance.

The Executive Severance Plan provides that if any payments and/or benefits due to a participant (including any NEO) under the Executive Severance Plan and/or any other arrangements will constitute "excess parachute payments" (as defined in Section 280G ("Section 280G") of the Internal Revenue Code of 1986, as amended (the "Code")), we will reduce the amount of payments under the Executive Severance Plan by the minimum amount necessary such that the present value of the participant's "parachute payments" (as defined in Section 280G) is below 300% of such participant's "base amount" (as defined in Section 280G), calculated in accordance with the Treasury Regulations promulgated under Section 280G; provided, however, in no event will the amount of any severance payments be reduced unless (a) the net after-tax amount of such payments and benefits as so reduced is greater than or equal to (b) the net after-tax amount of such payments and benefits without such reduction.

While Mr. Chloupek's employment agreement contains severance terms applicable to him (as described below under "—Employment Agreement Provisions—Mr. Chloupek"), he is eligible to receive the above benefits under the Executive Severance Plan only to the extent that any amounts due and payable under the Executive Severance Plan are greater than and in addition to the amount due and payable to Mr. Chloupek under his employment agreement.

Mr. Cantele was eligible to receive the above benefits in connection with his termination in May 2019, which benefits were reflected in his Separation and Release Agreement, described below.

Employment Agreement Provisions—Mr. Chloupek

Pursuant to the terms of Mr. Chloupek's employment agreement, upon a termination by us without "cause" or by Mr. Chloupek for "good reason" (each as defined in such employment agreement), and subject to his signing a general release of claims and his continued compliance with the restrictive covenants described below, he is entitled to severance payments in an amount equal to one and one-half times the sum of his average (A) annual base salary and (B) incentive compensation, in each case over the three immediately preceding fiscal years, payable over the 18-month period after his date of termination of employment (the "Severance Amount"). In the event Mr. Chloupek commences any employment during the 12-month period following the date of his termination of employment, we are entitled to reduce his remaining Severance Amount by 50% of the amount of any cash compensation received by him during such period. In addition, if Mr. Chloupek commences any employment during the six-month period following the first anniversary of his termination of employment, we are entitled to reduce his remaining Severance Amount by 25% of the amount of any cash compensation received by him during such period.

In the event of Mr. Chloupek's termination of employment without cause, for good reason or due to death or disability, Mr. Chloupek is entitled to receive his prorated bonus in a lump sum payment at the rate of his bonus for the fiscal year of his termination. In the event that such termination of employment occurs within the first six months of the year, his prorated bonus will not exceed 50% of the maximum bonus which he could have been paid in the year immediately preceding the year of his termination of employment. In addition, he (other than in the case of his death), his spouse and his eligible dependents are entitled to receive continued healthcare coverage for one year following such termination.

If, within 12 months after a change in control, Mr. Chloupek's employment is terminated without cause or for good reason, his employment agreement provides for the payment of the Severance Amount over the 18-month period after the date of termination, however, we do not have the right to set off any amounts received by Mr. Chloupek from a new employer if he commences employment within such 18 month-period. In the event Mr. Chloupek is terminated within 12 months following a change in control, he, his spouse and his eligible dependents are entitled to receive continued healthcare coverage for one year following such termination.

Mr. Chloupek's employment agreement provides for reimbursement by us on a "grossed up" basis for all taxes incurred in connection with all payments or benefits provided to him upon a change in control that are determined by us to be subject to the excise tax imposed by Section 4999 of the Code in an amount equal to the lesser of (A) the aggregate amount of all excise tax payments on a "grossed up" basis, or (B) 1.25 times his then-current annual base salary.

Mr. Chloupek's employment agreement contains restrictive covenants, including an indefinite covenant not to disclose confidential information, and, during Mr. Chloupek's employment and for the 18-month period following the termination of his employment, covenants related to non-competition and non-solicitation of our employees and customers.

Separation and Release Agreement – Mr. Cantele

On May 13, 2019, the Company and Mr. Cantele entered into the Separation and Release Agreement. Pursuant to the Separation and Release Agreement, Mr. Cantele became entitled to:

- subject to non-revocation of a general release and waiver of claims in favor of the Company and continued compliance with the Non-Interference Agreement (as defined below), the following payments and benefits to which he was entitled pursuant to the Executive Severance Plan in connection with a termination without cause within two years after the spin-off of the Company from LQH Parent, which was considered a change in control under the Executive Severance Plan:
  - a lump sum cash severance payment equal to twice Mr. Cantele's 2019 base salary and target bonus ($2,039,400), payable within 60 days of Mr. Cantele's termination;
  - a lump sum payment of his 2019 annual incentive bonus, pro-rated for the months of service up to and including the month of termination and based on target performance ($212,437.50), paid concurrently with the payments of 2019 annual incentive bonuses to other similarly-situated employees;
  - continued health insurance coverage at substantially the same level as provided immediately prior to such termination, at the same cost as generally provided to similarly-situated active Company employees, for a period of 24 months following Mr. Cantele's termination; and
  - payment for or reimbursement of payment for outplacement services up to a maximum of $10,000 within a three-year period following Mr. Cantele's termination; and

- the following treatment with respect to his outstanding equity awards to which he was entitled pursuant to the Omnibus Incentive Plan and the applicable award agreements in connection with a termination without cause:
    - acceleration of the vesting of 123,442 shares of the Company's common stock in respect of outstanding restricted stock awards and corresponding dividend equivalent rights thereon, as applicable; and
    - continued vesting of 3,552 performance-vesting restricted stock units pursuant to the terms of the applicable award agreements.

The Separation and Release Agreement also contains an agreement by Mr. Cantele that he will remain subject to any restrictive covenants contained in any confidentiality, non-competition, non-solicitation, non-disparagement or similar agreement entered into between him and the Company or its affiliates, including those covenants set forth in the Confidentiality, Non-Interference and Invention Assignment Agreement he executed in connection with his participation in the Executive Severance Plan (such agreement, the "Non-Interference Agreement"). The Non-Interference Agreement contains confidentiality, non-solicitation and non-disparagement covenants, each with a 24-month post-termination duration, and a non-competition covenant with a 12-month post-termination duration.

Treatment of Equity Awards

Annual RSAs. Under the terms of the Annual RSAs, upon termination of an executive's employment by us without cause (as defined in our Omnibus Incentive Plan) or by the executive for good reason (as defined in the applicable award agreement), in each case, prior to a change in control, the number of shares of restricted stock that would have vested on the next scheduled vesting date following such termination will immediately vest. In addition, upon termination of an executive's employment by us without cause or for good reason, in each case, on or following a change in control or upon termination of an executive's employment due to the executive's death or disability (as defined in our Omnibus Incentive Plan) (regardless of whether prior to or on or following a change in control), all unvested shares of restricted stock under the Annual RSA will immediately vest. If the executive's employment terminates for any reason other than as described above, all unvested shares of restricted stock under the Annual RSA will be forfeited.

Four-Year Cliff-Vesting RSAs and Three-Year Cliff-Vesting RSAs. Under the terms of the Four-Year Cliff-Vesting RSAs and the Three-Year Cliff Vesting RSAs, upon termination of an executive's employment by us without cause (as defined in our Omnibus Incentive Plan), by the executive for good reason (as defined in the applicable award agreement) or as a result of such executive's death or disability (as defined in our Omnibus Incentive Plan) or if a change in control occurs, all unvested shares of restricted stock under the Four-Year Cliff-Vesting RSA and the Three-Year Cliff-Vesting RSA will immediately vest. If the executive's employment terminates for any reason other than as described above, all unvested shares of restricted stock under the Four-Year Cliff-Vesting RSA and the Three-Year Cliff-Vesting RSA will be forfeited.

PSUs. In the event of an NEO's death or disability (as defined in our Omnibus Incentive Plan), the PSUs will become vested assuming achievement of a 100% payout for the applicable tranche, and settled 60 days following such termination. In the event that prior to a change in control (as defined in our Omnibus Incentive Plan) an NEO undergoes a termination by the Company without cause or by such NEO for good reason, subject to such NEO's compliance during the applicable performance period with any restrictive covenant by which such NEO is bound in any agreement with the Company or its subsidiaries, with respect to any PSUs for which the performance period has not been completed, a prorated portion of the PSUs will remain outstanding and eligible to vest based on actual performance on the last day of the applicable performance period, with such proration based on the number of days the NEO was employed during the performance period relative to the total number of days of the performance period.

In the event of a change in control, the PSUs will be converted into time-vesting shares of restricted stock (the "Converted PSUs") determined based on the greater of (x) target performance and (y) actual performance on the date of the change in control. If (a) a successor entity does not assume, convert, or replace the Converted PSUs in connection with the change in control or (b) a successor entity does assume, convert, or replace the Converted PSUs in connection with the change in control and, on or within the 24 months following the change in control, the NEO undergoes a termination by the Company without cause or by such NEO for good reason, in each case, such NEO shall fully vest in such Converted PSUs.

Director Compensation in Fiscal 2019

The table below sets forth information regarding non-employee director compensation for the fiscal year ended December 31, 2019.

Name	Fees Earned or Paid in Cash ($)	Stock Awards ($)(1)	All Other Compensation ($)	Total ($)
James R. Abrahamson	73,132	100,003	—	173,135
Glenn Alba (2)	88,132	100,003	100,000	288,135
Jean M. Birch	65,000	100,003	—	165,003
Alan J. Bowers	88,132	100,003	—	188,135
Giovanni Cutaia	—	—	—	—
Alice E. Gould	65,000	100,003	—	165,003
B. Anthony Isaac	71,264	100,003	—	171,267
Brian Kim	—	—	—	—
David Loeb	65,000	100,003	—	165,003
Mitesh B. Shah	90,000	150,005	—	240,005

(1) Represents the aggregate grant date fair value of restricted stock granted during 2019 computed in accordance with Topic 718 without taking into account estimated forfeitures. The assumptions used in the valuation are discussed in Note 11: "Equity-Based Compensation" to our Consolidated Financial Statements in Part II, Item 8 of our 2019 10-K. The aggregate number of shares of restricted stock (including DERs which will vest upon the same schedule and under the same terms as the restricted stock grants to which they relate) outstanding as of December 31, 2019 for our non-employee directors was as follows: 8,962 shares for Mr. Abrahamson (including 133 DERs), 8,962 shares for Mr. Alba (including 133 DERs), 10,127 shares for Ms. Birch (including 198 DERs), 8,962 shares for Mr. Bowers (including 133 DERs), 10,127 shares for Ms. Gould (including 198 DERs), 8,962 shares for Mr. Isaac (including 133 DERs), 8,962 shares for Mr. Loeb (including 133 DERs) and 15,348 shares for Mr. Shah (including 200 DERs).

(2) The amount shown in the "All Other Compensation" column for Mr. Alba represents the amount earned by him in 2019 pursuant to the consulting agreement we entered into with him in September 2018. See "—Consulting Agreement—Mr. Alba."

Board and Committee Fees in 2019

On March 26, 2019, our Board approved the following compensation for our independent directors (other than those directors affiliated with Blackstone), effective May 16, 2019:

- An annual cash retainer of $65,000, payable quarterly;
- An additional annual cash retainer, payable quarterly, for serving as a chairperson of specified committees of the Board, as follows:
  - For the chairperson of each of the Audit Committee and the Capital Committee, an additional $25,000 annually;
  - For the chairperson of each of the Compensation Committee and the Nominating and Corporate Governance Committee, an additional $10,000 annually;

- (a) For each eligible director other than an outside director who serves as chairperson of the Board, an annual equity award having a fair market value on the grant date equal to $100,000 and (b) for an outside director who serves as chairperson of the Board, an annual equity award having a fair market value on the grant date equal to $150,000, in each case payable in shares of restricted stock that vest on the earlier of the anniversary of the grant date and the annual meeting of stockholders occurring in the year following the year in which the grant date occurs;
- an additional annual cash retainer of $25,000, payable quarterly, for any outside director who serves as chairperson of the Board; and
- reimbursement for reasonable travel and related expenses associated with attendance at Board or committee meetings.

In May 2019, we granted to each of Messrs. Abrahamson, Alba, Bowers, Isaac and Loeb and Mses. Birch and Gould 7,576 shares of restricted stock and we granted to Mr. Shah, the chairman of our Board of Directors, 11,364 shares of restricted stock. The shares of restricted stock vest on the earlier of the anniversary of the grant date and the date of our 2020 annual meeting of stockholders, subject to the director's continued service through the applicable vesting date.

Prior to May 16, 2019, our independent directors (other than those directors affiliated with Blackstone) were entitled to receive the following compensation:

- an annual cash retainer of $60,000, payable quarterly;
- an additional annual cash retainer, payable quarterly, for serving on committees of the board of directors or as the chairperson of specified committees of the board of directors, as follows:
  - For members (other than the chairperson of the Audit Committee, the Compensation Committee and the Capital Committee) of the Audit Committee, the Compensation Committee, the Nominating and Corporate Governance Committee and the Capital Committee (each as defined herein) (including the chairperson of the Nominating and Corporate Governance Committee), an additional $5,000 annually for serving on more than one committee;
  - For the chairperson of the Compensation Committee, an additional annual cash retainer, payable quarterly, of $10,000;
  - For the chairperson of the Audit Committee, an additional annual cash retainer, payable quarterly, of $25,000; and
  - For the chairperson of the Capital Committee, an additional annual cash retainer, payable quarterly, of $25,000;
- an annual equity award having a fair market value on the grant date of $100,000 payable annually in restricted stock which vests over three years in equal installments from the date of grant;
- an additional annual cash retainer, payable quarterly, of $25,000 and an additional annual equity award having a fair market value on the grant date of $50,000 for any outside director who serves as chairperson of the Board of Directors; and
- reimbursement for reasonable travel and related expenses associated with attendance at Board or committee meetings.

Consulting Agreement—Mr. Alba

On September 11, 2018, we entered into a consulting agreement (the "Consulting Agreement") with Mr. Alba. Pursuant to the terms of the Consulting Agreement, Mr. Alba will provide assistance with developing, reviewing and refining the Company's real estate and capital deployment policies, strategies and programs, together with providing advice and assistance on such other matters relating to the Company's business as may be mutually agreed from time to time and will receive an annual cash consulting fee of $100,000, payable in equal monthly installments. The Consulting Agreement provides for an initial one-year consulting term that extends automatically for additional one-year periods, unless the Company or Mr. Alba elects not to extend the term. The Consulting Agreement contains an indefinite covenant not to disclose confidential information. The Consulting Agreement was mutually terminated effective March 31, 2020.

Board and Committee Fees in 2020

Board and committee fees in 2020 will remain the same as those in effect beginning May 16, 2019, except that:

- the annual equity award will be payable in restricted stock units that vest on the earlier of the anniversary of the grant date and the annual meeting of stockholders occurring in the year following the year in which the grant date occurs and will be settled in shares of the Company's common stock on the earliest to occur of (a) a change in control (as defined in the Omnibus Incentive Plan), (b) the director's ceasing to serve on the Board for any reason (or, if later, the director's "separation from service" within the meaning of I.R.C. Section 409A) and (c) the Company's annual meeting of stockholders held in 2023 (and in no event later than July 1, 2023);
- the annual cash retainer for service in the first quarter of 2020 will be payable at the election of each director either (a) 100% in cash, (b) 100% in immediately vested shares of common stock of the Company or (c) 50% in cash and 50% in immediately vested shares of common stock of the Company;
- the portions of the annual cash fees (including for committee, committee chair, and Board chair service) payable for the second, third and fourth quarters of 2020 and the first quarter of 2021 will instead be paid in immediately vested deferred stock units that will be settled in shares of the Company's common stock on the earliest to occur of (a) a change in control (as defined in the Omnibus Incentive Plan), (b) the director's ceasing to serve on the Board for any reason (or, if later, the director's "separation from service" within the meaning of I.R.C. Section 409A) and (c) the Company's annual meeting of stockholders held in 2023 (and in no event later than July 1, 2023).

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

The members of our Compensation Committee during 2019 included James R. Abrahamson, Alan J. Bowers, Giovanni Cutaia, Alice E. Gould and Mitesh B. Shah. None of the members of our Compensation Committee during 2019 has at any time been one of our executive officers or employees. None of our executive officers currently serves, or has served during the last completed fiscal year, on the compensation committee or board of directors of any other entity that has one or more executive officers serving as a member of our Board of Directors or Compensation Committee.

OWNERSHIP OF SECURITIES

The following table sets forth information regarding the beneficial ownership of shares of our common stock as of April 2, 2020 by (1) each person known to us to beneficially own more than 5% of our outstanding common stock, (2) each of our directors and named executive officers and (3) all of our directors and executive officers as a group. Beneficial ownership is determined in accordance with the rules of the SEC.

Name	Amount and Nature of Beneficial Ownership	Percent of Common Stock Outstanding
Principal Stockholder:		
Blackstone(1)	17,586,538	30.3%
The Vanguard Group(2)	5,761,013	9.9%
Donald Smith & Co., Inc.(3)	4,902,970	8.4%
Blackrock, Inc.(4)	3,111,530	5.4%
Directors and Named Executive Officers:		
Keith A. Cline(5)	920,533	1.6%
John W. Cantele	—	*
Mark M. Chloupek(6)	309,484	*
Daniel E. Swanstrom II(7)	202,523	*
James R. Abrahamson(8)	20,001	*
Glenn Alba(9)	12,776	*
Jean M. Birch(10)	11,428	*
Alan J. Bowers(11)	25,129	*
Giovanni Cutaia(12)	—	—
Alice E. Gould(13)	11,428	*
B. Anthony Isaac(14)	11,559	*
Brian Kim(12)	—	—
David Loeb(15)	16,059	*
Mitesh B. Shah(16)	33,860	*
Directors and executive officers as a group (14 persons)(17)	1,574,780	2.7%

* Less than 1%

(1) Reflects shares of our common stock directly held by BRE/LQJV-NQ L.L.C., BRE/Prime Mezz 2 L.L.C., Blackstone Real Estate Partners IV L.P., Blackstone Real Estate Partners IV.F L.P., Blackstone Real Estate Partners IV.TE.2 L.P., Blackstone Real Estate Partners (DC) IV.TE.1 L.P., Blackstone Real Estate Partners (DC) IV.TE.2 L.P., Blackstone Real Estate Partners (DC) IV.TE.3-A L.P., Blackstone Real Estate Holdings IV L.P., Blackstone Real Estate Partners V L.P., Blackstone Real Estate Partners V.F L.P., Blackstone Real Estate Partners V.TE.1 L.P., Blackstone Real Estate Partners V.TE.2 L.P., Blackstone Real Estate Partners (AIV) V L.P., and Blackstone Real Estate Holdings V L.P. (together, the "Blackstone Funds"). Each of the Blackstone Funds may act as a selling stockholder. The managing members of BRE/ LQJV-NQ L.L.C. are Blackstone Real Estate Partners IV L.P. and Blackstone Real Estate Partners V L.P. The managing member of BRE/Prime Mezz 2 L.L.C. is BRE/Prime Mezz 3-A L.L.C. The managing member of BRE/Prime Mezz 3-A L.L.C. is BRE/Prime Holdings L.L.C. The managing member of BRE/ Prime Holdings L.L.C. is WIH Hotels L.L.C. The managing member of WIH Hotels L.L.C. is Blackstone Real Estate Partners IV L.P.

The general partner of each of Blackstone Real Estate Partners IV L.P., Blackstone Real Estate Partners IV.F L.P., Blackstone Real Estate Partners IV.TE.2 L.P., Blackstone Real Estate Partners (DC) IV.TE.1 L.P., Blackstone Real Estate Partners (DC) IV.TE.2 L.P. and Blackstone Real Estate Partners (DC) IV.TE.3-A L.P. is Blackstone Real Estate Associates IV L.P. The general partner of Blackstone Real Estate Associates IV L.P. is BREA IV L.L.C. The general partner of each of Blackstone Real Estate Partners V L.P., Blackstone Real Estate Partners V.F L.P., Blackstone Real Estate Partners V.TE.1 L.P., Blackstone Real Estate Partners V.TE.2 L.P., and Blackstone Real Estate Partners (AIV) V L.P. is Blackstone Real Estate Associates V L.P. The general partner of Blackstone Real Estate Associates V L.P. is BREA V L.L.C.

The general partner of Blackstone Real Estate Holdings V L.P. is BREP V Side-by-Side GP L.L.C. The general partner of Blackstone Real Estate Holdings IV L.P. is BREP IV Side-by-Side GP L.L.C.

The sole member of each of BREP IV Side-by-Side GP L.L.C. and BREP V Side-by-Side GP L.L.C. and managing member of each of BREA IV L.L.C. and BREA V L.L.C. is Blackstone Holdings II L.P. The general partner of Blackstone Holdings II L.P. is Blackstone Holdings I/II GP L.L.C. (f/k/a Blackstone Holdings I/II GP Inc.). The sole member of Blackstone Holdings I/II GP L.L.C. is The Blackstone Group Inc. (f/k/a The Blackstone Group L.P.). The sole holder of the Class C common stock of The Blackstone Group Inc. is Blackstone Group Management L.L.C. Blackstone Group Management L.L.C. is wholly-owned by Blackstone's senior managing directors and controlled by its founder, Stephen A. Schwarzman. Each of the Blackstone entities described in this footnote and Mr. Schwarzman may be deemed to beneficially own the shares directly or indirectly controlled by it or him, but each (other than the Blackstone Funds to the extent of their direct holdings) disclaims beneficial ownership of such shares.

The address of each of Mr. Schwarzman and each of the other entities listed in this footnote is c/o The Blackstone Group Inc., 345 Park Avenue, New York, New York 10154.

(2) Beneficial ownership information is based on information contained in the Amendment No. 3 Schedule 13G filed on February 12, 2020 on behalf of The Vanguard Group and its wholly-owned subsidiaries, Vanguard Fiduciary Trust Company and Vanguard Investments Australia, Ltd. According to the schedule, included in the shares of our common stock listed above as beneficially owned by The Vanguard Group are 42,144 shares over which The Vanguard Group has sole voting power, 5,992 shares over which The Vanguard Group has shared voting power, 5,721,692 shares over which The Vanguard Group has sole dispositive power and 39,321 shares over which The Vanguard Group has shared dispositive power.

The address of the principal business office of The Vanguard Group is 100 Vanguard Blvd., Malvern, PA 19355.

(3) Beneficial ownership information is based on information contained in the Schedule 13G filed on February 10, 2020 on behalf of Donald Smith & Co., Inc. and DSCO Value Fund, L.P. According to the schedule, included in the shares of our common stock listed above as beneficially owned by Donald Smith & Co., Inc. are 4,856,360 shares over which Donald Smith & Co., Inc. has sole voting power, 4,877,960 shares over which Donald Smith & Co., Inc. has sole dispositive power, 25,010 shares over which DSCO Value Fund, L.P. has sole voting power and 25,010 shares over which DSCO Value Fund, L.P. has sole dispositive power. According to the schedule, included in the shares of our common stock listed above as beneficially owned by Donald Smith & Co., Inc. and DSCO Value Fund, L.P. are shares of our common stock over which the ultimate power to direct the receipt of dividends paid with respect to, and the proceeds from the sale of, is vested in the institutional clients for which Donald Smith & Co., Inc. serves as investment advisor.

The address of the principal business office of Donald Smith & Co., Inc. is 152 West 57th Street, New York, New York 10019.

(4) Beneficial ownership information is based on information contained in the Schedule 13G filed on February 5, 2020 on behalf of BlackRock, Inc., BlackRock Advisors, LLC, BlackRock Investment Management (UK) Limited, BlackRock Asset Management Canada Limited, BlackRock Investment Management (Australia) Limited, BlackRock (Netherlands) B.V., BlackRock Fund Advisors, BlackRock Asset Management Ireland Limited, BlackRock Institutional Trust Company, National Association, BlackRock Financial Management, Inc., BlackRock Japan Co., Ltd., BlackRock Asset Management Schweiz AG and BlackRock Investment Management, LLC. According to the schedule, included in the shares of our common stock listed above as beneficially owned by BlackRock, Inc. are 2,993,148 shares over which BlackRock, Inc. has sole voting power and 3,111,530 shares over which BlackRock, Inc. has sole dispositive power. According to the schedule, various persons have the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of such securities. According to the schedule, no one person's interest in the common stock of the Company is more than five percent of the total outstanding common shares.

The address of the principal business office of BlackRock, Inc. is 55 East 52nd Street, New York, New York 10055.

(5) Includes 574,143 shares of unvested restricted stock.
(6) Includes 192,650 shares of unvested restricted stock.
(7) Includes 175,700 shares of unvested restricted stock.
(8) Includes 8,990 shares of unvested restricted stock.
(9) Includes 8,990 shares of unvested restricted stock.
(10) Includes 10,177 shares of unvested restricted stock.
(11) Includes 8,990 shares of unvested restricted stock.
(12) Messrs. Cutaia and Kim are each employees of Blackstone, but each disclaims beneficial ownership of the shares beneficially owned by Blackstone.
(13) Includes 11,428 shares of unvested restricted stock.
(14) Includes 8,990 shares of unvested restricted stock.
(15) Includes 8,990 shares of unvested restricted stock.
(16) Includes 13,486 shares of unvested restricted stock.
(17) Includes 1,021,283 shares of unvested restricted stock.

DELINQUENT SECTION 16(a) REPORTS

Section 16(a) of the Exchange Act requires executive officers and directors, a company's chief accounting officer and persons who beneficially own more than 10% of a company's common stock, to file initial reports of ownership and reports of changes in ownership with the SEC and the NYSE.

Based solely on our review of copies of such reports and written representations from our executive officers, directors and Blackstone, we believe that our executive officers, directors and Blackstone complied with all Section 16(a) filing requirements during 2019, except that in October 2019, James R. Abrahamson filed a Form 4 to disclose two transactions during 2018 in which he transferred shares to a trust account.

TRANSACTIONS WITH RELATED PERSONS

Our Board of Directors has adopted a written statement of policy regarding transactions with related persons, which we refer to as our "related person policy." Our related person policy requires that information about any "related person transaction" (defined as any transaction that is anticipated would be reportable by us under Item 404(a) of Regulation S-K in which we were or are to be a participant and the amount involved exceeds $120,000 and in which any "related person" (as defined in Item 404(a) of Regulation S-K) had or will have a direct or indirect material interest) proposed to be entered into by the Company must be reported to the Company's General Counsel. The General Counsel will then promptly communicate that information to our Board of Directors or a duly authorized committee of our Board of Directors. Each related person transaction shall either be approved in advance, or ratified after consummation of the transaction, by our Board of Directors or a committee of our Board of Directors composed solely of independent directors who are disinterested. Our Board of Directors has designated the Audit Committee to serve as such committee. It is our policy that directors interested in a related person transaction will recuse themselves from any vote on a related person transaction in which they have an interest.

Our policy also contains a standing approval for transactions with and payments to or from LQH Parent pursuant to agreements that are in effect at the time of the spin-off and certain transactions with or related to Blackstone, including, without limitation: (1) transactions in which Blackstone may have a direct or indirect material interest entered into or in effect at the effective time of the spin-off; and (2) the purchase or sale of products or services involving a Blackstone portfolio company, provided that (a) the appropriate officers of the Company reasonably believe the transaction to be on market terms and the subject products or services are of a type generally made available to other customers of the subject Blackstone portfolio company or (b) the aggregate value involved in such purchase or sale is expected to be less than $10 million over five years.

Stockholders Agreement

In connection with its initial public offering, LQH Parent entered into a stockholders agreement with Blackstone, which stockholders agreement was terminated effective as of the consummation of the merger. In connection with the spin-off, on May 30, 2018, we entered into a stockholders agreement (the "Stockholders Agreement") with Blackstone that is substantially similar to Blackstone's previous stockholders agreement with LQH Parent. Blackstone beneficially owns approximately 30% of our common stock. Our Board of Directors has granted an exception to Blackstone from the 9.8% ownership limit under our charter.

Under the Stockholders Agreement, we are required to nominate a number of individuals designated by Blackstone for election as our directors at any meeting of our stockholders, each a "Blackstone Director," such that, upon the election of each such individual, and each other individual nominated by or at the direction of our Board of Directors or a duly-authorized committee of the board, as a director of our Company, the number of Blackstone Directors serving as directors of the Company will be equal to: (1) if Blackstone continues to beneficially own at least 30% of our common stock, the lowest whole number that is greater than 30% of the total number of directors comprising our Board of Directors; (2) if Blackstone continues to beneficially own at least 20% (but less than 30%) of our common stock, the lowest whole number that is greater than 20% of the total number of directors comprising our Board of Directors; and (3) if Blackstone continues to beneficially own at least 5% (but less than 20%) of our common stock, the lowest whole number that is greater than 10% of the total number of directors comprising our Board of Directors. For so long as the Stockholders Agreement remains in effect, Blackstone Directors may be removed only with the consent of Blackstone. In the case of a vacancy on our Board created by the death, disability, retirement or resignation of a Blackstone Director, the Stockholders Agreement require us to nominate an individual designated by Blackstone for election to fill the vacancy.

The Stockholders Agreement will remain in effect until Blackstone is no longer entitled to nominate a Blackstone Director pursuant to the Stockholders Agreement, unless Blackstone requests that it terminate at an earlier date.

Registration Rights Agreement

In addition, in connection with its initial public offering, LQH Parent entered into a registration rights agreement with certain affiliates of Blackstone, which registration rights agreement was terminated effective as of the consummation of the merger. In connection with the spin-off, on May 30, 2018, we entered into a registration rights agreement (the “Registration Rights Agreement”) with Blackstone that is substantially similar to Blackstone’s previous registration rights agreement with LQH Parent. Under the Registration Rights Agreement, Blackstone has an unlimited number of “demand” registrations and customary “piggyback” registration rights. The Registration Rights Agreement also provides that we will pay certain expenses relating to such registrations and indemnify the registration rights holders against certain liabilities which may arise under the Securities Act.

CMBS Facility

In connection with the spin-off, we entered into a Loan Agreement (the “CMBS Loan Agreement”) with JPMorgan Chase Bank, National Association (“JPMorgan Chase Bank”), as lender, pursuant to which certain of our wholly-owned subsidiaries borrowed an aggregate principal amount of $1.035 billion under a secured mortgage loan secured primarily by mortgages for 307 owned and ground leased hotels, an excess cash flow pledge for seven owned and ground leased hotels and other collateral customary for mortgage loans of this type (the “CMBS Facility”). Prior to securitization of the CMBS Facility, approximately $518 million of the aggregate principal amount of our debt under the CMBS Facility was held by Blackstone. During the third quarter of 2018, Blackstone contributed the $518 million loan to a single asset securitization vehicle and invested in a $99 million subordinate risk retention interest issued by such securitization vehicle. Total interest payments made to Blackstone in regard to the subordinate risk retention interest for the year ended December 31, 2019 were approximately $6 million.

Indemnification Agreements

We entered into indemnification agreements with our directors and executive officers that were effective upon completion of the spin-off. These agreements require us to indemnify these individuals to the fullest extent permitted by Maryland law against liabilities that may arise by reason of their service to us, and to advance expenses incurred as a result of any proceeding against them as to which they could be indemnified. Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors or executive officers, we have been informed that in the opinion of the SEC such indemnification is against public policy and is therefore unenforceable.

There is currently no pending material litigation or proceeding involving any of our directors, officers or employees for which indemnification is sought.

STOCKHOLDER PROPOSALS FOR THE 2021 ANNUAL MEETING

If any stockholder wishes to propose a matter for consideration at our 2021 Annual Meeting of Stockholders (the “2021 Annual Meeting”), the proposal should be mailed by certified mail return receipt requested, to our Secretary, CorePoint Lodging Inc., at 125 East John Carpenter Freeway, Suite 1650, Irving, Texas 75062. To be eligible under the SEC’s stockholder proposal rule (Rule 14a-8(e) of the Exchange Act) for inclusion in our proxy statement for the 2021 Annual Meeting, a proposal must be received by our Secretary on or before December 15, 2020. Failure to deliver a proposal in accordance with this procedure may result in it not being deemed timely received.

In addition, our Bylaws permit stockholders to nominate candidates for director and present other business for consideration at our annual meeting of stockholders. To make a director nomination or present other business for consideration at the 2021 Annual Meeting, you must submit a timely notice in accordance with the procedures described in our Bylaws. To be timely, a stockholder’s notice must be delivered to the Secretary at the principal executive offices of our Company not less than 120 days nor more than 150 days prior to the first anniversary of the date the preceding year’s proxy statement is released to stockholders. Therefore, to be presented at our 2021 Annual Meeting, such a proposal must be received on or after November 15, 2020, but not later than December 15, 2020. In the event that the date of the 2021 Annual Meeting is advanced or delayed by more than 30 days from the anniversary date of this year’s Annual Meeting of Stockholders, notice by the stockholder to be timely must be so delivered not earlier than the 150th day prior to the 2021 Annual Meeting and not later than the close of business on the later of the 120th day prior to the 2021 Annual Meeting or the tenth day following the day on which public announcement of the date of the 2021 Annual Meeting is first made. Any such proposal will be considered timely only if it is otherwise in compliance with the requirements set forth in our Bylaws.

HOUSEHOLDING OF PROXY MATERIALS

SEC rules permit companies and intermediaries such as brokers to satisfy delivery requirements for proxy statements and notices with respect to two or more stockholders sharing the same address by delivering a single proxy statement or a single notice addressed to those stockholders. This process, which is commonly referred to as “householding,” provides cost savings for companies by reducing printing and mailing costs and helps the environment by conserving natural resources. Some brokers household proxy materials, delivering a single proxy statement or notice to multiple stockholders sharing an address unless contrary instructions have been received from the affected stockholders. Once you have received notice from your broker that they will be householding materials to your address, householding will generally continue until you are notified otherwise or until you revoke your consent. If, at any time, you no longer wish to participate in householding and would prefer to receive a separate proxy statement or notice, or if your household is receiving multiple copies of these documents and you wish to request that future deliveries be limited to a single copy, please notify your broker. You can also request prompt delivery of a copy of the proxy statement and annual report by contacting us in writing at CorePoint Lodging Inc., 125 East John Carpenter Freeway, Suite 1650, Irving, Texas 75062 or by phone at (972) 893-3199.

OTHER BUSINESS

The Board does not know of any other matters to be brought before the meeting. If other matters are presented, the proxy holders have discretionary authority to vote all proxies in accordance with their best judgment.

By Order of the Board of Directors,

Mark M. Chloupek
Secretary

We make available, free of charge on our website, all of our filings that are made electronically with the SEC, including Forms 10-K, 10-Q and 8-K. To access these filings, go to our website *(www.corepoint.com)* and click on "SEC Filings" under the "Investors" heading. Copies of our Annual Report on Form 10-K for the year ended December 31, 2019, including financial statements and schedules thereto, filed with the SEC, are also available without charge to stockholders upon written request addressed to:

Secretary
CorePoint Lodging Inc.
125 East John Carpenter Freeway, Suite 1650
Irving, Texas 75062

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2019

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from __________ to _____________

Commission File Number 001-38168

CorePoint Lodging Inc.

(Exact name of registrant as specified in its charter)

Maryland	**82-1497742**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

125 E. John Carpenter Freeway, Suite 1650

Irving, Texas 75062

(Address of principal executive offices, including zip code)

(972) 893-3199

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $0.01 par value per share	CPLG	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☒
Non-accelerated filer	☐	Smaller reporting company	☐
		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. ☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of June 28, 2019, the last business day of the registrant's most recently completed second fiscal quarter, the aggregate market value of the registrant's common stock held by non-affiliates of the registrant was approximately $484 million (based upon the closing sale price of the common stock on that date on the New York Stock Exchange).

The number of shares of common stock outstanding on February 28, 2020 was 57,205,809.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive proxy statement relating to its 2020 annual meeting of stockholders are incorporated by reference into Part III of this Form 10-K to the extent stated herein. The registrant intends to file such definitive proxy statement with the Securities and Exchange Commission no later than 120 days after the end of its fiscal year.

COREPOINT LODGING INC.
FORM 10-K
YEAR ENDED DECEMBER 31, 2019

Forward-Looking Statements

This Annual Report on Form 10-K of CorePoint Lodging Inc. (together with its consolidated subsidiaries, "CorePoint," "we," "our," "us," or the "Company") contains "forward-looking statements" within the meaning of the federal securities laws. All statements, other than statements of historical facts included in this Annual Report on Form 10-K, including statements concerning our plans, objectives, goals, beliefs, business strategies, future events, business conditions, results of operations, financial position and our business outlook, business trends and other information referred to in this Annual Report on Form 10-K are forward-looking statements. When used in this Annual Report on Form 10-K, the words "estimates," "expects," "contemplates," "anticipates," "projects," "plans," "intends," "believes," "forecasts," "may," "will," "should," "could," "seek" and variations of such words or similar expressions are intended to identify forward-looking statements. The forward-looking statements are not historical facts, and are based upon our current expectations, beliefs, estimates and projections, and various assumptions, many of which, by their nature, are inherently uncertain and beyond our control. Our expectations, beliefs, estimates and projections are expressed in good faith and we believe there is a reasonable basis for them. However, there can be no assurance that management's expectations, beliefs, estimates and projections will result or be achieved, and actual results may vary materially from what is expressed in or indicated by the forward-looking statements.

Factors that may cause our actual results to differ materially from the forward-looking statements include without limitation the factors disclosed under the sections entitled "Part I-Item 1A. Risk Factors" and "Part II-Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" in this Annual Report on Form 10-K. You should evaluate all forward-looking statements made in this Annual Report on Form 10-K in the context of these risks and uncertainties.

We caution you that the risks, uncertainties and other factors referenced above may not contain all of the risks, uncertainties and other factors that are important to you. In addition, we cannot assure you that we will realize the results, benefits or developments that we expect or anticipate or, even if substantially realized, that they will result in the consequences or affect us or our business in the way expected. There can be no assurance that (i) we have correctly measured or identified all of the factors affecting our business or the extent of these factors' likely impact, (ii) the available information with respect to these factors on which such analysis is based is complete or accurate, (iii) such analysis is correct or (iv) our strategy, which is based in part on this analysis, will be successful. All forward-looking statements in this Annual Report on Form 10-K apply only as of the date made and are expressly qualified in their entirety by the cautionary statements included in this Annual Report on Form 10-K. Except as required by applicable law, we undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future developments or otherwise.

PART I

Item 1. Business

Our Company

On May 30, 2018, La Quinta Holdings Inc. ("LQH Parent" and, together with its consolidated subsidiaries, "LQH") completed the distribution to its stockholders of all the then-outstanding shares of common stock of CorePoint Lodging Inc. ("CorePoint Parent" and, together with its consolidated subsidiaries, "CorePoint"), previously a wholly owned subsidiary of LQH Parent, following which CorePoint Parent became an independent, self-administered, publicly traded company (the "Spin-Off").

CorePoint is a leading owner in the midscale and upper midscale select-service hotel segments, all under the La Quinta brand. We have elected to be treated, and currently qualify, as a real estate investment trust (a "REIT") for United States ("U.S.") federal income tax purposes. As a REIT, we generally are not subject to corporate-level income taxes.

2019 Highlights

- Net loss of $212 million, or $3.71 per fully diluted share, including a non-cash impairment charge of $141 million for 2019 as compared to a net loss of $262 million, including a non-cash impairment charge of $154 million, for 2018.
- Paid quarterly dividends at an annualized rate of $0.80 per share.
- Sold 44 hotels for gross proceeds of $177 million, resulting in a gain on sales of $32 million.
- Reduced outstanding debt by $114 million.
- Settled a dispute with Wyndham Hotels & Resorts, Inc. ("Wyndham") resulting in receipt of $28 million in 2019, with an additional $9 million to be paid by June 2021 (the "Wyndham Settlement").
- Completed the renovations of the hotels included in the 54-hotel strategic re-positioning program.

Our Properties

Our portfolio, as of December 31, 2019, consisted of 271 select-service hotels in the U.S. representing approximately 35,000 rooms across 41 states with locations in or near employment centers, airports, and major travel thoroughfares. All but one of our hotels are wholly owned. We primarily derive our revenues from our hotel operations.

As a select-service hotel owner, our hotels provide limited amenities. Our hotels generally offer limited food offerings (such as free continental breakfast), free internet access, free parking and a lower average daily rate ("ADR") than a full-service hotel which may offer restaurants, banquet and meeting facilities, large lobbies, and other amenities. We believe guests are attracted to select-service hotels given their attractive value proposition.

The rent potential for a hotel is measured by its ADR and is primarily a factor of its chain scale, location, local demand drivers and competition. Our ADR and occupancy by chain scale groupings commonly used in the lodging industry for the year ended December 31, 2019 are as follows:

	Number of Hotels	ADR	Occupancy
Upper upscale	3	$ 164.22	78.6%
Upscale	18	$ 130.40	71.2%
Upper midscale	57	$ 104.18	66.2%
Midscale	138	$ 83.14	65.1%
Economy	55	$ 62.45	61.2%
Total	271	$ 89.80	65.3%

As an owner of hotels, we can capture the full benefit of increases in operating profits during periods of increasing demand or increasing ADR. The cost structure of our typical hotel is more fixed than variable, so as demand and ADR increase over time, the pace of increase in operating profits typically is higher than the pace of increase of revenues. The profits realized by us are generally significantly affected by economic conditions, primarily changes in employment, gross domestic product, and inflation.

Hotel ownership is capital intensive, as we are responsible for the costs and capital expenditures for our hotels. On an ongoing basis, we evaluate additional capital projects, including expenditures for recurring maintenance as well as betterments and renovations, which are expected to drive higher revenues. We seek to invest in those hotels that we believe will provide an appropriate return on capital investment and maintain or increase property revenue and gross margin.

Brand Affiliation

All of our hotels currently operate under Wyndham's highly recognizable La Quinta brand. There are over 900 La Quinta hotels worldwide. We believe our properties derive value from their affiliation with the La Quinta brand and benefit from the operational expertise, extensive distribution network, strong commercial engines and additional resources of one of the nation's largest hotel brands.

As of December 31, 2019, nine of our hotels currently operating under the La Quinta brand have been identified that may, in the future, be re-flagged to operate under another Wyndham brand in accordance with our management agreements.

Our Business, Growth and Financing Strategies

Our objective is to generate favorable long-term risk adjusted returns for our stockholders through disciplined capital allocation, proactive asset management, maintaining balance sheet strength and enhancing the value of our properties. We intend to pursue this objective through the following strategies:

- ***Disciplined capital allocation.*** We are a pure-play lodging REIT strategically focused on the midscale and upper midscale select-service lodging segments. The midscale and upper midscale segments are among the largest segments of the lodging industry by property count. These midscale hotels have historically generated higher margins than full-service and economy sectors. Midscale hotels have also performed better during economic downturns. We intend to focus on the top metropolitan statistical area ("MSA") markets, as well as other markets with close proximity to multiple demand generators, such as medical facilities, corporate offices, airports, convention centers, universities, and leisure attractions, with a diverse source of potential guests, including corporate, government and leisure travelers. Using these criteria, we have identified 105 hotels which constitute our core hotels. In addition, the mid-scale and upper mid-scale select-service lodging segments are highly fragmented. We believe there are opportunities to acquire hotels from smaller owner operators, particularly owners with a higher cost of capital. Such a disciplined acquisition strategy would allow us to expand our presence in target markets and in properties meeting our core hotel criteria, which will also provide diversification over time, including through the acquisition of hotels that are affiliated with other respected hotel brands and operators.

- ***Portfolio transformation.*** We have identified non-core hotels which do not meet our growth and return objectives. These include hotels not in our identified key markets or lodging segment and that are older with higher maintenance capital needs. As of December 31, 2019, we have identified 166 hotels as non-core which we plan to dispose of generally over the next two years. We believe that the execution of this disposition strategy, along with our proactive asset management of our core hotels, will enable us to maintain a geographically diversified portfolio and increase our revenue per available room ("RevPAR") and gross margins, while reducing the average age of the portfolio and recurring capital expenditures.

- ***Build and maintain a strong and flexible balance sheet***. We seek to build and maintain a strong and flexible balance sheet that will provide us with liquidity to meet our operational and growth needs and support a well-covered dividend. As we execute our disposition strategy, we intend to use net proceeds to reduce our leverage over time to below 5.0x net debt (total debt less cash and cash equivalents) to Adjusted EBITDAre. (See "Part II-Item 7. Management's Discussion and Analysis of Financial Condition - Non-GAAP Financial Measures" for definition and discussion of our non-GAAP measures.) During 2019, we used $114 million of our net hotel sales proceeds to reduce our outstanding debt. By initially reducing leverage, we believe we will have opportunities to further grow our portfolio, which could include revenue-enhancing improvements or acquisitions. We will also focus on preserving sufficient liquidity with minimal short-dated debt maturities and intend to refinance or extend our existing facilities.

We have a demonstrated record of identifying and executing on value-enhancing opportunities in our properties. In 2018, we began a strategic review of our hotel portfolio with the goal of improving operating performance and continued that review during 2019. During 2019, we sold 42 operating hotels, for gross consideration of $173 million and achieved gross revenue and Hotel Adjusted EBITDAre multiples of 2.5x and 31.8x, respectively. Excluding these hotels, our 2018 comparable RevPAR would have increased by approximately $3.00 and eliminated approximately $5 million of annual historical capital expenditures. Further, these hotels were sold at a revenue multiple of 2.5x, compared to our public market implied revenue multiple (based on our December 31, 2019 financial information and our publicly traded share price on February 28, 2020) of less than 2.0x. After the finalization of the Wyndham Settlement, we expanded our disposition strategy to include a new net total, as of December 31, 2019, of 166 non-core hotels. These non-core hotels are among our lowest performing hotels and we believe these dispositions will positively impact portfolio RevPAR and gross margin. Subsequent to December 31, 2019, 17 of these hotels have been sold and over 40 additional hotels are under contract to sell.

In addition, we intend to create value through repositioning select hotels across brands or chain scale segments and exploring adaptive reuse opportunities to ensure our assets achieve their highest and best use. Further, we are continually focused on maintaining our properties and adapting to evolving customer preferences by making ongoing capital expenditures that will provide an acceptable return on investment.

Our Principal Operating Agreements

Management Agreements

On May 30, 2018, we entered into separate hotel management agreements with LQ Management L.L.C. ("LQM"), a subsidiary of Wyndham and currently the manager of all of our hotel properties, whereby we pay a fee equal to 5% of total gross revenues, as defined. Our management fee expense for the year ended December 31, 2019 was $40 million.

LQM generally has sole responsibility for all activities necessary for the operation of the hotels, including establishing room rates, processing reservations and promoting and publicizing the hotels. LQM also provides all employees for the hotels, prepares reports, budgets and projections, and provides other administrative and accounting support services to the hotels. We have consultative and specified approval rights with respect to certain actions of LQM, including entering into long-term or high value contracts, engaging in certain actions relating to legal proceedings, approving the operating budget, making certain capital expenditures and the hiring of certain management personnel. We are also responsible for reimbursing LQM for certain costs incurred by LQM during the fulfillment of their duties, such as payroll costs for certain employees and other costs that the manager incurs to operate the hotels. The term of the management agreements is through 2038, subject to two renewals of five years each, at LQM's option. There are penalties for early termination.

Franchise Agreements

On May 30, 2018, we entered into separate hotel franchise agreements with La Quinta Franchising LLC ("LQ Franchising"), a subsidiary of Wyndham and currently the franchisor of all of our hotel properties, each with an initial term of 20 years. As franchisee, 12 to 24 months prior to initial expiration of the applicable franchise agreement, we have the opportunity to request a renewal term of an additional ten years by notice to the franchisor, payment of a renewal fee and execution of the franchisor's then current form of franchise agreement. The franchisor then has 60 days to make a determination whether to renew. There are also penalties for early termination; however, both we and the franchisor have the option to cancel the franchise agreements in 2033, the 15th year anniversary, with no penalty to either party. Pursuant to the franchise agreements, we were granted a limited, non-exclusive license to use our franchisor's brand names, marks and system in the operation of our hotels. The franchisor also may provide us with a variety of services and benefits, including centralized reservation systems, participation in customer loyalty programs, national advertising, marketing programs and publicity designed to increase brand awareness as well as training of personnel. In return we are required to operate our hotels consistent with the applicable brand standards.

Our franchise agreements require that we pay a 5% royalty fee on gross room revenues. Our total royalty expense for the year ended December 31, 2019 was $40 million.

In addition to the royalty fee, the franchising agreements include a reservation fee of 2% of gross room revenues, a marketing fee of 2.5% of gross room revenues, a loyalty program fee of 5% of eligible room night revenues, and other miscellaneous ancillary fees. Reservation fees are included within rooms expense, and the marketing fee and loyalty program fees are included within other departmental and support expense in the accompanying consolidated statements of operations.

Our requirement to meet certain brand standards imposed by our franchisor includes requirements that we incur certain capital expenditures, generally ranging from $1,500 to $7,500 per hotel room (with various specific amounts within this range being applicable to different groups of our hotels) during a prescribed period generally ranging from two to eleven years. These amounts are over and above the capital expenditures we are required to make each year for recurring furniture, fixtures and equipment maintenance. However, these amounts that we are required to spend are subject to reduction, in varying degrees, by the amount of capital expenditures made for hotels in the applicable group over and above the capital expenditures required for recurring maintenance in one or more years before receipt of the franchisor's notice. The initial period during which the franchisor can notify us that we must make these capital expenditures is through 2028. At the franchisor's discretion, subject to the franchise agreement provisions governing when such requirements may be imposed, the franchisor may provide a notice obligating us to meet those capital expenditure requirements generally within two to nine years of the notice. As of December 31, 2019, no such notices have been received; however, approximately 62% of our hotels are potentially eligible for such capital expenditure requirements. Through 2028, our remaining hotels will become eligible for such notices and capital expenditure requirements. We expect to meet these requirements primarily through our recurring capital expenditure program.

In connection with the sale of a hotel, where the buyer is assuming the franchise agreement, the franchise agreements provide certain obligations for the buyer which may affect the terms of our hotel sales. These provisions include the franchisor's approval of the buyer, transfer fees and capital expenditure assessments to meet the franchisor's current brand standards. In connection with the

Wyndham Settlement, our franchise agreements were amended to limit the criteria for LQ Franchising's approval of hotel sales and to establish certain objective criteria with respect to liquidity, net worth and operating experience required of proposed buyers.

Wyndham Settlement

In July and August 2019, we gave notice to LQM that we believed there were several events of default under the management agreements relating to all of our wholly owned properties. In resolution of the disputes, on October 18, 2019, we entered into the Wyndham Settlement, which included amendments to the management and franchise agreements. The significant terms were: (i) in connection with alleged revenue losses related to the Company's hotel operations beginning in the second quarter of 2019, Wyndham agreed to use commercially reasonable efforts to develop, install and implement certain defined revenue management tools and processes, generally by the end of 2020, at Wyndham's sole cost, (ii) in consideration for the alleged lost revenue, Wyndham agreed to pay in cash to the Company $20 million, $11 million of which has been collected as of December 31, 2019 and the remainder of which will be paid over time and satisfied in full by June 30, 2021; (iii) in final settlement of the income taxes incurred in connection with the Spin-Off , Wyndham paid $17 million to the Company; (iv) in consideration for the Company assuming certain hotel accounting responsibilities, Wyndham agreed to pay up to $500,000 per year to the Company beginning in May 2020; and (v) certain provisions related to franchisee transfers by the Company and hotel manager reporting and accounting obligations were clarified. In consideration of the above terms, the Company agreed to release claims against Wyndham (up to and including the date of the Wyndham Settlement) that the Company alleged in default notices under the management agreements.

See "Part II-Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" for additional discussion regarding the Wyndham Settlement.

Ground Leases

As of December 31, 2019, we maintained ground lease arrangements with third parties for 16 hotel properties that generally contain base rent and contingent rent provisions based upon the respective hotel's revenues. Many of these lease agreements contain renewal options at fair market value at the conclusion of the initial lease term. The initial term maturity dates range from 2020 to 2096.

Our ground lease rent expense for the year ended December 31, 2019 was approximately $5 million. We are also responsible for property taxes associated with the land parcel. Our ground leases are generally assumable by a hotel buyer in the event of a sale. In certain sale situations, we may be required to guarantee certain performance by the hotel buyer to the ground lessor.

For certain ground leases, we may choose not to renew the lease. Our current debt agreements require us to exercise any ground lease renewals for properties encumbered by the loan during the term of the debt. For the ground lease that matures in 2020, with a property not encumbered by our debt, we do not expect to renew, and ownership of the property will be conveyed to the ground lessor. We may decide not to renew other leases, which may require us to pay off the applicable allocated debt principal.

Our Employees

As of December 31, 2019, we had 30 employees. We believe relations with our employees are positive.

Although not employed by us, our hotels are operated by employees who are employed by our hotel manager, pursuant to our management agreements. Our hotel manager is responsible for hiring and maintaining the labor force at each of our hotels, including setting compensation amounts, benefits and other labor arrangements. These expenses are generally reimbursed by us under the terms of the relevant management agreement. Accordingly, we are subject to many of the costs and risks generally associated with the hotel labor force, particularly those hotels with unionized labor, which may affect our hotel manager's staffing requirements and overall staffing expenses. As of December 31, 2019, our hotel manager's employees at two of our hotels were represented by labor unions. We believe relations are positive between our hotel manager and its employees at our hotels.

For additional discussion of these relationships and risks associated with our hotel manager's employees, refer to the section below "Item 1A. Risk Factors — Risks Related to Our Business and Industry."

Competition

The lodging industry is highly competitive. Our hotels compete with other hotels for guests on the basis of several factors, including the attractiveness of the facility, location, room rate, quality of accommodations, public and meeting spaces, brand reputation and the ability to earn and redeem loyalty program points through a global system. Competition is often specific to the individual markets in which our hotels are located and includes competition from existing and new hotels operated under brands primarily in the midscale and upper midscale select-service segments. Increased competition could have a material adverse effect on the occupancy rate, ADR and RevPAR of our hotels or may require us to make capital improvements that we otherwise would not have to make, which may result in decreases in our profitability. We believe our hotels enjoy certain competitive advantages as a result of being flagged with nationally recognized brands, including access to centralized reservation systems and national advertising, marketing and promotional services, strong hotel management expertise and guest loyalty programs.

Our principal competitors include hotel operating companies, ownership companies (including other lodging REITs) and national and international hotel brands. We have also seen the emergence of a sharing economy with the increasing availability of online short-term rentals. We face increased competition from providers of less expensive accommodations during periods of economic downturn when leisure and business travelers become more sensitive to room rates. We face competition for the acquisition of hotels from other REITs, private equity investors, institutional pension funds, sovereign wealth funds and numerous local, regional and national owners, including franchisors, in each of our markets. Some of these entities may have substantially greater financial resources than we do and may be able and willing to accept more risk than we believe we can prudently manage. During the recovery phase of the lodging cycle, competition among potential buyers may increase the bargaining power of potential sellers, which may reduce the number of suitable investment opportunities available to us or increase pricing. Similarly, during times when we seek to sell hotels, competition from other sellers may increase the bargaining power of the potential property buyers.

Seasonality and Cyclicality

The lodging industry is seasonal in nature. Generally, our revenues are greater in the second and third quarters than in the first and fourth quarters. The timing of holidays, local special events and weekends can also impact our quarterly results and comparability to prior periods. The periods during which our properties experience higher revenues may depend on their specific locations and accordingly may vary from property to property. This seasonality can be expected to cause quarterly fluctuations in revenue, profit margin, net earnings and cash provided by operating activities. Additionally, our quarterly results may be seasonally affected by the timing of certain of our marketing production and maintenance expenditures. In addition, certain of our management and franchising fees are based on revenues which, as noted above, vary by season. Further, the timing of opening of newly constructed or renovated hotels and the timing of any hotel acquisitions or dispositions may cause a variation of revenue and earnings from quarter to quarter. Accordingly, our results for any partial period may not be indicative of our full year results or trends.

Environmental Matters

We are subject to certain requirements and potential liabilities under various federal, state and local environmental, health and safety laws and regulations, and incur costs in complying with such requirements. These laws and regulations govern actions including air emissions, the use, storage and disposal of hazardous and toxic substances, and wastewater disposal. In addition to investigation and remediation liabilities that could arise under such laws, we may also face personal injury, property damage, fines or other claims by third parties concerning environmental compliance or contamination. We use and store hazardous and toxic substances, such as cleaning materials, pool chemicals, heating oil and fuel for back-up generators at some of our facilities, and we generate certain wastes in connection with our operations. Some of our hotels include older buildings, and some may have, or may historically have had, dry-cleaning facilities and underground storage tanks for heating oil and back-up generators. We have from time to time been responsible for investigating and remediating contamination at some of our facilities, such as contamination that has been discovered when we have removed underground storage tanks, and we could be held responsible for any contamination resulting from the disposal of wastes that we generate, including at locations where such wastes have been sent for disposal. From time to time, we may be required to manage, abate, remove or contain mold, lead, asbestos-containing materials, radon gas or other hazardous conditions found in or on our hotels. We are required to have operations and maintenance plans that seek to identify and remediate these conditions as appropriate. Although we have incurred, and expect that we will continue to incur, costs relating to the investigation, identification and remediation of hazardous materials known or discovered to exist at our hotels, those costs have not had, and are not expected to have, a material adverse effect on our financial condition, results of operations or cash flow.

REIT Qualification

We are organized in conformity with and operate in a manner that allows us to be taxed as a REIT for U.S. federal income tax purposes. To qualify as a REIT, we must continually satisfy requirements related to, among other things, the real estate qualification of sources of our income, the real estate composition and values of our assets, the amounts we distribute to our stockholders and the diversity of ownership of our stock. To the extent we continue to qualify as a REIT, we generally will not be subject to U.S. federal income tax on taxable income generated by our REIT activities that we distribute to our stockholders; however, our taxable REIT subsidiary (our "TRS") is subject to U.S. federal, state and local income taxes, and we may be subject to state and local taxes. To comply with REIT requirements, we may need to forgo otherwise attractive opportunities and limit our expansion opportunities and the manner in which we conduct our operations. Refer to "Item 1A. Risk Factors — Risks Related to our REIT Status and Certain Other Tax Items."

We intend to continue to make quarterly distributions to our stockholders in amounts that meet or exceed the requirements to qualify and maintain our qualification as a REIT and to avoid corporate level taxation. Prior to making any distributions for U.S. federal tax purposes or otherwise, we must first satisfy our operating and debt service obligations. Although we currently anticipate that our estimated cash available for distribution will exceed the annual distribution requirements applicable to REITs to avoid corporate level taxation, it is possible that it would be necessary to utilize cash reserves, delay certain capital investments, liquidate assets at unfavorable prices or incur additional indebtedness in order to make required distributions.

Regulation

The lodging industry is subject to extensive federal, state and local governmental regulations in the U.S., including those relating to hospitality ordinances, data security, health and safety, building codes and zoning requirements. Hotels and their owners and operators are also subject to licensing and regulation by state and local departments relating to health, sanitation, fire and safety standards, and to laws governing their relationships with employees, including minimum wage requirements, overtime, working conditions and citizenship requirements. In connection with the continued operation or remodeling of certain of our hotels, we may be required to expend funds to meet federal, state and local regulations. Any failure to obtain or maintain any such licenses or any publicity resulting from actual or alleged violations of any such laws and regulations could have an adverse effect on our results of operations. We believe that our businesses are conducted in substantial compliance with applicable laws and regulations.

Insurance

We maintain insurance coverage for general liability, property (including business interruption), terrorism, workers' compensation and other risks with respect to our business for all of our hotels. Certain of these insurance coverages are provided through policies obtained by our manager or jointly shared with our manager, primarily related to general liability, workers' compensation and auto liability, where we may be identified as a co-insured party. Through all of these policies, our insurance provides coverage related to claims arising out of the operations of our hotels, where most of our insurance policies are written with self-insured retentions or deductibles that are common in the insurance market for similar risks. These policies provide coverage for claim amounts that exceed our self-insured retentions or deductibles, subject to the terms and limits of the policies.

Due to the combination of storm related claims generally experienced by the lodging industry and the older age of our hotels, we have experienced increased premiums and retention requirements from insurance carriers. We expect this to result in increases in operating expenses, self-insurance loss claims and loss mitigation capital expenditures. Some of these payments may result from our obligation to reimburse our manager under our management agreements.

Available Information

We electronically file annual, quarterly and current reports, proxy statements and other information with the Securities and Exchange Commission (the "SEC"). Copies of our filings with the SEC are available on our website at *www.corepoint.com* as soon as reasonably practicable after they are filed with or furnished to the SEC and may also be obtained from the SEC's website at *www.sec.gov.* Access to these filings is free of charge. From time to time, we may use our website as a distribution channel of material company information. You may automatically receive email alerts and other information about us when you enroll your email address by visiting the Email Alerts section at *www.corepoint.com/investors.* Our website and the information contained on or connected to that site are not incorporated into this Annual Report on Form 10-K.

Item 1A. Risk Factors

In addition to the other information in this Annual Report on Form 10-K, the following risk factors should be considered carefully in evaluating our Company and our business. Any of the following risks could materially and adversely affect our business, financial condition and results of operations.

Risks Related to Our Business and Industry

We are subject to the business, financial and operating risks inherent to the lodging industry, any of which could reduce our profits, the value of our properties and our ability to make distributions and limit opportunities for growth.

Our business is subject to a number of business, financial and operating risks inherent to the lodging industry, including:

- significant competition from other lodging businesses and hospitality providers in the markets in which our properties are located;

- changes in operating costs, including energy, food, compensation, benefits, insurance and unanticipated costs resulting from force majeure events;

- increases in costs due to inflation or other factors that may not be fully offset by price or other revenue increases in our business;

- changes in taxes and governmental regulations that influence or set wages, prices, interest rates or construction and maintenance procedures and costs;

- the costs and administrative burdens associated with complying with applicable laws and regulations;

- the costs or desirability of complying with local practices and customs;

- significant increases in cost for health care coverage for employees, including employees of third-party hotel managers, and potential government regulation with respect to health coverage, such as costs associated with compliance with the requirements of the Patient Protection and Affordable Care Act;

- shortages of labor or labor disruptions;

- significant increases in insurance expenses, self-retained losses and loss mitigation capital expenditures;

- the availability and cost of capital necessary to fund investments, capital expenditures and service debt obligations;

- delays in, or cancellations of, planned or future development or renovation projects;

- the quality of services provided by LQM or any other future third-party hotel managers;

- the financial condition of LQM or any other future third-party hotel managers, developers and joint venture partners;

- relationships with LQM or any other future third-party hotel managers, developers and joint venture partners, including the risk that LQM, LQ Franchising or any other third-party hotel managers or franchisors may terminate our management or franchise agreements and joint venture partners may terminate joint venture agreements;

- changes in desirability of particular geographic locations;

- changes in lodging preferences and travel patterns of potential guests of our properties and geographic concentration of our portfolio;

- changes in the supply and demand for hotel services;

- decreases in business travel that may result from improvements to the alternatives to in-person meetings, including virtual meetings hosted on-line or over private teleconferencing networks;

- the ability of third-party internet and other travel intermediaries to attract and retain guests;

- the availability of debt and equity capital on satisfactory terms; and

- increased competition and changes in terms for the disposition and acquisition of hotel investments.

Any of these factors could limit or reduce our revenues or increase costs or affect our ability to develop new hotels or maintain our existing hotels. As a result, any of these factors can reduce our profits, the value of our properties and our ability to make distributions and limit opportunities for growth.

Macroeconomic and other factors beyond our control can adversely affect and reduce lodging demand.

Macroeconomic and other factors beyond our control can reduce demand for our lodging products and services, including demand for rooms at our hotels. These factors include, but are not limited to:

- changes in general economic conditions, including the severity and duration of any downturn in the U.S. or global economy and financial markets;

- war, political conditions or civil unrest, violence or terrorist activities or threats and heightened travel security measures instituted in response to these events;

- outbreaks of pandemic or contagious diseases, such as coronavirus disease (COVID-19), Zika virus, measles, Ebola, legionella bacteria, avian flu, severe acute respiratory syndrome (SARS) and H1N1 (swine flu);

- natural or man-made disasters, such as hurricanes, fires, earthquakes, tsunamis, tornadoes, typhoons, floods, oil spills and nuclear incidents;

- decreased corporate or government travel-related budgets and spending and cancellations, deferrals or renegotiations of group business;

- low consumer confidence, high levels of unemployment or depressed real estate prices;

- the financial condition and general business condition of the airline, automotive and other transportation-related industries and its impact on travel;

- decreased airline capacities and routes;

- travel-related accidents;

- oil prices and travel costs;

- statements, actions or interventions by governmental officials related to travel and corporate travel-related activities and the resulting negative public perception of such travel and activities;

- governmental action and legislation, as well as political debate, conflicts and compromises related to such actions, to the extent that they negatively impact the financial markets and consumer confidence and spending or adversely impact the U.S. economy or international travel;

- cyber-attacks;

- climate change and resource scarcity, such as water and energy scarcity;

- domestic and international political and geo-political conditions including tariffs, sanctions and boycotts; and

- cyclical over-building in the hotel and lodging industries.

These factors, and the reputational repercussions of these factors, can adversely affect, and from time to time have adversely affected, individual hotels, particular regions and our business, financial condition and results of operations as a whole. Any one or more of these factors could limit or reduce the demand, or the rates that can be charged, for rooms. Declines in ADR and occupancy relating to declines in consumer demand will lower RevPAR and may adversely affect our business, financial condition and results of operations. In addition, these factors could increase our operating costs or affect our ability to purchase or develop new hotels or to maintain our existing hotels.

Contraction in the global economy or low levels of economic growth could adversely affect our revenues and profitability as well as limit or slow our future growth.

Consumer demand for products and services provided by the lodging industry is closely linked to the performance of the general economy and is sensitive to business and personal discretionary spending levels. Decreased demand can be especially pronounced during periods of economic contraction or low levels of economic growth, and the recovery period in our industry may lag overall economic improvement. Declines in consumer demand due to adverse general economic conditions could negatively impact our business by decreasing the revenues and profitability of our properties. In addition, many of the expenses associated with our business, including personnel costs, interest, rent, property taxes, insurance and utilities, are relatively fixed. During a period of overall economic weakness, if we are unable to meaningfully decrease these costs as demand for our hotels decreases, our financial performance may be adversely affected.

In addition to general economic conditions, new hotel room supply is an important factor that can affect the lodging industry's performance, and overbuilding has the potential to further exacerbate the negative impact of an economic downturn. Room rates and occupancy, and thus RevPAR, tend to increase when demand growth exceeds supply growth. A reduction or slowdown in growth of lodging demand or increased growth in lodging supply could result in returns that are substantially below expectations or result in losses, which could materially and adversely affect our revenues and profitability as well as limit or slow our future growth.

A significant percentage of our hotels are concentrated in three states, which exposes our business to the effects of certain regional events and occurrences.

Although we have hotels located in 41 U.S. states as of December 31, 2019, a significant concentration of our hotels is located in three states. Specifically, as of December 31, 2019, approximately 46% of hotels in our portfolio were located in Texas, Florida and California with approximately 21% of hotels in our portfolio located in Texas. The concentration of hotels in one region or a limited number of markets may expose us to risks of adverse economic developments that are greater than if our portfolio were more geographically diverse. These economic developments include regional economic downturns, significant increases in the number of our competitors' hotels in these markets and potentially higher local property, sales and income taxes in the geographic markets in which we are concentrated. For example, the downturn in the oil and gas industry significantly affected demand in certain markets in Texas, such as Houston and South and West Texas, materially adversely affecting our business in those markets, and a further decline could further adversely affect our business in those markets. In addition, our hotels are subject to the effects of adverse acts of nature, such as winter storms, hurricanes, hail storms, strong winds, fires, earthquakes and tornadoes, which have in the past caused damage such as flooding and other damage to our hotels in specific geographic locations, including in the Texas, Florida and California markets. Depending on the severity of these acts of nature, the damage to our hotels could require us to close all or substantially all of our hotels in one or more markets for a period of time while the necessary repairs and renovations, as applicable, are undertaken. Additionally, we cannot assure you that the amount of our hurricane, windstorm, earthquake, flood or other casualty insurance we maintain would entirely cover damages caused by any such event.

As a result of our geographic concentration of hotels, we will face a greater risk of a negative impact on our revenues in the event these areas are more severely impacted by adverse economic, social and competitive conditions and extreme weather than other areas in the U.S.

Our hotels operate and we compete for acquisitions in a highly competitive industry.

The lodging industry is highly competitive. Our principal competitors include hotel operating companies, ownership companies (including other lodging REITs) and national and international hotel brands. We face increased competition from providers of less expensive accommodations during periods of economic downturn as leisure and business travelers become more sensitive to room rates. Our hotels generally operate in chain scales that contain numerous competitors, including a wide range of lodging facilities offering full-service, select-service and all-suite lodging options. Hotels in other chain scales, such as full-service hotels, may lower their rates to a level comparable to those of select-service hotels such as ours that, in turn, may further increase competitive pressure in our segments. Our hotels generally compete for guests on the basis of several factors, including the attractiveness of the facility, location, room rates, quality of accommodations, public and meeting spaces, brand reputation and the ability to earn and redeem loyalty program points through a global system. We have also seen the emergence of a sharing economy with the increasing availability of online short-term rentals. Additionally, an increasing supply of hotel rooms in our hotels' chain scales, and consolidations in the lodging industry generally, have resulted in the creation of several large, multi-branded hotel chains with diversified operations and greater marketing and financial resources than we or our hotels have, which has increased competition for guests in the segments in which our hotels operate. If we are unable to compete successfully for hotel guests, our revenues or profits may decline.

We also compete for hotel acquisitions with entities that have similar investment objectives as we do. This competition could limit the number of investment opportunities that we find suitable for our business. It may also increase the bargaining power of property owners seeking to sell to us, making it more difficult for us to acquire new properties on attractive terms or on the terms contemplated in our business plan. Some of these entities may have substantially greater financial resources than we do and may be able and willing to accept more risk than we believe we can prudently manage. During the recovery phase of the lodging cycle, competition among potential buyers may increase the bargaining power of potential sellers, which may reduce the number of suitable investment opportunities available to us or increase pricing. Similarly, during times when we seek to sell hotels, competition from other sellers may increase the bargaining power of the potential property buyers.

We are subject to risks associated with the concentration of our portfolio in the La Quinta brand. Any deterioration in the quality or reputation of the La Quinta brand, including changes to loyalty programs, or our relationship with the La Quinta brand could have an adverse impact on our financial condition or results of operations.

All of our properties currently utilize the La Quinta brand, and we entered into management and franchise agreements with LQM and LQ Franchising, respectively, to manage and franchise all of our owned properties prior to the Spin-Off. As a result, the success of our hotels and their ability to attract and retain guests depends on brand recognition and reputation, including the consistency of the La Quinta brand experience amongst our portfolio of hotels. We cannot assure you that the prior performance of our hotels will be indicative of future results or that competition from other brands will not adversely affect our market position or financial performance.

In addition, the brand recognition and support that provide much of the basis for the successful operation of our hotels can also mean that changes or problems with the La Quinta brand (*e.g.*, integration challenges relating to the acquisition by Wyndham Worldwide Corporation ("Wyndham Worldwide") of the La Quinta brand, changes in management practices, the Spin-Off or acts or omissions that adversely affect our business) can have a substantial negative impact on the operations of our hotels and can cause a loss of consumer confidence in La Quinta hotels or otherwise result in reduced bookings at our hotels. For example, we have seen negative effects on our revenues following the systems migration to the Wyndham platform effected in the second quarter of 2019 which we believe are due to, among other things, modifications LQM made to our revenue management software and tools, call center customer interface technology and the administration of corporate and group bookings. If we are unable to work with LQM and Wyndham pursuant to the Wyndham Settlement to develop effective modifications or enhancements for such systems, software and tools and other processes, or if we experience further integration challenges, our financial condition and results of operations could be further negatively impacted. See "Part II-Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Wyndham Transition and Integration" for additional discussion of the terms of the Wyndham Settlement relating to revenue management software and tools, call center customer interface technology and the administration of corporate and group bookings.

Moreover, changes or problems at our hotel properties (*e.g.*, crime, pandemics, scandal, litigation, negative publicity, catastrophic fires or similar events or accidents and injuries or other harm to guests or employees at our hotels) can have a substantial negative impact on the operations of otherwise successful individual locations and can cause a loss of consumer confidence in La Quinta hotels and other hotels in our segment. Adverse incidents have occurred in the past and may occur in the future. The considerable expansion in the use of social media over recent years has compounded the potential scope of the negative publicity that could be generated by such incidents. We could also face legal claims and adverse publicity from a variety of events or conditions, many of which are beyond our control (such as illegal drug use, gambling, violence or prostitution by guests). If the reputation or perceived quality of the La Quinta brand declines, our financial condition or results of operations could be adversely affected.

During the second quarter of 2019, the La Quinta Returns loyalty program was combined with the Wyndham Rewards loyalty program. La Quinta Returns allowed, and Wyndham Rewards allows, program members to accumulate points based on eligible stays and hotel charges and redeem the points for a range of benefits including free rooms and other items of value. Rewards programs are an important aspect of our business and of the affiliation value of our hotels. As part of the Wyndham Rewards program, prior La Quinta Returns members may use their points for other hotels in the Wyndham family of brands (not just La Quinta), which may in certain cases directly compete with our hotels, negatively impacting our business. If the Wyndham Rewards program deteriorates or materially changes in a manner adverse to us, our business, financial condition or results of operations could be materially adversely affected.

We are dependent on the performance of LQM and other future third-party hotel managers and could be materially and adversely affected if LQM or such other future third-party hotel managers do not properly manage our hotels or otherwise act in our best interests.

In order for us to continue to qualify as a REIT, with limited exceptions, third parties must operate our hotels. We lease all but one of our hotels to our TRS lessees. Our TRS lessees, in turn, have entered into management agreements with LQM prior to the Spin-Off to operate our hotels. We could be materially and adversely affected if LQM or any other future third-party hotel manager fails to provide quality services and amenities, fails to maintain a quality brand name or otherwise fails to manage our hotels in our best interests, and can be financially responsible for the actions and inactions of our third-party hotel managers pursuant to our management agreements. For example, in connection with the systems migration to the Wyndham platform effected in the second quarter of 2019, key proprietary revenue management software and tools and other processes were modified. We believe these modifications, and other problems relating to implementation of the transition of our hotels in LQM's platform, had a negative effect on our business, and if LQM is unable to develop effective modifications or enhancements for such software and tools, and other processes, or otherwise fails to manage our hotels effectively, our results of operations will be further negatively impacted.

We also rely on the management company to engage general managers at each of our hotels to manage daily operations and oversee the efforts of their employees. We require the third-party hotel manager to hire general managers who are trained professionals in the hospitality industry and have extensive experience in many markets worldwide. The failure of the management company to recruit, retain, train or successfully manage general managers for our hotels could negatively affect our operations. LQM is a wholly owned subsidiary of Wyndham, which manages and franchises other brands and hotels that compete with our hotels, which could result in conflicts of interest. As a result, LQM may make decisions regarding competing lodging facilities that are not in our best interests. Other third-party hotel managers that we engage in the future may also have similar conflicts of interest.

From time to time, disputes may arise between us, LQM and/or any other future third-party hotel manager regarding their performance or compliance with the terms of the hotel management agreements, which in turn could adversely affect our results of operations or could make us liable to them or result in significant litigation costs or other expenses. For example, on July 30, 2019 and August 14, 2019, we gave notice to LQM of several events of default under the management agreements relating to all of our wholly owned properties, and on October 18, 2019 entered into the Wyndham Settlement in order to resolve all such claims. See "Part II-Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Wyndham Transition and Integration." If we are unable to reach a satisfactory resolution of any future dispute with LQM and/or any other future third-party hotel manager through discussions and negotiations, we or the relevant third-party hotel manager may choose to pursue legal resolution, the outcome of which may be unfavorable to us. Any such dispute could be very expensive for us, even if the outcome is ultimately in our favor. Pursuant to the hotel management agreements we entered into with LQM prior to the Spin-Off, we do not have the option of exploring other potentially more favorable judicial procedures to litigate any such dispute. Furthermore, the management agreements have initial terms of 20 years with two additional five-year renewal periods at manager's option and we may terminate the management agreements only upon an event of default by the applicable third-party hotel manager, a sale of the property or the relevant manager's failure of certain performance tests which, if disputed, are subject to legal action.

In the event that we terminate any of our management agreements, whether due to events of default or otherwise, we can provide no assurances that we could find a replacement hotel manager or that any replacement hotel manager will be successful in operating our hotels. If any of the foregoing were to occur, it could materially and adversely affect us.

Furthermore, if our relationship with LQM and/or LQ Franchising were to deteriorate or terminate as a result of disputes regarding the management of our hotels or for other reasons, LQM and/or LQ Franchising could, under certain circumstances, terminate our management agreements or franchise agreements for our current hotels or hotels that we may acquire in the future. If any of the foregoing were to occur, it could materially and adversely affect our results of operations and profitability as well as limit or slow our future growth and impair our ability to compete effectively.

Restrictive covenants in certain of our hotel franchise agreements contain provisions limiting or restricting the sale of our hotels, which could materially and adversely affect our profitability.

Certain of our hotel franchise agreements with LQ Franchising contain restrictive covenants that limit or restrict our ability to sell a hotel. Although in connection with the Wyndham Settlement, our franchise agreements were amended to limit the criteria for LQ Franchising's approval of asset sales, generally, we may not agree to sell, lease or otherwise transfer a particular hotel unless agreed criteria are met or LQ Franchising otherwise approves the transfer pursuant to the applicable franchise agreement. In addition, we could be liable for significant liquidated damages in connection with the termination of such franchise agreement or continue to be obligated under any guarantee contained in the applicable franchise agreement in connection with any approved transfer. As a result, selling or transferring certain of our hotels may be less advantageous than it otherwise may have been, or we may be prohibited from taking actions that would otherwise be in our and our stockholders' best interests. In addition, LQ Franchising may have a conflict that results in LQ Franchising's declining to approve a transfer that would be in our and our stockholders' best interests.

If we are unable to maintain good relationships with LQM, LQ Franchising and other third-party hotel managers and franchisors that we may engage in the future, profitability could decrease, and our growth potential may be adversely affected.

The success of our properties largely depends on our ability to establish and maintain good relationships with LQM, LQ Franchising and other third-party hotel managers and franchisors that we may engage in the future. If we are unable to maintain good relationships with LQM, LQ Franchising and such other third-party hotel managers and franchisors, we may be unable to renew existing management or franchise agreements or expand relationships with them. Additionally, opportunities for developing new relationships with additional third-party managers or franchisors may be adversely affected. This, in turn, could have an adverse effect on our results of operations and our ability to execute our growth strategy.

On July 30, 2019 and August 14, 2019, we gave notice to LQM of several events of default under the management agreements relating to all of our wholly owned properties, and on October 18, 2019 we entered into the Wyndham Settlement in order to resolve all such claims. See "Part II. Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Wyndham Transition and Integration." If we are unable to amicably resolve any future disputes relating to LQM's performance under the management agreements, it may have an adverse effect on our relationship with LQM which could, in turn, have an adverse effect on our results of operations and financial condition and could result in additional costs for us to report our financial information on a timely basis.

Our efforts to reposition, renovate, redevelop or develop our hotels could be delayed or become more expensive, which could reduce profits or impair our ability to compete effectively.

We must maintain and renovate our hotels to remain competitive, maintain the value and brand standards of these hotels and comply with applicable laws and regulations. From time to time, we evaluate our hotels to determine whether additional capital expenditures are required and will provide an acceptable return on investment.

Our strategy includes maintenance and renovation of our hotels and may include redevelopment, development and conversion of hotels, which is subject to a number of risks, including:

- the inability to obtain financing upon favorable terms or at all;
- construction delays or cost overruns (including labor and materials) that may increase project costs;
- lack of availability of rooms for revenue-generating activities during construction, modernization or renovation projects;
- changes in economic conditions that may result in weakened or lack of demand for improvements that we make or negative project returns for improvements that we make;
- obtaining zoning, occupancy, and other required permits or authorizations;
- governmental restrictions on the size or kind of development;
- volatility in the debt and capital markets that may limit our ability to raise capital for projects or improvements;
- force majeure events, including earthquakes, tornadoes, hurricanes, floods or tsunamis, or acts of terrorism; and
- design defects that could increase costs.

Furthermore, we generally rely heavily on local contractors, who may be inadequately capitalized or understaffed. The inability or failure of one or more local contractors to perform its obligations may result in construction or remodeling delays, increased costs and loss of revenues. As a result, we may not increase our revenues or generate expected profits and cash flows from the renovation, redevelopment or development of hotels.

If hotels under renovation or development cannot begin operating as scheduled, or if renovation investments adversely affect or fail to improve performance, our ability to compete effectively could be diminished and revenues could be reduced. Further, due to the lengthy development cycle, adverse economic conditions may alter or impede our development plans, thereby resulting in incremental costs to us or potential impairment charges. If the cost of funding these renovations or developments exceeds budgeted amounts, profits could be reduced. Moreover, during the early stages of operations of our hotel properties, charges related to interest expense and depreciation may substantially detract from, or even outweigh, the profitability of certain new hotel investments.

The lodging industry is subject to seasonal and cyclical volatility, which may contribute to fluctuations in our financial condition and results of operations.

The lodging industry is seasonal in nature. The periods during which our properties experience higher revenues vary from hotel to hotel, depending principally upon location and customer base served. Generally, our revenues are greater in the second and third calendar quarters than in the first and fourth quarters. The timing of holidays, local special events and weekends can also impact our quarterly results and comparability to prior periods. This seasonality can be expected to cause quarterly fluctuations in revenue, profit margins and net earnings. In addition, the opening of hotels and the timing of any hotel acquisitions or dispositions may cause a variation of revenue from quarter to quarter. We can provide no assurances that our cash flows will be sufficient to offset any shortfalls that occur as a result of these fluctuations. As a result, we may have to enter into short-term borrowings in certain quarters to make distributions to our stockholders in accordance with our distribution policy as a REIT, and we can provide no assurances that such borrowings will be available to us on favorable terms, if at all. In addition, the lodging industry is cyclical and demand generally follows the broader economy on a lagged basis. The seasonality and cyclicality of our industry may contribute to fluctuations in our financial condition and results of operations.

Our expenses may not decrease even if our revenue decreases.

Many of the expenses associated with owning hotels, such as debt-service payments, property taxes, insurance, utilities and employee wages and benefits, as well as expenses related to being an independent public company, are relatively inflexible. They do not necessarily decrease in tandem with a reduction in revenue at the hotels, or in the case of our expenses as a public company, decrease in tandem with the number of hotels we own, and may be subject to increases that are not tied to the performance of our hotels or the increase in the rate of inflation generally. In addition, some of our third-party ground leases require periodic increases in ground rent payments. Our ability to pay these rents could be affected adversely if our hotel revenues do not increase at the same or a greater rate than the increases in rental payments under the ground leases.

In the event of a significant decrease in demand, LQM or other third-party hotel managers that we may engage in the future may not be able to adjust the labor model to offset the decrease in demand. Our hotel managers also may be unable to offset any fixed or increased expenses with higher room rates. Any of our efforts to reduce operating costs also could adversely affect the future growth of our business and the value of our hotel properties.

Our business is capital intensive and our failure to make necessary investments could adversely affect the profitability of our properties.

As of December 31, 2019, our hotels had an average age of 31 years. For these hotels to remain attractive and competitive, to mitigate repairs and to optimize operating performance, we have to make periodic investments to keep these hotels well maintained, modernized and refurbished. This creates an ongoing need for capital. We may be unable to access capital or unwilling to spend available capital when necessary. In addition, we are required to make distributions to our stockholders in accordance with our distribution policy as a REIT which may limit the capital available for us to invest in our hotels. To the extent that we cannot fund expenditures from cash generated by the operation of our properties, funds must be borrowed or otherwise obtained, which may be difficult to obtain. Failure to make the investments necessary to maintain or improve our portfolio or act in accordance with applicable brand standards could adversely affect the profitability and market value of our properties.

We are exposed to the inherent risks resulting from our investments in real estate, including the relative illiquidity of such investments, which could increase our costs, reduce our profits and limit our ability to respond to market conditions.

Real estate investments are relatively illiquid and, therefore, cannot be purchased or sold rapidly in response to changes in economic or other conditions. Buyers may not be identified quickly or be able to secure suitable financing to consummate a transaction or we may not be able to sell hotels on terms favorable to us. Furthermore, sales of certain appreciated hotels could generate material adverse tax consequences, which may affect our ability to sell hotels in response to market conditions and adversely affect our ability to generate cash flows.

Moreover, the Code imposes restrictions on a REIT's ability to dispose of properties that are not applicable to other types of real estate companies. In particular, the tax laws applicable to REITs require that we hold our hotels for use in a trade or business or for investment, rather than primarily for sale in the ordinary course of business, which may cause us to forgo or defer sales of hotels that otherwise would be in our best interests or to incur significant liabilities in connection with these sales. Therefore, we may not be able to adjust the composition of our portfolio promptly in response to changing economic, financial and investment conditions or dispose of assets at opportune times or on favorable after-tax economic terms, which may adversely affect our cash flows and our ability to make distributions to stockholders.

Additionally, real estate ownership is subject to other risks, including:

- governmental regulations relating to real estate ownership or operations, including tax, environmental, zoning and eminent domain laws;
- loss in value or functionality, or unanticipated liabilities, due to environmental conditions, local market or neighborhood conditions, governmental takings, uninsured casualties or restrictive changes in zoning and similar land use laws and regulations or in health, safety and environmental laws, rules and regulations and other governmental and regulatory action;
- changes in tax laws and property taxes, even if the hotel level cash flows remain the same or decrease;
- increased potential civil liability for accidents or other occurrences in hotels;
- the ongoing need for owner funded capital improvements and expenditures to maintain or upgrade hotels;
- periodic total or partial closures due to renovations and hotel improvements;
- risks associated with mortgage debt, including the possibility of default, fluctuating interest rate levels and uncertainties in the availability of replacement financing;

- risks associated with the possibility that cost increases will outpace revenue increases and that in the event of an economic slowdown, the high proportion of fixed costs will make it difficult to reduce costs to the extent required to offset declining revenues;

- changes in customer demand due to local or national economic conditions, travel needs and alternatives, and social dislocations, including pandemics;

- acts of God, including hurricanes, fires, earthquakes, floods, winter storms and other natural disasters, or outbreaks of pandemic or contagious diseases that may result in uninsured losses, including property value losses caused by nearby events even if our hotels are completely undamaged;

- changes in terms of property insurance, including deductions, loss exclusions, regulatory and lender requirements and increased premium costs;

- fluctuations in real estate values or potential impairments in the value of our assets;

- maintaining tenants for leased properties; and

- contingent liabilities that exist after we have exited a property.

Any of the foregoing risks could increase our costs, reduce our profits and the value of our properties and limit our ability to respond to market conditions.

We face various risks posed by our disposition activities as well as our acquisition, redevelopment, repositioning, renovation and re-branding activities.

We have recently disposed of a number of hotels that we did not believe met our long-term investment criteria and we have identified non-core hotels for future disposition. There can be no assurances that we will be able to recover the current carrying amount of our investments, and in some circumstances, sales of hotels or other assets may result in additional impairment expenses or other losses. Upon sales of hotels or assets, we may become subject to contractual indemnity or termination obligations, incur unusual or extraordinary distribution requirements or material tax liabilities or, as a result of required debt repayment, face a shortage of liquidity. Current disruptions in the global markets resulting from the COVID-19 outbreak could limit the availability of liquidity for us and for prospective purchasers of our hotels and could result in prospective purchasers terminating contracts to purchase hotels prior to closing. There can be no assurance as to the timing of any future sales, whether any approvals required under applicable franchise agreements will be obtained or upon what terms, whether such sales will be completed at all, or, if completed, their effect on our future results.

In the future, we may also invest in identifying and consummating acquisitions of additional hotels and portfolios. We can provide no assurances that we will be successful in identifying attractive hotels or that, once identified, we will be successful in consummating an acquisition. We face significant competition for attractive investment opportunities from other well-capitalized investors, some of which have greater financial resources and a greater access to debt and equity capital to acquire hotels than we do. This competition increases as investments in real estate become increasingly attractive relative to other forms of investment. As a result of such competition, we may be unable to acquire certain hotels or portfolios that we deem attractive or the purchase price may be significantly elevated or other terms may be substantially more onerous. In addition, we expect to finance future acquisitions through a combination of retained cash flows, borrowings and offerings of equity and debt securities, which may not be available on advantageous terms, or at all. Any delay or failure on our part to identify, negotiate, finance on favorable terms, consummate and integrate such acquisitions could materially impede our growth.

In addition, under the Code, we will be required to contract with an independent third-party for on-site management services for any acquired hotels. Such management services may be on different terms than our current management agreements, including cost, length of service and scope of services, and may require different Company oversight and administration, which could result in higher operating expenses for us.

We are also obligated to re-flag certain hotels currently operating under the La Quinta brand due to the completion of nearby hotels in La Quinta's franchisee pipeline. Such rebranding, which may affect nine of our hotels, may mean that our hotels are rebranded as a less profitable brand.

In addition, newly acquired, redeveloped, renovated, repositioned or re-branded hotels may fail to perform as expected and the costs necessary to bring such hotels up to applicable brand standards may exceed our expectations, which may result in the hotels' failure to achieve projected returns.

These activities could pose the following risks to our ongoing operations:

- we may abandon such activities and may be unable to recover expenses already incurred in connection with exploring such opportunities;
- management attention may be diverted by our disposition, acquisition, redevelopment, repositioning or re-branding activities, which in some cases may turn out to be less compatible with our strategy than originally anticipated;
- acquired, redeveloped, renovated or re-branded hotels may not initially be accretive to our results, and we and the third-party hotel managers may not successfully manage newly acquired, renovated, redeveloped, repositioned or re-branded hotels to meet our expectations;
- we may be unable to quickly, effectively and efficiently integrate new acquisitions, particularly acquisitions of portfolios of hotels, into our existing portfolio;
- our redevelopment, repositioning, renovation or re-branding activities may not be completed on schedule, which could result in increased debt service and other costs and lower revenues, and defects in design or construction may result in delays and additional costs to remedy the defect or require a portion of a property to be closed during the period required to rectify the defect;
- we may not be able to meet the loan covenants in any financing obtained to fund the new development, creating default risks;
- we may issue shares of stock or other equity interests in connection with such acquisitions that could dilute the interests of our existing stockholders;
- we may assume various contingent liabilities in connection with such transactions;
- we may divest hotels which will impact our revenue and EBITDA and may yield lower than expected returns or otherwise fail to achieve the benefits we expect;
- we may incur losses on sales or impairment on anticipated sales of properties; and
- the Internal Revenue Service (“IRS”) may take the position that we are acting in the capacity of a “dealer” in hotel property which would subject us to a 100% tax on any resultant gain on the disposition of any such hotel properties.

The occurrence of any of the foregoing events, among others, could materially and adversely affect our results of operations and profitability as well as limit or slow our future growth.

Required capital expenditures and costs associated with, or failure to maintain, brand operating standards may materially and adversely affect our results of operations and profitability.

The terms of our franchise agreements and management agreements generally require us to meet specified operating standards and other terms and conditions and compliance with such standards may be costly. We expect that LQ Franchising and any other future third-party franchisors will periodically inspect our hotels to ensure that we and any third-party hotel managers follow brand standards. Additionally, under the terms of the franchise agreements, we are required to make specified per-room capital expenditures at each property, which requirement could cause us to make greater investments in properties than we might otherwise. See “Item 1. Business—Our Principal Operating Agreements—Franchise Agreements.”

Failure by us, or any hotel management company that we engage, to maintain the operating standards, make required capital expenditures or comply with other terms and conditions could result in a franchise agreement being canceled or the franchisor requiring us to undertake a costly property improvement program. If a franchise agreement is terminated due to our failure to make required improvements or to otherwise comply with its terms, we also may be liable to the franchisor for a termination payment, which varies by franchisor and by hotel. If the funds required to maintain brand operating standards are significant, or if a franchise agreement is terminated, it could materially and adversely affect our results of operations and profitability.

If we were to lose a brand license at one or more of our hotels, the value of the affected hotels could decline significantly and we could incur significant costs to obtain new franchise agreements, which could materially and adversely affect our results of operations and profitability as well as limit or slow any future growth.

All of our properties as of December 31, 2019 utilize the La Quinta brand. We lease all but one of our hotels to our TRS lessees. Our TRS lessees, in turn, entered into management agreements with LQM prior to the Spin-Off to operate our hotels. We may, in the future, rebrand existing properties, acquire properties that operate under other brands and/or engage other third-party hotel managers and franchisors. If we were to lose a brand license, the underlying value of a particular hotel could decline significantly from the loss of associated name recognition, marketing support, participation in guest loyalty programs and the centralized reservation system provided by the franchisor or brand manager, which could require us to recognize an impairment on the hotel. Furthermore, the loss of a franchise agreement for a particular hotel could harm our relationship with the franchisor or brand manager, which could impede our ability to operate other hotels under the same brand, limit our ability to obtain new franchise agreements or brand management agreements from the franchisor or brand in the future on favorable terms, or at all, and cause us to incur significant costs to obtain a new franchise agreement or brand management agreement for the particular hotel. Accordingly, if we lose one or more franchise agreements or brand management agreements, it could materially and adversely affect our results of operations and profitability as well as limit or slow any future growth.

Cyber threats and the risk of data breaches or disruptions of our hotel franchisors', managers' or our own information technology systems could materially adversely affect our business.

The La Quinta brand is dependent on information technology networks and systems, including the internet, to access, process, transmit and store proprietary and customer information, and we expect that other hotel managers that we may contract with in the future also will be dependent on such networks. These complex networks include reservation systems, hotel management systems, customer databases, call centers, administrative systems and third-party vendor systems. These systems require the collection, retention and transfer of large volumes of personally identifiable information of hotel guests, including credit card numbers.

These information networks and systems can be vulnerable to threats such as: system, network or internet failures; computer hacking or business disruption; cyber-terrorism; viruses, worms or other malicious software programs; and employee error, negligence or fraud. The risk of a security breach or disruption, particularly through cyber-attack or cyber intrusion, including by computer hackers, nation-state affiliated actors and cyber terrorists has generally increased as the number, intensity and sophistication of attempted attacks and intrusions from around the world have increased. The La Quinta brand has been subject to cyber-attacks in the past and we expect it will be subject to cyber-attacks in the future and may experience data breaches. We rely on LQM, and other hotel managers that we may contract with in the future, to protect proprietary and customer information from these threats. Any compromise of our hotel managers' networks could result in a disruption to operations, such as disruptions in fulfilling guest reservations, delayed bookings or lost guest reservations. Any of these events could, in turn, result in disruption of the operations of our hotels, in increased costs (e.g., related to response, investigation and notification) or in potential litigation and liability. In addition, public disclosure, or loss of customer or proprietary information could result in damage to LQM's or another applicable property manager's reputation, a loss of confidence among hotel guests, reputational harm for our hotels and potential litigation, which may have a material adverse effect on our business, financial condition and results of operations.

In addition to the information technologies and systems our hotel managers use to operate our hotels, we have our own corporate technologies and systems that are used to access, store, transmit, and manage or support a variety of business processes. We may be required to expend significant attention and financial resources to protect these technologies and systems against physical or cybersecurity incidents. There can be no assurance that the security measures we have taken to protect the contents of these systems will prevent failures, inadequacies or interruptions in system services or that system security will not be breached through physical or electronic break-ins, computer viruses, and attacks by hackers. Disruptions in service, system shutdowns and security breaches in the information technologies and systems we use, including unauthorized disclosure of confidential information, could have a material adverse effect on our business, our financial reporting and compliance, and could subject us to liability or result in claims, monetary losses or regulatory penalties which could be significant.

The growth of internet reservation channels could adversely affect our business and profitability.

A significant percentage of hotel rooms for individual guests is booked through internet travel intermediaries. Search engines and peer-to-peer inventory sources also provide online travel sources that compete with our hotels. If bookings continue to shift to higher cost distribution channels, including internet and traditional travel intermediaries and meeting procurement firms, it could materially impact our profits. Bookings through these intermediaries have been increasing. For the year ended December 31, 2019, such bookings represented approximately 34% of the booking channel mix for our Comparable Hotels, compared to approximately 30% during 2018. As such bookings increase, these intermediaries may be able to obtain higher commissions, reduced room rates or other significant contract concessions from the La Quinta brand, other brands our properties may utilize in the future and management companies. These hospitality intermediaries also may reduce these bookings by de-ranking our hotels in search results on their platforms, and other online providers may divert business away from our hotels. Moreover, hospitality intermediaries generally employ aggressive marketing strategies, including expending significant resources for online and television advertising campaigns to drive consumers to their websites. Further, some of these internet travel intermediaries are attempting to commoditize hotel rooms by increasing the importance of price and general indicators of quality at the expense of brand identification.

All of our properties as of December 31, 2019 utilize the La Quinta brand. Consumers may develop brand loyalties to the intermediaries' websites and reservations systems rather than to the La Quinta brand. If this happens, our business and profitability may be significantly harmed. Consolidation of internet travel intermediaries, and the entry of major internet companies into the internet travel bookings business, also could divert bookings away from La Quinta's website and increase our hotels' cost of sales.

In addition, class action litigation against several online travel intermediaries and lodging companies have challenged the legality under antitrust law of certain provisions in contracts with third-party intermediaries. In one such action, several online travel intermediaries and lodging companies were sued for deceptive advertising and allegedly conspiring to fix prices. The court dismissed the action after finding the plaintiffs' claims implausible and not linked to any harm. Although La Quinta was not named in that action, and the case sets favorable precedent, there is no guarantee that another similar action will not be filed in the future.

A disruption to the functioning of the reservation system for our hotels, or decrease in the efficiency of the rate management tools to which our property manager has access, has in the past had and could in the future have an adverse effect on our business.

Wyndham manages a reservation system that communicates reservations to our hotels that have been made by individuals directly, either online or by telephone to call centers or through devices via mobile applications, or through intermediaries like travel agents, internet travel web sites and other distribution channels. We expect that any other future third-party franchisor would similarly manage a reservation system. The cost, speed, efficacy and efficiency of these reservation systems, as well as protection of personal or confidential information of its users, are important aspects of any brand. Any degradation of, failure of adequate development relative to, or security breach of, such reservation systems may adversely affect our affiliated hotels. These reservation systems generally rely on data communications networks operated by unaffiliated third parties. Any significant interruption of the function of these reservation systems (or significant parts of thereof) may adversely affect our business as well as our ability to generate revenues.

The migration of reservation, property management and booking services for our hotels from La Quinta's reservation property management and booking systems to systems hosted by Wyndham took place in the second quarter of 2019. In connection with the migration, key proprietary revenue management software was modified. We have experienced a negative impact to our revenues as a result of the modification of such software and other problems relating to implementation of the transition of our hotels to LQM's platform. If LQM is unable to develop effective modifications or enhancements for such software and systems pursuant to the Wyndham Settlement, our ability to generate revenues may continue to be negatively impacted. See "Part II. Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Wyndham Transition and Integration" for additional discussion of the terms of the Wyndham Settlement relating to revenue management software and tools, call center customer interface technology and the administration of corporate and group bookings.

The cessation, reduction or taxation of program benefits of loyalty programs or our access to them could adversely affect the La Quinta brand and guest loyalty.

All of our properties currently participate in the Wyndham Rewards loyalty program. Our hotels contribute a percentage of the guest's room rate per night to the program for each hotel stay of a program member. LQM arranges with service providers such as airlines to exchange monetary value represented by points for program awards and may charge a license fee to such service providers for use of the La Quinta brand trademarks. Program members accumulate points based on eligible stays and hotel charges and redeem the points for a range of benefits, including free rooms, airline miles and other items of value.

Currently, the program benefits are not taxed as income to members. We are not the owner of the Wyndham Rewards program and changes to the program, or our access to it could negatively impact our business. If the program awards and benefits are materially altered, curtailed or taxed, or if customers choose other brands within the Wyndham Rewards program, and, as a result, a material number of our customers choose to stay at non-La Quinta-branded hotels, our business could be adversely affected.

A number of our hotels are subject to ground leases; if we are found to be in breach of a ground lease or are unable to renew a ground lease, we could be adversely affected.

As of December 31, 2019, sixteen of our hotels were either completely or partially on land subject to ground leases. If we are found to be in breach of a ground lease or ground sublease, such ground lease or sublease could be terminated. Assuming that we exercise all available options to extend the terms of our ground leases and ground subleases, all of our ground leases and ground subleases will expire between 2020 and 2096. However, in certain cases, our ability to exercise such options is subject to the condition that we are not in default under the terms of the ground lease or ground sublease, as applicable, at the time that we exercise such options and/or the time such extension occurs, and we can provide no assurances that we will be able to exercise our options at such time. Furthermore, we can provide no assurances that we will be able to renew our ground leases and ground subleases upon expiration or at satisfactory economic terms. If a ground lease or ground sublease expires or is terminated, we would be unable to derive income from such hotel, which could adversely affect us.

We will not recognize any increase in the value of the land or improvements subject to our ground leases and may only receive a portion of compensation paid in any eminent domain proceeding with respect to the hotel.

Unless we purchase a fee interest in the land and improvements subject to our ground leases, we will not have any economic interest in the land or improvements at the expiration of our ground leases and therefore we generally will not share in any increase in value of the land or improvements beyond the term of a ground lease, notwithstanding our capital outlay to purchase our interest in the hotel or fund improvements thereon, and will lose our right to use the hotel. Furthermore, if a governmental authority seizes a hotel subject to a ground lease under its eminent domain power, we may only be entitled to a portion of any compensation awarded for the seizure.

We may be subject to unknown or contingent liabilities related to our hotels and the hotels that we may acquire in the future, which could materially and adversely affect our revenues and profitability growth.

Our current hotels, and the hotels that we may acquire in the future, may be subject to unknown or contingent liabilities for which we may have no recourse, or only limited recourse, against the sellers. In general, the representations and warranties provided under the transaction agreements related to the purchase of the hotels we acquire may not survive the completion of the transactions. Furthermore, indemnification under such agreements may be limited and subject to various materiality thresholds, a significant deductible or an aggregate cap on losses. As a result, there is no guarantee that we will recover any amounts with respect to losses due to breaches by the sellers of their representations and warranties. In addition, the total amount of costs and expenses that may be incurred with respect to liabilities associated with these hotels may exceed our expectations, and we may experience other unanticipated adverse effects, all of which could materially and adversely affect our revenues and profitability.

We depend on external sources of capital for future growth; therefore, any disruption to our ability to access capital at times and on terms reasonably acceptable to us may affect adversely our business and results of operations.

Ownership of hotels is a capital-intensive business that requires significant capital expenditures to acquire, operate, maintain and renovate properties. To continue to qualify as a REIT, we are required to distribute to our stockholders at least 90% of our REIT taxable income (determined without regard to the deduction for dividends paid and excluding any net capital gain), including taxable income recognized for U.S. federal income tax purposes but with regard to which we do not receive cash. As a result, we must finance our growth, fund debt repayments and fund these significant capital expenditures largely with external sources of capital. Our ability to access external capital could be hampered by a number of factors, many of which are outside of our control, including:

- price volatility, dislocations and liquidity disruptions in the U.S. and global equity and credit markets;
- changes in market perception of our growth potential, including pandemics or downgrades by rating agencies;
- decreases in our current and estimated future earnings;
- decreases or fluctuations in the market price of our common stock;
- increases in interest rates; and
- the terms of our existing indebtedness.

Any of these factors, individually or in combination, could prevent us from being able to obtain the external capital we require on terms that are acceptable to us, or at all, which could have a material adverse effect on our ability to finance our future growth and our financial condition and results of operations. Potential consequences of disruptions in U.S. and global equity and credit markets and, as a result, an inability for us to access external capital at times, and on terms, reasonably acceptable to us could include:

- a need to seek alternative sources of capital with less attractive terms, such as more restrictive covenants and shorter maturity;
- adverse effects on our financial condition and liquidity, and our ability to meet our anticipated requirements for working capital, debt service and capital expenditures;
- higher costs of capital;

- an inability to enter into derivative contracts to hedge risks associated with changes in interest rates and foreign currency exchange rates; or

- an inability to execute on acquisitions.

Governmental regulation may adversely affect the operation of our hotels.

Our hotels are subject to extensive local, regional and national regulations and, on a periodic basis, must obtain various licenses and permits. The laws and regulations of states, counties, cities, provinces and other political subdivisions may also require certain registration, disclosure statements and other practices with respect to the franchising of hotels. Any failure to identify, obtain or maintain required licenses and permits could result in adverse consequences.

The lodging industry is subject to extensive federal, state and local governmental regulations in the U.S., including those relating to building and zoning requirements and those relating to the preparation and sale of food. We and our hotel managers are also subject to licensing and regulation by state and local departments relating to health, sanitation, fire and safety standards, and to laws governing their relationships with employees, including minimum wage requirements, overtime, working conditions and citizenship requirements. In connection with the continued operation or remodeling of certain of our hotels, we may be required to expend funds to meet federal, state and local regulations. For example, we have incurred and may incur additional significant costs complying with the Americans with Disabilities Act ("ADA"), which requires that all public accommodations meet certain federal requirements related to access and use by disabled persons. The regulations also mandate certain operational requirements that hotel operators must observe. If, pursuant to the ADA, we are required to make substantial alterations to, and capital expenditures for, our hotels, including removal of access barriers, it could increase our expenditures and, in turn, could reduce our earnings. Any failure to obtain or maintain any such licenses or any publicity resulting from actual or alleged violations of any such laws and regulations could result in injunctive relief, fines, damage awards or capital expenditures and could have an adverse effect on our results of operations. Moreover, new or revised laws and regulations or new interpretations of existing laws and regulations could affect the operation of our hotels or result in significant additional expense and operating restrictions on us.

U.S. environmental laws and regulations may cause us to incur substantial costs or subject us to potential liabilities.

We are subject to certain compliance costs and potential liabilities under various U.S. federal, state and local environmental, health and safety laws and regulations. These laws and regulations govern actions including air emissions, the use, storage and disposal of hazardous and toxic substances and wastewater disposal. Our failure to comply with such laws, including any required permits or licenses, could result in substantial fines or possible revocation of our authority to conduct some of our operations. We could also be liable under such laws for the costs of investigation, removal or remediation of hazardous or toxic substances at our currently or formerly owned or operated hotels or at third-party locations in connection with our waste disposal operations, regardless of whether or not we knew of, or caused, the presence or release of such substances. In some cases, we may be entitled to indemnification from the party that caused the contamination, but there can be no assurance that we would be able to recover all or any costs we incur in addressing such problems. From time to time, we may be required to remediate such substances or remove, abate or manage asbestos, mold, radon gas, lead or other hazardous conditions at our hotels. The presence or release of such toxic or hazardous substances could result in third-party claims for personal injury, property or natural resource damages, business interruption or other losses. Such claims and the need to investigate, remediate, or otherwise address hazardous, toxic or unsafe conditions could adversely affect our operations, the value of any affected hotel, or our ability to sell, lease or assign our rights in any such hotel, or could otherwise harm our business. Environmental, health and safety requirements have also become increasingly stringent, and our costs may increase as a result. For example, Congress, the U.S. Environmental Protection Agency ("EPA"), and some states are considering or have undertaken actions to regulate and reduce greenhouse gas emissions. New or revised laws and regulations or new interpretations of existing laws and regulations, such as those related to climate change, could affect the operation of our hotels or result in significant additional expense and operating restrictions on us.

Asbestos, lead-based paint, mold and other hotel related issues could expose us to substantial liability.

Certain U.S. laws impose liability for the release of asbestos containing materials into the air or require the removal or containment of asbestos containing materials, and third parties may seek recovery from owners or operators of real properties for personal injury associated with exposure to toxic or hazardous substances. Some of our hotels have asbestos containing materials, and with respect to such hotels, we are required to take action as and when required by applicable law. Such laws require that, as owners of buildings containing asbestos, we must (i) properly manage and maintain the asbestos, (ii) notify and train certain employees regarding the presence of asbestos and the related hazards and (iii) undertake special precautions, including removal or other abatement, if asbestos would be disturbed during renovation or demolition of a building. Such laws may impose fines and penalties on us if we fail to comply with these requirements and may allow third parties to seek recovery for personal injury associated with exposure to asbestos fibers, which could significantly increase our operating costs and reduce our earnings.

In addition, certain laws impose liability for lead based paint, and third parties may seek recovery from owners of real properties for personal injury associated with lead-based paint. Limits are placed on the amount of lead that may be present in public drinking water supplies, and third parties may seek recovery from owners of real properties for injuries arising from exposure to high lead concentration. We indemnify LQM, and we will indemnify other third-party hotel managers that we may engage in the future, for certain legal costs resulting from management of our hotels.

Other materials used in the construction of our hotels that are currently thought to be safe may in the future be determined to be hazardous, and could expose us to substantial liability for damages, injuries, adverse health effects or removal and disposal costs. In addition, other building supplies thought to be appropriate for their use, while not toxic, have been discovered to be defective (such as fire-retardant plywood or polybutylene piping). Defects in such supplies have resulted in substantial costs on the part of the owners of affected hotels to remove and replace the defective materials. Materials currently thought to be appropriate or safe may in the future prove to be defective and could result in substantial costs or losses.

Problems associated with mold may pose risks to our hotels and also may be the basis for personal injury claims against us. There is no generally accepted standard for the assessment of mold. If left unchecked or inadequately addressed, the growth of mold could result in litigation and remediation expenses, or in a closure of some or all of a hotel, that could adversely affect revenues from an individual hotel. We have discovered that some of our hotels have problems with mold. The presence of mold at some of our hotels has required us to undertake a remediation program to remove the mold from the affected hotels. The cost of remediation to date has not been material. However, remediation costs may substantially increase if there is mold in our other hotels or if costs related to mold such as legal and insurance expense continue to increase rapidly, which could significantly increase our operating costs and reduce our earnings.

Additionally, the EPA has identified certain health risks associated with elevated radon gas in buildings and has recommended that certain mitigating measures be considered. It is possible that other environmental conditions not currently known, or known but not currently thought to be dangerous, may in the future be determined to present a risk to health or safety, such as with respect to possible exposure to waterborne pathogens.

For all of these reasons, the presence of, or potential for contamination by, such hazardous or toxic substances, or exposure to pathogens, at, on, under, adjacent to, emanating from, or in any of our hotels could materially adversely affect the operations, the value of such hotel or the ability to attract guests to such hotel, or could otherwise harm our business.

Adverse judgments or settlements resulting from legal proceedings in which we may be involved in the normal course of our business could reduce our profits or limit our ability to operate our business.

In the normal course of our business, we are involved in various legal proceedings. LQM and other third-party hotel managers that we may engage in the future, whom we indemnify for legal costs resulting from management of our hotels, may also be involved in various legal proceedings relating to the management of our hotels. The outcome of these proceedings cannot be predicted. If any of these proceedings were to be determined adversely to us or our third-party hotel managers or a settlement involving a payment of a material sum of money were to occur, it could materially and adversely affect our profits or ability to operate our business. In recent years, a number of hospitality companies have been subject to lawsuits, including class action lawsuits, alleging violations of federal laws and regulations regarding workplace and employment matters, consumer protection claims, human trafficking, and other commercial or other matters. A number of these lawsuits have resulted in the payment of substantial damages by the defendants through adverse judgments or settlement agreements. Additionally, we could become the subject of future claims by third parties, including current or former third-party property owners, guests who use our properties, our employees, our investors or regulators. Any significant adverse judgments or settlements would reduce our profits and could limit our ability to operate our business. Further, we may incur costs related to claims for which we have appropriate third-party indemnity, but such third parties fail to fulfill their contractual obligations.

The loss of senior executives could significantly harm our business.

Our ability to maintain our competitive position depends to a large degree on the efforts and abilities of our senior executives. Finding suitable replacements for senior executives could be difficult. We currently do not have a life insurance policy or key person insurance policy with respect to any of our senior executives. In addition, while we have long-term compensation plans designed to retain our senior executives, if our retention and succession plans do not operate effectively, our business could be adversely affected. Any failure of our management to work together to effectively manage our operations, any additional departures of senior executives, our inability to hire other key management, and any failure to effectively integrate new management into our controls, systems and procedures may adversely affect our business, results of operations and financial condition.

We are subject to risks associated with the employment of hotel personnel, particularly with hotels that employ unionized labor, which could increase our operating costs, reduce the flexibility of our hotel managers to adjust the size of the workforce at our hotels and could materially and adversely affect our revenues and profitability.

We entered into management agreements with LQM to operate each of our hotels. LQM is generally responsible for hiring and maintaining the labor force at each of the hotels they manage. Although we generally do not directly employ or manage employees at our hotels, we are subject to many of the costs and risks generally associated with the hotel labor force. Increased labor costs due to factors like additional taxes or requirements to incur additional employee benefits costs, including the requirements of the Affordable Care Act or any similar health care regulations enacted in the future, may adversely impact our operating costs. Employees at two of our hotels are currently represented by labor unions. Labor costs at hotels where the workforce is unionized may be particularly challenging and unionization may also hinder the ability of LQM and any other hotel management company that we engage to resolve employment matters and disputes directly with their employees.

From time to time, strikes, lockouts, public demonstrations or other negative actions and publicity may disrupt hotel operations at any of our hotels, negatively impact our reputation or the reputation of our brands, or harm relationships with the labor forces at our hotels. We also may incur increased legal costs and indirect labor costs as a result of contract disputes or other events. Additionally, hotels where our hotel managers have collective bargaining agreements with employees are more highly affected by labor force activities than others. Labor and benefit costs increased in 2019 at our two hotels where employees became represented by labor unions, and we expect labor and benefit costs to increase further in 2020 for these and other hotels that may become represented by labor unions. Property values associated with these hotels may also decrease. The resolution of labor disputes or new or re-negotiated labor contracts could lead to increased labor costs, either by increases in wages or benefits or by changes in work rules that raise hotel operating costs. Furthermore, labor agreements may limit the ability of our hotel managers to reduce the size of hotel workforces during an economic downturn because collective bargaining agreements are negotiated between the hotel managers and labor unions. We do not have the ability to control the outcome of these negotiations.

If the insurance that we carry does not sufficiently cover damage or other potential losses or liabilities to third parties involving our hotels, our profits could be reduced.

We and our hotel manager carry insurance from insurance carriers that we believe is adequate for foreseeable first and third-party losses and with terms and conditions that we believe are reasonable and customary. Nevertheless, market forces could limit the scope of the insurance coverage that we can obtain or may otherwise restrict our ability to buy insurance coverage at reasonable rates. In the event of a substantial loss, the insurance coverage that we carry may not be sufficient to reimburse us in full for our losses or pay the full value of financial obligations, liabilities or the replacement cost of any lost investment or property loss, which could adversely affect our profits. In addition, risks that may fall outside the general coverage terms and limits of the policies and certain types of losses that are significantly uncertain, or generally of a catastrophic nature, such as hurricanes, fires, earthquakes and floods or terrorist acts, may be uninsurable or not economically insurable. If such losses or events occur, they could cause substantial damage to our hotels or the surrounding area, without any insurance coverage. Further, we may not be able to obtain or renew insurance policies or, if we are able to obtain or renew our coverage, it may be at a significantly higher cost than the historic cost.

In addition, insurance coverage for our hotels and for casualty losses does not customarily cover damages that are characterized as punitive or similar damages. As a result, any claims or legal proceedings, or settlement of any such claims or legal proceedings that result in damages that are characterized as punitive or similar damages may not be covered by our insurance. If these types of damages are substantial, our financial condition and results of operation may be adversely affected.

In some cases, these factors could result in certain losses being completely uninsured. As a result, we could lose some or all of the capital invested in a hotel, as well as the anticipated future revenues and profits from the hotel. We could suffer an uninsured or underinsured loss, and we may not have sufficient insurance to cover awards of damages resulting from claims made against us.

We have experienced increased premiums and retention requirements from insurance carriers and further historical losses paid by insurance carriers could result in further increases premiums and deductions.

Due to the combination of storm related claims generally experienced by the lodging industry and the older age of our hotels, we have experienced increased premiums and retention requirements from insurance carriers. We expect this to result in increases in operating expenses, self-insurance loss claims and loss mitigation capital expenditures. To obtain insurance coverage, carriers could require us to incur capital expenditures to mitigate future losses. Such requirements could reduce our ability to make other investments and reduce future profits.

Terrorism insurance may not be available at commercially reasonable rates or at all.

Following the September 11, 2001 terrorist attacks in New York City and the Washington, D.C. area, Congress passed the Terrorism Risk Insurance Act of 2002, which established the Terrorism Risk Insurance Program (the "Program") to provide insurance capacity for terrorist acts. The Program was scheduled to expire at the end of 2020 but was reauthorized, with some adjustments to its provisions, in December 2019 for seven years through December 31, 2027. We carry insurance from insurance carriers to respond to both first-party and third-party liability losses related to terrorism. We purchase our first-party property damage and business interruption insurance as a stand-alone policy in place of and to supplement insurance from government run pools. If the Program is not extended or renewed upon its expiration in 2027, or if there are changes to the Program that would negatively affect insurance carriers, premiums for terrorism insurance coverage will likely increase and/or the terms of such insurance may be materially amended to increase stated exclusions or to otherwise effectively decrease the scope of coverage available, perhaps to the point where it is effectively unavailable.

Terrorist attacks and military conflicts may adversely affect the lodging industry.

The September 11, 2001 terrorist attacks in New York City and the Washington, D.C. area and more recent terrorist attacks in other areas of the world underscore the possibility that large public facilities or economically important assets could become the target of terrorist attacks in the future. The occurrence or the possibility of terrorist attacks or military conflicts could, among other things, generally reduce travel to affected areas for tourism and business or adversely affect the willingness of guests to stay in or avail themselves of hotel services and result in higher costs for security and insurance premiums or diminish the availability of insurance coverage for losses related to terrorist attacks, all of which could adversely affect our financial condition and results of operations.

Changes to estimates or projections used to assess the fair value of our assets, or operating results that are lower than our current estimates at certain properties, may cause us to incur impairment charges that could adversely affect our results of operations.

Our total assets include a substantial amount of long-lived assets, principally hotel related land, property and equipment. We analyze our assets for impairment if events or changes in circumstances indicate that an asset might be impaired. Our evaluation of impairment requires us to make certain estimates and assumptions including projections of our holding period, future results and fair value assessments of our assets. After performing our evaluation for impairment, including an analysis to determine the recoverability of long-lived assets, we will record an impairment loss when the carrying value of the underlying asset, asset group or reporting unit exceeds its fair value. Decisions to divest hotels could result in the requirement to record an impairment charge due to, among other factors, a decrease in the assumed holding period or fair value for the hotel. For example, during 2019 and 2018 we recognized non-cash impairment charges of $141 million and $154 million, respectively, primarily related to a reduction in our estimated holding period and potential sales of hotels. Future changes in holding periods or other assumptions or divestitures of our hotel investments could result in additional impairment charges. During times of economic distress, declining demand and declining earnings often result in declining asset values. If any impairment losses we recognize are significant, our financial condition and results of operations would be adversely affected.

Changes in federal, state or local tax law or interpretations of existing tax law, or adverse determinations by tax authorities, could increase our tax burden or otherwise adversely affect our financial condition, results of operations or cash flows.

We are currently subject to taxation at the federal, state and local levels in the U.S. Our future effective tax rate could be affected by changes in the composition of earnings in jurisdictions with differing tax rates, changes in statutory rates and other legislative changes, changes in the valuation of our deferred tax assets and liabilities, or changes in determinations regarding the jurisdictions in which we are subject to tax. From time to time, the U.S. federal, state and local governments make substantive changes to tax rules and their application, which could result in materially higher taxes than would be incurred under existing tax law or interpretation and could adversely affect our profitability, financial condition, results of operations or cash flows. State and local tax authorities have also increased their efforts to increase revenues through changes in tax law and audits. Such changes and proposals, if enacted, could increase our future effective income tax rates. We are subject to ongoing and periodic tax audits and disputes in various jurisdictions. An unfavorable outcome from any tax audit could result in higher tax costs, penalties and interest, thereby adversely impacting our financial condition, results of operations or cash flows. Furthermore, we have elected to be taxed as a REIT, effective May 31, 2018, with the filing of our U.S. federal income tax return for the year ended December 31, 2018. See "—Risks Related to Our REIT Status and Certain Other Tax Items."

Political, social and economic uncertainty could impact our financial results and growth.

Potential disruptions in the U.S. economy as a result of governmental action or inaction on the federal deficit, budget, interest rates, responses to events such as COVID-19, tariffs and related issues, including, for example any governmental shutdown, and the uncertainty over how long any of these conditions will continue, have had in the past and could have in the future a negative impact on the lodging industry. U.S. federal spending cuts and any further limitations that may result from congressional action or inaction, could cause us to experience weakened demand for our hotel rooms.

Entities in existence prior to the Spin-Off are currently under audit by the Internal Revenue Service and may be required to pay additional taxes for which we would be responsible.

We are subject to regular audits by federal and state tax authorities, which may result in additional tax liabilities related to prior periods. Entities in existence prior to the Spin-Off and transferred to Wyndham as a part of the Spin-Off are currently under audit by the IRS for tax years ended December 31, 2010 to 2013. As a part of the Spin-Off, we agreed to indemnify Wyndham for any obligations and expenses arising from these IRS audits, including the legal and accounting defense expenses. In 2014, the IRS commenced a tax audit, primarily related to transfer pricing for internal rents charged by our prior REIT. Subsequently, we have supplied information to the IRS supporting our position. In November of 2019, the IRS issued notices of proposed adjustments ("NOPA," also known as a 30-Day Letter) proposing a redetermined rent adjustment totaling $138 million attributable to tax years 2010 and 2011, exclusive of penalties and interest. Additionally, the November 2019 NOPA proposed an adjustment resulting in the loss of tax operating loss carryforwards generated in tax years 2006 through 2009. The adjustment to the tax operating loss carryforwards, measured at the tax rates enacted during the year of utilization and exclusive of penalties and interest, is $31million.

We have responded to the IRS in disagreement with their NOPA and expect the matter to be transferred to an IRS Appeals office in 2020. We believe the IRS transfer pricing methodologies applied in the audits contain flaws and that the IRS proposed tax and adjustments are inconsistent with the U.S. federal tax laws. We have concluded that the positions reported on our tax returns under audit by the IRS are, based on their technical merits, more-likely-than-not to be sustained upon conclusion of the examination. Accordingly, as of December 31, 2019, we have not established any reserves related to this proposed adjustment or any other issues reflected on the returns under examination. If, however, we are unsuccessful in challenging the IRS, an excise tax would be imposed on the REIT related to the excess rent and we would be responsible for additional income taxes, interest and penalties, which could adversely affect our financial condition, results of operations and cash flow and the trading price of our common stock. Such adjustments could also give rise to additional state income taxes.

Changes to accounting rules or regulations may adversely affect our reported financial condition and results of operations.

New accounting rules or regulations and varying interpretations of existing accounting rules or regulations have occurred and may occur in the future. A change in accounting rules or regulations may require retrospective application and affect our reporting of transactions completed before the change is effective, and future changes to accounting rules or regulations or the questioning of current accounting practices may adversely affect our reported financial condition and results of operations. See Note 2 "Significant Accounting Policies and Recently Issued Accounting Standards" in our audited consolidated financial statements included elsewhere in this Annual Report on Form 10-K for a summary of accounting standards issued but not yet adopted that may have a material effect on our financial condition or results of operations.

Risks Related to Our Indebtedness

Our substantial indebtedness could adversely affect our financial condition, our ability to raise additional capital to fund our operations, our ability to operate our business, our ability to react to changes in the economy or our industry and our ability to pay our debts and could expose us to interest rate risk to the extent of our variable debt and divert our cash flow from operations to make debt payments.

We have a significant amount of indebtedness. As of December 31, 2019, our total loan indebtedness was approximately $921 million, and the aggregate liquidation preference of our preferred stock was $15 million. Our substantial debt could have important consequences, including:

- requiring a substantial portion of cash flow from operations to be dedicated to the payment of principal and interest on our indebtedness, thereby reducing our ability to use our cash flow to fund our operations, capital expenditures and distributions to stockholders and to pursue future business opportunities;
- requiring compliance with leverage and interest coverage financial covenants which may affect our availability under our line of credit, access to cash on hand and cash proceeds from the sale of hotels;
- increasing our vulnerability to adverse economic, industry or competitive developments;
- exposing us to increased interest expense, as our degree of leverage may cause the interest rates of any future indebtedness (whether fixed or floating rate interest) to be higher than they would be otherwise;

- exposing us to the risk of increased interest rates because certain of our indebtedness is at variable rates of interest;
- making it more difficult for us to satisfy our obligations with respect to our indebtedness, and any failure to comply with the obligations of any of our debt instruments, including restrictive covenants, could result in an event of default that accelerates our obligation to repay indebtedness;
- restricting us from making strategic acquisitions or causing us to make non-strategic divestitures;
- limiting our ability to obtain additional financing for working capital, capital expenditures, hotel development, satisfaction of debt service requirements, acquisitions and general corporate or other purposes; and
- limiting our flexibility in planning for, or reacting to, changes in our business or market conditions and placing us at a competitive disadvantage compared to our competitors who may be better positioned to take advantage of opportunities that our leverage prevents us from exploiting.

In addition, we are a holding company and substantially all of our consolidated assets are owned by, and most of our business is conducted through, our subsidiaries. Revenues from these subsidiaries are our primary source of funds for debt payments and operating expenses. If our subsidiaries are restricted from making distributions to us, that may impair our ability to meet our debt service obligations or otherwise fund our operations. Moreover, there may be restrictions on payments by subsidiaries to their parent companies under applicable laws, including laws that require companies to maintain minimum amounts of capital and to make payments to stockholders only from profits. As a result, although a subsidiary of ours may have cash, we may not be able to obtain that cash to satisfy our obligation to service our outstanding debt or fund our operations.

Servicing our indebtedness requires a significant amount of cash. Our ability to continue generating sufficient cash depends on many factors, some of which are not within our control.

Our ability to make payments on our indebtedness, to fund planned capital expenditures and to make distributions to our stockholders will depend on our ability to generate cash in the future. To a certain extent, this is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control. If we are unable to generate sufficient cash flow to service our debt and meet our other commitments, we may need to restructure or refinance all or a portion of our debt, sell material assets or operations or raise additional debt or equity capital. We may not be able to affect any of these actions on a timely basis, on commercially reasonable terms or at all, and these actions may not be sufficient to meet our capital requirements. In addition, the terms of our existing or future debt arrangements may restrict us from affecting any of these alternatives. Our failure to make the required interest and principal payments on our indebtedness would result in an event of default under the agreement governing such indebtedness, which may result in the acceleration of some or all of our outstanding indebtedness.

We may be able to incur substantially more debt in the future and enter into other transactions, which could further exacerbate the risks to our financial condition described above.

We may be able to incur significant additional indebtedness in the future. Although our debt agreements contain restrictions on the incurrence of additional indebtedness and entering into certain types of other transactions, these restrictions are often subject to a number of qualifications and exceptions. Additional indebtedness incurred in compliance with these restrictions could be substantial. These restrictions also do not prevent us from incurring obligations, such as trade payables, that do not constitute indebtedness as defined under our debt instruments. In addition, our organizational documents contain no limitation on the amount of debt we may incur, and our board of directors may change our financing policy at any time without stockholder notice or approval. To the extent new debt is added to our current debt levels, the substantial leverage risks described in the preceding two risk factors would increase.

Our debt agreements contain, and future debt agreements may contain, restrictions that may limit our flexibility in operating our business.

Our debt agreements contain operating covenants that limit the discretion of management with respect to certain business matters. These covenants place restrictions on our ability to incur additional indebtedness and make guarantees, create liens on assets, enter into sale and leaseback transactions, engage in mergers and consolidations, sell assets, make fundamental changes, pay dividends and distributions or repurchase our capital stock, make investments, loans and advances, including acquisitions, engage in certain transactions with affiliates, make changes in the nature of our business and make prepayments of junior debt and may require us to maintain certain levels of indebtedness and/or interest expense.

Additionally, the agreements governing our future indebtedness may place additional restrictions on us and may require us to meet certain financial ratios and tests. Our ability to comply with these and other provisions of our new debt agreements and future debt agreements is dependent on our future performance, which will be subject to many factors, some of which are beyond our control. The breach of any of these covenants or non-compliance with any of these financial ratios and tests could result in an event of default under the debt agreements, which, if not cured or waived, could result in acceleration of the related debt and the acceleration of debt under other instruments evidencing indebtedness that may contain cross-acceleration or cross-default provisions.

The use of debt to finance future acquisitions could restrict operations, inhibit our ability to grow our business and revenues, and negatively affect our business and financial results.

We may incur additional debt in connection with future hotel acquisitions. We may, in some instances, borrow under our secured mortgage and, in certain circumstances mezzanine credit facility or secured revolving credit facility or borrow new funds to acquire hotels. In addition, we may incur mortgage debt by obtaining loans secured by a portfolio of some or all of the hotels that we own or acquire. If necessary or advisable, we also may borrow funds to make distributions to our stockholders to maintain our qualification as a REIT for U.S. federal income tax purposes. To the extent that we incur debt in the future and do not have sufficient funds to repay such debt at maturity, it may be necessary to refinance the debt through debt or equity financings, which may not be available on acceptable terms or at all and which could be dilutive to our stockholders. If we are unable to refinance our debt on acceptable terms or at all, we may be forced to dispose of hotels at inopportune times or on disadvantageous terms, which could result in losses. To the extent we cannot meet our future debt service obligations, we will risk losing to foreclosure some or all of our hotels that may be pledged to secure our obligations.

For tax purposes, a foreclosure of any of our hotels would be treated as a sale of the hotel for a purchase price equal to the outstanding balance of the debt secured by the mortgage. If the outstanding balance of the debt secured by the mortgage exceeds our tax basis in the hotel, we would recognize taxable income on foreclosure, but we would not receive any cash proceeds, which could hinder our ability to meet the REIT distribution requirements imposed by the Code. In addition, we may give full or partial guarantees to lenders of mortgage debt on behalf of the entities that own our hotels. When we give a guarantee on behalf of an entity that owns one of our hotels, we will be responsible to the lender for satisfaction of the debt if it is not paid by such entity. If any of our hotels are foreclosed on due to a default, our ability to pay cash distributions to our stockholders will be limited.

Changes in interest rates and changes in the method for determining LIBOR and the potential replacement of LIBOR may affect our cost of capital and net investment income.

General interest rate fluctuations and changes in credit spreads on floating rate loans may have a substantial negative impact on our investments and investment opportunities and, accordingly, may have a material adverse effect on our rate of return on invested capital, our net income, and the market price of our common stock. The majority of our debt has, and is expected to have, variable interest rates that reset periodically based on benchmarks such as LIBOR. An increase in interest rates may make it more difficult for us to service our debt obligations. Rising interest rates could also cause us to shift cash from other productive uses to the payment of interest, which may have a material adverse effect on our business and operations.

As a result of concerns about the accuracy of the calculation of LIBOR, a number of British Bankers' Association ("BBA") member banks entered into settlements with certain regulators and law enforcement agencies with respect to the alleged manipulation of LIBOR. Actions by the BBA, regulators or law enforcement agencies as a result of these or future events, may result in changes to the manner in which LIBOR is determined. In July 2017, the head of the United Kingdom Financial Conduct Authority, which has statutory powers to require panel banks to contribute to LIBOR where necessary, announced its intention to cease sustaining LIBOR by the end of 2021. The U.S. Federal Reserve, in conjunction with the Alternative Reference Rates Committee, a steering committee comprised of large U.S. financial institutions, has identified the Secured Overnight Financing Rate ("SOFR"), a new index calculated by short-term repurchase agreements, backed by Treasury securities, as its preferred alternative rate for U.S. dollar LIBOR. Although there have been a few issuances utilizing SOFR or the Sterling Over Night Index Average, an alternative reference rate that is based on transactions, it is unknown whether these alternative reference rates will attain market acceptance as replacements for LIBOR.

As of December 31, 2019, we had $921 million of floating rate debt with maturities, including extension options, that extend past 2021 for which the interest rate was tied to LIBOR and which may require interest rate caps tied to LIBOR also with maturities extending past 2021. If LIBOR is no longer widely available, our CMBS and Revolving Facilities provide for alternate interest rate calculations. There is no assurance that such alternative interest rate calculations will not increase our cost of borrowing under the CMBS and Revolving Facilities or any refinancing or replacements of such debt. There is currently no definitive information regarding the future utilization of LIBOR or of any particular replacement rate, however LIBOR may perform differently during any phase-out than in the past, the overall financial markets may be disrupted as a result of the phase-out or replacement of LIBOR and any changes to benchmark interests rates could increase our financing costs, which could impact our results of operations. We are assessing the impact of a potential transition from LIBOR; however, potential effect of any such event on our cost of capital and net income cannot yet be determined.

Covenants applicable to future debt could restrict our ability to make distributions to our stockholders, and as a result, we may be unable to make distributions necessary to qualify as a REIT, which could materially and adversely affect us and the market price of our shares of common stock.

We are organized and we intend to continue to operate in a manner that will enable us to qualify as a REIT for U.S. federal income tax purposes. To continue to qualify as a REIT, we generally are required to distribute at least 90% of our REIT taxable income, determined without regard to the dividends paid deduction and excluding net capital gains, each year to our stockholders. To the extent that we satisfy this distribution requirement but distribute less than 100% of our REIT taxable income, including capital gains, we will be subject to U.S. federal and state corporate income tax on our undistributed taxable income and gains. In addition, we will be subject to a 4% nondeductible excise tax if the actual amount that we distribute to our stockholders in a calendar year is less than a minimum amount specified under the Code. If, as a result of covenants applicable to our future debt, we are restricted from making distributions to our stockholders, we may be unable to make distributions necessary for us to avoid U.S. federal corporate income and excise taxes and to maintain our qualification as a REIT, which could materially and adversely affect us.

Risks Related to the Spin-Off and the Merger

The Spin-Off and related transactions may expose us to potential liabilities arising out of state and federal fraudulent conveyance laws and legal distribution requirements.

The Spin-Off could be challenged under various state and federal fraudulent conveyance laws. An unpaid creditor or an entity vested with the power of such creditor (such as a trustee or debtor-in-possession in a bankruptcy) could claim that LQH Parent, did not receive fair consideration or reasonably equivalent value in the Spin-Off, and that the Spin-Off left LQH Parent insolvent or with unreasonably small capital or that LQH Parent intended or believed it would incur debts beyond its ability to pay such debts as they mature. If a court were to agree with such a plaintiff, then such court could void the Spin-Off as a fraudulent transfer and could impose a number of different remedies, including without limitation, returning our assets or shares of the Company to LQH Parent or providing LQH Parent with a claim for money damages against us in an amount equal to the difference between the consideration received by LQH Parent and the fair market value of our company at the time of the Spin-Off.

The measure of insolvency for purposes of the fraudulent conveyance laws may vary depending on which jurisdiction's law is applied. Generally, however, an entity would be considered insolvent if the fair saleable value of its assets is less than the amount of its liabilities (including the probable amount of contingent liabilities), and such entity would be considered to have unreasonably small capital if it lacked adequate capital to conduct its business in the ordinary course and pay its liabilities as they become due. No assurance can be given as to what standard a court would apply to determine insolvency or that a court would determine that LQH Parent were solvent at the time of or after giving effect to the Spin-Off, including the distribution of our common stock.

We could be required to assume responsibility for obligations allocated to LQH Parent under the Separation and Distribution Agreement relating to the Spin-Off.

Under the Separation and Distribution Agreement relating to the Spin-Off and related ancillary agreements, from and after the Spin-Off, each of LQH Parent and CorePoint Parent are generally responsible for the debts, liabilities and other obligations related to the business or businesses which they own and operate following the Spin-Off and the separation of LQH's hotel ownership from its hotel franchise and management business prior to LQH Parent's merger with Wyndham Worldwide (the "Merger"). Although we do not expect to be liable for any obligations that are not allocated to us under the Separation and Distribution Agreement, a court could disregard the allocation agreed to between the parties, and require that we assume responsibility for obligations allocated to LQH Parent (for example, tax and/or environmental liabilities), particularly if LQH Parent were to refuse or were unable to pay or perform the allocated obligations.

The historical information presented herein is not necessarily representative of the results that our business would have achieved as a separate, publicly traded company and may not be a reliable indicator of our future results.

Due to the relative significance of CorePoint Parent to LQH, among other factors, CorePoint Parent has been treated as the accounting spinnor to LQH for accounting purposes, notwithstanding the legal form of the Spin-Off. Therefore, the historical financial statements of LQH represent the historical financial statements of CorePoint Parent and LQH Parent is presented as discontinued operations. Accordingly, the historical information does not necessarily reflect the financial condition, results of operations or cash flows that CorePoint Parent would have achieved as a separate, publicly traded company during the periods presented or those that CorePoint Parent will achieve in the future as a result of the factors described below:

- prior to the Spin-Off, CorePoint's business was operated by LQH as part of its broader corporate organization in combination with the management and franchise business held by La Quinta following the spin-off. We currently rely on La Quinta to provide certain corporate and administrative services such as information technology, financial and human resource services.

CorePoint Parent's historical financial results reflect allocations of corporate expenses from La Quinta for such functions and are likely to differ from the expenses CorePoint Lodging would have incurred had it operated as a separate company from LQH. CorePoint Lodging may not be able to operate its business efficiently or at comparable costs, and its profitability may decline;

- prior to the Spin-Off, CorePoint's historical financial statements, as represented by the financial statements of LQH, included the assets, liabilities, results of operations and cash flows attributable to LQH's management and franchise business, which are currently held by La Quinta; and

- Prior to the Spin-Off, CorePoint's historical financial information does not reflect its obligations under the various transitional and other agreements it entered into with LQH in connection with the Spin-Off and the Merger.

Other significant changes have occurred in CorePoint's cost structure, management, financing and business operations as a result of operating as a company separate from the combined businesses of LQH and CorePoint, including the franchise and management agreements entered into with Wyndham in connection with the Spin-Off.

Risks Related to Our REIT Status and Certain Other Tax Items

If we do not maintain our qualification as a REIT, we will be subject to tax as a C corporation and could face a substantial tax liability.

For U.S. federal income tax purposes, we have elected to be taxed as a REIT, effective May 31, 2018, with the filing of our U.S. federal income tax return for the year ended December 31, 2018. We believe that we are organized and operate in a REIT-qualified manner and we intend to continue to operate as such. However, we cannot assure you that we will remain qualified as a REIT. We received an opinion from Simpson Thacher & Bartlett LLP that, for our taxable year ended December 31, 2018, we will be considered to be organized in conformity with the requirements for qualification and taxation as a REIT under the U.S. federal income tax laws and our proposed method of operations will enable us to satisfy the requirements for qualification and taxation as a REIT under the U.S. federal income tax laws for such taxable year and subsequent taxable years. You should be aware that Simpson Thacher & Bartlett LLP's opinion was based upon customary assumptions, was conditioned upon certain representations made by us and LQH Parent as to factual matters, including representations regarding the nature of our and LQH Parent's assets and conduct of business and such opinion is not binding upon the IRS or any court. The opinion was expressed as of the date issued. Simpson Thacher & Bartlett LLP has no obligation to advise us or the holders of our common stock of any subsequent change in the matters stated, represented or assumed or of any subsequent change in applicable law. Furthermore, both the validity of the opinion and our qualification as a REIT will depend on our satisfaction of certain asset, income, organizational, distribution, stockholder ownership and other requirements on a continuing basis, the results of which will not be monitored by Simpson Thacher & Bartlett LLP.

Moreover, qualification as a REIT involves the interpretation and application of highly technical and complex Code provisions for which no or only a limited number of judicial or administrative interpretations may exist. Notwithstanding the availability of cure provisions in the Code, we could fail to meet various compliance requirements, which could jeopardize our REIT status. Furthermore, new tax legislation, administrative guidance or court decisions, in each instance potentially with retroactive effect, could make it more difficult or impossible for us to qualify as a REIT. If we fail to qualify as a REIT in any tax year, then, unless we were entitled to relief under applicable statutory provisions:

- we would be taxed as a C corporation, which under current laws, among other things, means being unable to deduct dividends paid to stockholders in computing taxable income and being subject to U.S. federal income tax on our taxable income at normal corporate income tax rates;

- we could be subject to increased state and local taxes;

- any resulting tax liability could be substantial and could have a material adverse effect on our book value and financial condition and reduce our cash available for distribution to stockholders; and

- we generally would not be eligible to requalify as a REIT for the subsequent four full taxable years.

In addition, if we fail to qualify as a REIT, we will not be required to make distributions to stockholders, and all distributions to stockholders will be subject to tax as dividend income to the extent of our current and accumulated earnings and profits. As a result of all these factors, our failure to qualify as a REIT could impair our ability to execute our business and growth strategies, as well as make it more difficult for us to raise capital and service our indebtedness.

Qualifying as a REIT involves highly technical and complex provisions of the Code and therefore, in certain circumstances, may be subject to uncertainty.

In order to continue to qualify as a REIT, we must satisfy a number of requirements, including requirements regarding the composition of our assets, the sources of our income, sales of our real estate investments, and the diversity of our stock ownership. Also, we must make distributions to stockholders aggregating annually at least 90% of our "REIT taxable income" (determined without regard to the dividends paid deduction and excluding net capital gain). Compliance with these requirements and all other requirements for qualification as a REIT involves the application of highly technical and complex Code provisions for which there are only limited judicial and administrative interpretations. The complexity of these provisions and of the applicable Treasury regulations that have been promulgated under the Code is greater in the case of a REIT that, like us, conducts significant business operations through one or more taxable REIT subsidiaries. Even a technical or inadvertent action could jeopardize our REIT status. In addition, the determination of various factual matters and circumstances relevant to REIT qualification is not entirely within our control and may affect our ability to qualify as a REIT. Accordingly, we cannot be certain that our organization and operation will enable us to qualify as a REIT for U.S. federal income tax purposes.

We may face other tax liabilities that reduce our cash flows.

Even if we continue to qualify for taxation as a REIT, we may be subject to certain U.S. federal, state and local taxes on our income and assets, including taxes on any undistributed income, capital gains, tax on income from some activities conducted as a result of a foreclosure, and non-U.S., state or local income, property and transfer taxes. Moreover, if we have net income from "prohibited transactions," that income will be subject to a 100% tax. In addition, the IRS may take the position that we are acting in the capacity of a "dealer" in hotel property which could subject us to a 100% tax on any resultant gain on the disposition of hotel properties. We could also, in certain circumstances, be required to pay an excise or penalty tax (which could be significant in amount) in order to utilize one or more relief provisions under the Code to maintain our qualification as a REIT. We are subject to U.S. federal and state income tax (and any applicable non-U.S. taxes) on the net income earned by our TRS. In addition, our domestic TRS is subject to normal corporate federal, state and local taxation. Any of these taxes would decrease cash available for distributions to stockholders.

The ability of our board of directors to revoke our REIT election without stockholder approval may cause adverse consequences to our stockholders.

Our charter provides our board of directors with the power, under certain circumstances, to revoke or otherwise terminate our REIT election and cause us to be taxed as a regular corporation, without the approval of our stockholders. If we cease to qualify as a REIT, we would become subject to U.S. federal income tax on our net taxable income and we generally would no longer be required to distribute any of our net taxable income to our stockholders, which may have adverse consequences on our total return to our stockholders.

Liquidation of assets may jeopardize our REIT qualification and subject us to taxes.

To continue to qualify as a REIT, we must comply with requirements regarding our assets, our sources of income and our distributions. If we are compelled to liquidate our investments to repay obligations to our lenders, we may be unable to comply with these requirements, ultimately jeopardizing our qualification as a REIT, or we may be subject to a corporate tax or a 100% tax on any resultant gain if we sell assets that are treated as dealer property or inventory.

We have limited operating history as a REIT, and our inexperience may impede our ability to successfully manage our business or implement effective internal controls.

While certain of our subsidiaries previously operated as REITs, we have limited operating history as a REIT. We cannot assure you that our past experience will be sufficient to successfully operate our company as a REIT. We are required to implement substantial control systems and procedures to qualify and maintain our qualification as a REIT. As a result, we have incurred and will incur significant legal, accounting and other expenses that we have not previously incurred, and our management and other personnel will need to devote a substantial amount of time to comply with these rules and regulations and establish the corporate infrastructure and controls demanded of a REIT. These costs and time commitments could be substantially more than we currently expect. Therefore, the historical consolidated financial statements contained herein may not be indicative of our future costs and performance as a REIT.

Complying with REIT requirements may cause us to forgo and/or liquidate otherwise attractive opportunities and limit our expansion opportunities.

To continue to qualify as a REIT for U.S. federal income tax purposes, we must continually satisfy tests concerning, among other things, our sources of income, the nature of our investments in real estate and related assets, the amounts we distribute to our stockholders and the ownership of our stock. We may also be required to make distributions to stockholders at disadvantageous times or when we do not have funds readily available for distribution. Thus, compliance with REIT requirements may hinder our ability to operate solely on the basis of maximizing profits.

To continue to qualify as a REIT, we must also ensure that at the end of each calendar quarter, at least 75% of the value of our gross assets consists of cash, cash items, government securities and qualified real estate assets. The remainder of our investments in securities cannot include more than 10% of the outstanding voting securities of any one issuer or 10% of the total value of the outstanding securities of any one issuer unless we and such issuer jointly elect for such issuer to be treated as a TRS under the Code. The total value of all of our investments in TRSs cannot exceed 20% of the value of our total assets. No more than 5% of the value of our assets (other than government securities and securities that are qualifying real estate assets) can consist of the securities of any one issuer other than a TRS. In addition, not more than 25% of our total assets may be represented by securities (other than those includable in the 75% asset test) or by debt instruments issued by publicly offered REITs that are "nonqualified" debt instruments. If we fail to comply with these requirements, we must dispose of a portion of our assets within 30 days after the end of the calendar quarter in which such discrepancy arises or qualify for certain statutory relief provisions to avoid losing our REIT status and suffering adverse tax consequences. As a result, we may be required to liquidate from our portfolio, or contribute to a TRS, otherwise attractive investments in order to maintain our qualification as a REIT. These actions could have the effect of reducing our income, increasing our income tax liability, and reducing amounts available for distribution to our stockholders. In addition, we may also be required to make distributions to stockholders at disadvantageous times or when we do not have funds readily available for distribution, and may be unable to pursue investments (or, in some cases, forgo the sale of such investments) that would be otherwise advantageous to us in order to satisfy the source-of-income or asset-diversification requirements for qualifying as a REIT. Thus, compliance with REIT requirements may hinder our ability to operate solely on the basis of maximizing profits.

Complying with REIT requirements may limit our ability to hedge effectively and may cause us to incur tax liabilities.

The REIT provisions of the Code substantially limit our ability to utilize hedges, swaps, and other types of derivatives to hedge our liabilities. Any income from a hedging transaction we enter into to manage risk of interest rate changes with respect to borrowings made or to be made to acquire or carry real estate assets (each such hedge, a "Borrowings Hedge"), or to manage risk of foreign currency exchange rate fluctuations with respect to any item of qualifying income (each such hedge, a "Currency Hedge"), if clearly identified under applicable Treasury Regulations, does not constitute "gross income" for purposes of the 75% or 95% gross income tests that we must satisfy to maintain our qualification as a REIT. This exclusion from the 95% and 75% gross income tests also will apply if we previously entered into a Borrowings Hedge or a Currency Hedge, a portion of the hedged indebtedness or property is disposed of and in connection with such extinguishment or disposition, we enter into a new properly identified hedging transaction to offset the prior hedging position. To the extent that we enter into other types of hedging transactions, the income from those transactions is likely to be treated as non-qualifying income for purposes of both of the gross income tests. As a result of these rules, we intend to limit our use of advantageous hedging techniques or implement those hedges through one or more domestic TRSs. This could increase the cost of our hedging activities because our TRSs would be subject to tax on gains or expose us to greater risks associated with changes in interest rates than we would otherwise want to bear. In addition, losses in any TRS generally will not provide any tax benefit, except for being carried forward against future taxable income in such TRS.

Complying with REIT requirements may force us to borrow to make distributions to stockholders.

From time to time, our taxable income may be greater than our cash flow available for distribution to stockholders. If we do not have other funds available in these situations, we may be unable to distribute substantially all of our taxable income as required by the REIT provisions of the Code. Thus, we could be required to borrow funds, raise additional equity capital, sell a portion of our assets at disadvantageous prices or find another alternative to make distributions to stockholders. These options could increase our costs or reduce the value of our equity.

The ownership of our TRSs (including our TRS lessees) increases our overall tax liability.

Our domestic TRSs are subject to U.S. federal, state and local income tax on their taxable income, which in the case of our TRS lessees, consists of the revenues from the hotels leased by our TRS lessees, net of the operating expenses for such hotels and rent payments to us. Accordingly, although our ownership of our TRS lessees allows us to participate in the operating income from our hotels in addition to receiving rent, that operating income is fully subject to income tax. The after-tax net cash flow of each TRS lessee is available for distribution to us.

Our TRS lessee structure subjects us to the risk of increased hotel operating expenses that could adversely affect our operating results and our ability to make distributions to stockholders.

Our leases with our TRS lessees require such TRS lessees to pay us rent based in part on revenues from our hotels. Our operating risks include decreases in hotel revenues and increases in hotel operating expenses, including but not limited to the increases in wage and benefit costs, repair and maintenance expenses, energy costs, property taxes, insurance costs and other operating expenses, which would adversely affect each TRS lessees' ability to pay us rent due under the leases.

Increases in these operating expenses can have a significant adverse impact on our financial condition, results of operations, the market price of our shares of common stock and our ability to make distributions to our stockholders.

Our ownership of our TRSs, and any other TRSs we form, are subject to limitations, and our transactions with our TRSs, and any other TRSs we form, may cause us to be subject to a 100% penalty tax on certain income or deductions if those transactions are not conducted on arm's-length terms.

Overall, no more than 20% of the value of a REIT's assets may consist of stock or securities of one or more TRSs. In addition, the Code limits the deductibility of interest paid or accrued by a TRS to its parent REIT to assure that the TRS is subject to an appropriate level of corporate taxation. The Code also imposes a 100% excise tax on certain transactions between a TRS and its parent REIT that are not conducted on an arm's-length basis. The 100% tax may apply, for example, to the extent that we were found to have charged our TRS lessees rent in excess of an arm's-length rent. For example, LQH Parent's predecessor, which was taxed as a REIT for U.S. federal income tax purposes prior to LQH Parent's initial public offering, is currently undergoing an audit by the IRS in which the IRS has asserted this 100% excise tax on the grounds that the rent paid pursuant to the lease agreement between LQH Parent's predecessor and its TRS was not arms' length. See "—Risks Related to Our Business and Industry—Entities in existence prior to the Spin-Off are currently under audit by the Internal Revenue Service and may be required to pay additional taxes for which we would be responsible." It is our policy to evaluate material intercompany transactions and to attempt to set the terms of such transactions so as to achieve substantially the same result as they believe would have been the case if they were unrelated parties. As a result, we believe that all material transactions between and among us and the entities in which we own a direct or indirect interest have been and will be negotiated and structured with the intention of achieving an arm's-length result and that the potential application of the 100% excise tax will not have a material effect on us. There can be no assurance, however, that we will be able to comply with the TRS limitation or to avoid application of the 100% excise tax.

If the leases of our hotels to our TRS lessees are not respected as true leases for U.S. federal income tax purposes, we will fail to qualify as a REIT.

To continue to qualify as a REIT, we must annually satisfy two gross income tests, under which specified percentages of our gross income must be derived from certain sources, such as "rents from real property." Rents paid to us by our TRS lessees pursuant to the leases of our hotels constitute substantially all of our gross income. In order for such rent to qualify as "rents from real property" for purposes of the gross income tests, the leases must be respected as true leases for U.S. federal income tax purposes and not be treated as service contracts, financing arrangements, joint ventures or some other type of arrangement. If our leases are not respected as true leases for U.S. federal income tax purposes, we will fail to qualify as a REIT.

If LQM or any other future third-party hotel managers do not qualify as "eligible independent contractors," or if our hotels are not "qualified lodging facilities," we will fail to qualify as a REIT.

Rent paid by a lessee that is a "related party tenant" of ours will not be qualifying income for purposes of the two gross income tests applicable to REITs. An exception is provided, however, for leases of "qualified lodging facilities" (as defined below) to a TRS so long as the hotels are operated by an "eligible independent contractor" and certain other requirements are satisfied. We lease all but one of our hotels to our TRS lessees and we engage third-party hotel managers (including LQM, which manages all of our hotels) that we believe qualify as "eligible independent contractors." Among other requirements, to qualify as an eligible independent contractor (i) the hotel manager cannot own, actually or constructively, more than 35% of our outstanding shares, and (ii) one or more actual or constructive owners of more than 35% of the hotel manager cannot own 35% or more of our outstanding shares (determined by taking into account only the shares held by persons owning, actually or constructively, more than 5% of our outstanding shares because our shares will be regularly traded on an established securities market and, if the stock of the hotel manager is regularly traded on an established securities market, determined by taking into account only shares held by persons owning, actually or constructively, more than 5% of the publicly traded stock of the hotel manager). The ownership attribution rules that apply for purposes of these 35% thresholds are complex and monitoring actual and constructive ownership of our shares by our hotel managers and their owners may not be practical. Accordingly, there can be no assurance that these ownership levels will not be exceeded, including with respect to LQM.

In addition, for a hotel management company to qualify as an eligible independent contractor, such company or a related person must be actively engaged in the trade or business of operating "qualified lodging facilities" for one or more persons not related to the REIT or its TRSs at each time that such company enters into a hotel management contract with a TRS or its TRS lessee. We believe LQM (or a related person) operated qualified lodging facilities for certain persons who are not related to us or our TRSs as of the consummation of the merger. However, no assurances can be provided that any of our current and future hotel managers will in fact comply with this requirement. Failure to comply with this requirement would require us to find other hotel managers for future contracts, and, if we hired a manager who failed to comply with this requirement without our knowledge, it could jeopardize our status as a REIT.

Finally, each property with respect to which our TRS lessees pay rent must be a "qualified lodging facility." A "qualified lodging facility" is a hotel, motel or other establishment more than one-half of the dwelling units in which are used on a transient basis, including customary amenities and facilities, provided that no wagering activities are conducted at or in connection with such facility by any person who is engaged in the business of accepting wagers and who is legally authorized to engage in such business at or in connection with such facility. As of the date hereof, we believe that the properties that are leased to our TRS lessees are qualified lodging facilities. Although we intend to monitor future acquisitions and improvements of properties, REIT provisions of the Code provide no or only limited guidance for making determinations under the requirements for qualified lodging facilities, and there can be no assurance that these requirements will be satisfied.

Our charter generally does not permit any person to own more than 9.8% of our outstanding common stock or of our outstanding stock, and attempts to acquire our common stock or our stock of all other classes or series in excess of these 9.8% limits would not be effective without an exemption from these limits by our board of directors.

For us to qualify as a REIT under the Code, not more than 50% of the value of our outstanding stock may be owned directly or indirectly, by five or fewer individuals (including certain entities treated as individuals for this purpose) during the last half of a taxable year. In addition, for the rental income we receive on the hotels leased to our TRS lessees and operated by LQM (or another hotel manager) to be qualifying REIT income, LQM (or the other hotel manager) must qualify as an "eligible independent contractor." For LQM (or another hotel manager) to qualify as an "eligible independent contractor," (i) LQM (or another hotel manager) cannot own more than 35% of our stock and (ii) there cannot be 35% or more overlapping ownership between our stock and LQH Parent stock (or the other hotel manager's stock), counting, for this purpose, only persons owning more than 5% of our outstanding stock, provided our stock (or other hotel manager's stock) is regularly traded on an established securities market. For the purpose of preserving our qualification as a REIT for U.S. federal income tax purposes, among other purposes, our charter generally prohibits beneficial or constructive ownership by any person (other than certain existing holders and certain transferees) of more than 9.8%, in value or by number of shares, whichever is more restrictive, of the outstanding shares of our common stock or more than 9.8%, in value of our outstanding shares of stock, which we refer to as the "ownership limit." Our board of directors has granted an exemption from the ownership limit to The Blackstone Group, Inc. and its affiliates (collectively, "Blackstone"). The constructive ownership rules under the Code and our charter are complex and may cause shares of the outstanding common stock or preferred stock owned by a group of related persons to be deemed to be constructively owned by one person. As a result, the acquisition of less than 9.8% of our outstanding common stock or our stock by a person could cause a person to own constructively in excess of 9.8% of our outstanding common stock or our stock, respectively, and thus violate the ownership limit. There can be no assurance that our board of directors, as permitted in the charter, will not increase or decrease the ownership limit in the future. Any attempt to own or transfer shares of our common stock or preferred stock in excess of the ownership limit without the consent of our board of directors will result either in the shares in excess of the limit being transferred by operation of the charter to a charitable trust, and the person who attempted to acquire such excess shares will not have any rights in such excess shares, or in the transfer being void.

The ownership limit may have the effect of precluding a change in control of us by a third party, even if such change in control would be in the best interests of our stockholders or would result in receipt of a premium to the price of our common stock (and even if such change in control would not reasonably jeopardize our REIT status). The exemptions to the ownership limit granted to date may limit our board of directors' power to increase the ownership limit or grant further exemptions in the future.

Dividends payable by REITs do not qualify for the reduced tax rates available for some dividends.

Under current law, the maximum U.S. federal income tax rate applicable to qualified dividend income payable to certain non-corporate U.S. stockholders is 23.8% (taking into account the 3.8% Medicare tax applicable to net investment income). Dividends payable by REITs, however, generally are not qualified dividends. This does not adversely affect the taxation of REITs; however, the more favorable rates applicable to regular corporate qualified dividends could cause certain non-corporate investors to perceive investments in REITs to be relatively less attractive than investments in the stocks of non-REIT corporations that pay dividends, which could adversely affect the value of the shares of REITs, including our common stock. However, commencing with taxable years beginning on or after January 1, 2018 and continuing through 2025, individual taxpayers may be entitled to claim a deduction in determining their taxable income of 20% of ordinary REIT dividends (dividends other than capital gain dividends and dividends attributable to certain qualified dividend income received by us), which temporarily reduces the effective tax rate on such dividends.

We may be subject to adverse legislative or regulatory tax changes that could increase our tax liability, reduce our operating flexibility and reduce the price of our common stock.

The rules dealing with U.S. federal income taxation are constantly under review by persons involved in the legislative process and by the IRS and the U.S. Department of the Treasury (the "Treasury"). In recent years, numerous legislative, judicial and administrative changes have been made to the provisions of U.S. federal income tax laws applicable to investments similar to an investment in shares of our common stock. Additional changes to the tax laws are likely to continue to occur. Although REITs generally receive certain tax advantages compared to entities taxed as C corporations, it is possible that future legislation would result in a REIT having fewer tax advantages, and it could become more advantageous for a company that invests in real estate to elect to be treated for U.S. federal income tax purposes as a corporation. As a result, our charter provides our board of directors with the power, under certain circumstances, to revoke or otherwise terminate our REIT election and cause us to be taxed as a C corporation, without the approval of our stockholders.

Risks Related to Ownership of Our Common Stock

The interests of certain of our stockholders may conflict with ours or yours in the future.

Blackstone beneficially owned approximately 30% of our common stock as of December 31, 2019. Under the stockholders' agreement we entered into with Blackstone, we agreed to nominate to our board individuals designated by Blackstone, whom we refer to as the "Blackstone Directors," according to the following scale: (1) if Blackstone continues to beneficially own at least 30% of our common stock, the lowest whole number that is greater than 30% of the total number of directors comprising our board of directors; (2) if Blackstone continues to beneficially own at least 20% (but less than 30%) of our common stock, the lowest whole number that is greater than 20% of the total number of directors comprising our board of directors; and (3) if Blackstone continues to beneficially own at least 5% (but less than 20%) of our common stock, the lowest whole number that is greater than 10% of the total number of directors comprising our board of directors. For so long as the stockholders' agreement remains in effect, Blackstone Directors may be removed only with the consent of Blackstone. In the case of a vacancy on our board created by the removal or resignation of a Blackstone Director, the stockholders' agreement requires us to nominate an individual designated by Blackstone for election to fill the vacancy. Two members of our board of directors are Blackstone employees. Accordingly, for so long as Blackstone retains significant ownership of us, Blackstone will have significant influence with respect to our management, business plans and policies, including the appointment and removal of our officers. For example, for so long as Blackstone continues to own a significant percentage of our stock, Blackstone may be able to influence whether or not a change of control of our company or a change in the composition of our board of directors occurs and could preclude any unsolicited acquisition of our company. The concentration of ownership could deprive you of an opportunity to receive a premium for your shares of common stock as part of a sale of our company and ultimately might affect the market price of our common stock. In addition, Blackstone may be engaged from time to time in discussions relating to dispositions of its holdings of our common stock, including sale of a significant percentage to a single buyer. If such significant sale were to occur, the buyer could have influence over the management of our company, including through board representation. The cost of registering Blackstone's beneficially owned common stock is our expense. During 2019, we incurred $1 million in such costs.

Blackstone engages in a broad spectrum of activities, including investments in real estate generally and in the hospitality industry in particular. In the ordinary course of their business activities, Blackstone may engage in activities where their interests conflict with our interests or those of our stockholders. For example, Blackstone owns interests in G6 Hospitality, LLC and Blackstone owns certain other investments in the hotel and lodging industries and may pursue ventures that compete directly or indirectly with us. Moreover, Blackstone may directly and indirectly own interests in other third-party hotel management companies and franchisors with whom we may engage in the future, may compete with us for investment opportunities and may enter into other transactions with us, including hotel development projects, that could result in their having interests that could conflict with ours. Our charter also provides that, to the maximum extent permitted from time to time by Maryland law, in the event that Blackstone or any non-employee director or any of his or her affiliates, acquires knowledge of a potential transaction or other business opportunity, such person will have no duty to communicate or offer such transaction or business opportunity to us or any of our affiliates and may take any such opportunity for himself or herself or offer it to another person or entity unless the business opportunity is expressly offered to such person in his or her capacity as our director. Blackstone also may pursue acquisition opportunities that may be complementary to our business, and, as a result, those acquisition opportunities may be unavailable to us. In addition, Blackstone may have an interest in pursuing acquisitions, divestitures and other transactions that, in its judgment, could enhance its investments in the Company, even though such transactions might involve risks to you.

Our charter contains a provision that expressly permits Blackstone, our non-employee directors and their affiliates, to compete with us.

Blackstone may compete with us for investments in properties and for customers. There is no assurance that any conflicts of interest created by such competition will be resolved in our favor. Moreover, Blackstone is in the business of making investments in companies and acquires and holds interests in businesses that compete directly or indirectly with us. Our charter provides that, to the maximum extent permitted from time to time by Maryland law, we renounce any interest or expectancy that we have in, or any right to be offered an opportunity to participate in, any business opportunities that are from time to time presented to or developed by our directors or their affiliates, other than to those directors who are employed by us or our subsidiaries, unless the business opportunity is expressly offered or made known to such person in his or her capacity as our director, and none of Blackstone, or any director who is not employed by us or any of his or her affiliates, will have any duty to refrain from engaging, directly or indirectly, in the same business activities or similar business activities or lines of business in which we or our affiliates engage or propose to engage or to refrain from otherwise competing with us or our affiliates. Blackstone also may pursue acquisition opportunities that may be complementary to our business, and, as a result, those acquisition opportunities may not be available to us. Our charter provides that, to the maximum extent permitted from time to time by Maryland law, Blackstone and each of our non-employee directors (including those designated by Blackstone), and any of their affiliates, may:

- acquire, hold and dispose of shares of our stock or other equity interests, including units of partnership interest in CorePoint Operating Partnership L.P. ("CorePoint OP") a wholly owned subsidiary of CorePoint Parent, for his, her or its own account or for the account of others, and exercise all of the rights of a stockholder of us or a limited partner of CorePoint OP, to the same extent and in the same manner as if he, she or it were not our director or stockholder; and

- in his, her or its personal capacity or in his, her or its capacity, as applicable, as a director, officer, trustee, stockholder, partner, member, equity owner, manager, advisor or employee of any other person, have business interests and engage, directly or indirectly, in business activities that are similar to ours or compete with us, that involve a business opportunity that we could seize and develop or that include the acquisition, syndication, holding, management, development, operation or disposition of interests in mortgages, real property or persons engaged in the real estate business.

Our charter also provides that, to the maximum extent permitted from time to time by Maryland law, in the event that Blackstone, any non-employee director, or any of their respective affiliates, acquires knowledge of a potential transaction or other business opportunity, such person will have no duty to communicate or offer such transaction or business opportunity to us or any of our affiliates and may take any such opportunity for itself, himself or herself or offer it to another person or entity unless the business opportunity is expressly offered to such person in his or her capacity as our director.

These provisions may limit our ability to pursue business or investment opportunities that we might otherwise have had the opportunity to pursue, which could have an adverse effect on our financial condition, our results of operations, our cash flow, the per share trading price of our common stock and our ability to satisfy our debt service obligations and to pay dividends to our stockholders.

Our rights and the rights of our stockholders to take action against our directors and officers are limited.

Our charter eliminates the liability of our directors and officers to us and our stockholders for money damages to the maximum extent permitted under Maryland law. Under current Maryland law and our charter, our directors and officers will not have any liability to us or our stockholders for money damages other than liability resulting from:

- actual receipt of an improper benefit or profit in money, property or services; or

- active and deliberate dishonesty by the director or officer that was established by a final judgment and is material to the cause of action adjudicated.

Our charter authorizes us and our bylaws obligate us to indemnify each of our directors or officers who is or is threatened to be made a party to or witness in a proceeding by reason of his or her service in those or certain other capacities, to the maximum extent permitted by Maryland law, from and against any claim or liability to which such person may become subject or which such person may incur by reason of his or her status as a present or former director or officer of us or serving in such other capacities. In addition, we may be obligated to pay or reimburse the expenses incurred by our present and former directors and officers without requiring a preliminary determination of their ultimate entitlement to indemnification. As a result, we and our stockholders may have more limited rights to recover money damages from our directors and officers than might otherwise exist absent these provisions in our charter and bylaws or that might exist with other companies, which could limit your recourse in the event of actions that are not in our best interests.

Our bylaws designate the Circuit Court for Baltimore City, Maryland as the exclusive forum for certain actions and proceedings that may be initiated by our stockholders against us or any of our directors, officers or other employees.

Our bylaws provide that, unless we consent in writing to the selection of an alternative forum, the Circuit Court for Baltimore City, Maryland, or, if that court does not have jurisdiction, the U.S. District Court for the District of Maryland, Baltimore Division, is be the sole and exclusive forum for (a) any derivative action or proceeding brought on our behalf, (b) any action asserting a claim of breach of any duty owed by any of our directors, officers or other employees to us or to our stockholders, (c) any action asserting a claim against us or any of our directors, officers or other employees arising pursuant to any provision of the Maryland General Corporation Law (the "MGCL") or our charter or bylaws or (d) any action asserting a claim against us or any of our directors, officers or other employees that is governed by the internal affairs doctrine. Any person or entity purchasing or otherwise acquiring any interest in shares of our stock will be deemed to have notice of and consented to the provisions of our charter and bylaws, including the exclusive forum provisions in our bylaws. This choice of forum provisions may limit a stockholder's ability to bring a claim in a judicial forum that the stockholder believes is favorable for such disputes and may discourage lawsuits against us and any of our directors, officers or other employees. We believe that requiring these claims to be filed in a single court in Maryland is advisable because (i) litigating these claims in a single court avoids unnecessarily redundant, inconvenient, costly and time-consuming litigation in multiple forums and (ii) Maryland courts are authoritative on matters of Maryland law and Maryland judges have more experience in dealing with issues of Maryland corporate law than judges in any other state.

Our board of directors may change significant corporate policies without stockholder approval.

Our investment, financing, borrowing and dividend policies and our policies with respect to all other activities, including growth, debt, capitalization and operations, will be determined by our board of directors. These policies may be amended or revised at any time and from time to time at the discretion of our board of directors without a vote of our stockholders. Our charter also provides that our board of directors may revoke or otherwise terminate our expected REIT election without approval of our stockholders, if it determines that it is no longer in our best interests to continue to qualify, as a REIT. In addition, our board of directors may change our policies with respect to conflicts of interest provided that such changes are consistent with applicable legal requirements. A change in these policies or the termination of our REIT election could have an adverse effect on our financial condition, our results of operations, our cash flow, the per share trading price of our common stock and our ability to satisfy our debt service obligations and to pay dividends to our stockholders.

Certain provisions in our organizational documents might discourage or delay acquisition attempts for us that you might consider favorable.

Our charter and bylaws contain provisions that may make a merger or acquisition of our company more difficult without the approval of our board of directors. Among other things:

- the restrictions on ownership and transfer of our stock in our charter generally prevent any person from acquiring more than 9.8% (in value or by number of shares, whichever is more restrictive) of our outstanding common stock or more than 9.8% in value of our outstanding stock without the approval of our board of directors;

- although we do not have a stockholder rights plan, and would either submit any such plan to stockholders for ratification or cause such plan to expire within a year, these provisions would allow us to authorize the issuance, or increase the number of authorized shares, of common or preferred stock in connection with a stockholder rights plan or otherwise, the terms of which may be established and the shares of which may be issued without stockholder approval, and which may include super voting, special approval, dividend, or other rights or preferences superior to the rights of the holders of common stock;

- these provisions provide that our board of directors is expressly authorized to make, alter or repeal our bylaws (except for provisions related to the "business combination" and "control share" provisions of the MGCL, which, in each case, require the approval of the affirmative vote of a majority of the votes cast on the matter by stockholders entitled to vote generally in the election of directors) and that our stockholders may only amend our bylaws with the approval of 80% or more of all of the outstanding shares of our stock entitled to vote; and

- these provisions establish advance notice requirements for nominations for elections to our board or for proposing matters that can be acted upon by stockholders at stockholder meetings.

These takeover defense provisions could discourage, delay or prevent a transaction involving a change in control of our company, including actions that our stockholders may deem advantageous, or negatively affect the trading price of our common stock. These provisions could also discourage proxy contests and make it more difficult for you and other stockholders to elect directors of your choosing and to cause us to take other corporate actions you desire.

Provisions of Maryland law may limit the ability of a third party to acquire control of us by requiring our board of directors or stockholders to approve proposals to acquire our company or effect a change in control.

Certain provisions of the MGCL may have the effect of inhibiting a third party from making a proposal to acquire us or of impeding a change in control under circumstances that otherwise could provide our stockholders with the opportunity to realize a premium over the then-prevailing market price of their shares of common stock, including:

- "business combination" provisions that, subject to certain exceptions and limitations, prohibit certain business combinations between a Maryland corporation and an "interested stockholder" (defined generally as any person who beneficially owns 10% or more of the voting power of our outstanding voting stock or an affiliate or associate of ours who, at any time within the two-year period immediately prior to the date in question, was the beneficial owner of 10% or more of the voting power of our then outstanding shares of stock) or an affiliate of any interested stockholder for five years after the most recent date on which the stockholder becomes an interested stockholder, and thereafter imposes two super-majority stockholder voting requirements on these combinations, unless, among other conditions, our common stockholders receive a minimum price, as defined in the MGCL, for their shares and the consideration is received in cash or in the same form as previously paid by the interested stockholder for its shares of stock; and

- "control share" provisions that provide that, subject to certain exceptions, holders of "control shares" (defined as voting shares that, when aggregated with all other shares controlled by the stockholder, entitle the stockholder to exercise one of three increasing ranges of voting power in electing directors) acquired in a "control share acquisition" (defined as the direct or indirect acquisition of ownership or control of issued and outstanding "control shares") have no voting rights with respect to those shares except to the extent approved by our stockholders by the affirmative vote of at least two-thirds of all the votes entitled to be cast on the matter, excluding shares owned by the acquirer, by our officers or by our employees who are also directors of our company.

By resolution of our board of directors, we have opted out of the business combination provisions of the MGCL and provided that any business combination between us and any other person is exempt from the business combination provisions of the MGCL. In addition, pursuant to a provision in our bylaws, we have opted out of the control share provisions of the MGCL. Provisions of our bylaws prohibit our board of directors from revoking, altering or amending its resolution exempting any business combination from the business combination provisions of the MGCL or amending our bylaws to opt in to the control share provisions of the MGCL, in each case, without the affirmative vote of a majority of the votes cast on the matter by our stockholders entitled to vote generally in the election of directors.

In addition, the "unsolicited takeover" provisions of Title 3, Subtitle 8 of the MGCL permit our board of directors, without stockholder approval and regardless of what is provided in our charter or bylaws, to implement certain takeover defenses, including adopting a classified board or increasing the vote required to remove a director. Such takeover defenses may have the effect of inhibiting a third party from making an acquisition proposal for us or of delaying, deferring or preventing a change in control of us under the circumstances that otherwise could provide our common stockholders with the opportunity to realize a premium over the then- current market price. Our charter provides that, without the affirmative vote of a majority of the votes cast on the matter by our stockholders entitled to vote generally in the election of directors, we may not elect to be subject to certain provisions of Subtitle 8, including the provisions relating to adopting a classified board or increasing the vote required to remove a director.

The per share trading price and trading volume of our common stock has been and may in the future be volatile.

The per share trading price of our common stock has been and may be volatile. During 2019, the per share trading price of our common stock fluctuated from a low of $7.25 to a high of $14.93. In addition, the trading volume in our common stock may fluctuate and cause significant price variations to occur. If the per share trading price of our common stock declines significantly, you may be unable to resell your shares at or above the purchase price. We cannot assure you that the per share trading price of our common stock will not fluctuate or decline significantly in the future. The market price of our common stock may fluctuate significantly, depending upon many factors, some of which may be beyond our control, including, but not limited to:

- a shift in our investor base;

- our quarterly or annual earnings, or those of comparable companies;

- actual or anticipated fluctuations in our operating results;

- our ability to obtain financing as needed;

- changes in laws and regulations affecting our business;

- changes in accounting standards, policies, guidance, interpretations or principles;
- announcements by us or our competitors of significant investments, acquisitions or dispositions;
- the failure of securities analysts to cover our common stock;
- changes in earnings estimates by securities analysts or our ability to meet those estimates;
- the operating performance and stock price of comparable companies;
- overall market fluctuations;
- a decline in the real estate markets; and
- general economic conditions and other external factors.

Moreover, securities markets worldwide are currently experiencing significant price and volume fluctuations. This market volatility, as well as general economic, market or political conditions, could reduce the market price of shares without regard to our operating performance. For example, the trading prices of equity securities issued by REITs historically have been affected by changes in market interest rates. One of the factors that may influence the market price of our common stock is the annual yield from distributions on our common stock as compared to yields on other financial instruments. An increase in market interest rates, or a decrease in our distributions to stockholders, may lead prospective purchasers of shares of our common stock to demand a higher distribution rate or seek alternative investments. As a result, if interest rates rise, it is likely that the market price of our common stock will decrease as market rates on interest-bearing securities increase. In addition, our operating results could be below the expectations of public market analysts and investors, and in response the market price of our shares could decrease significantly. The market value of the equity securities of a REIT is also based upon the market's perception of the REIT's growth potential and its current and potential future cash distributions, whether from operations, sales or refinancings, and is secondarily based upon the real estate market value of the underlying assets. For that reason, our common stock may trade at prices that are higher or lower than our net asset value per share. To the extent we retain operating cash flow for investment purposes, working capital reserves or other purposes, these retained funds, while increasing the value of our underlying assets, may not correspondingly increase the market price of our common stock. Our failure to meet the market's expectations with regard to future earnings and cash distributions likely would adversely affect the market price of our common stock and, in such instances, you may be unable to resell your shares for a profit. Other factors may also influence the price of our stock so long as we are qualified as a REIT.

In the past few years, stock markets have experienced extreme price and volume fluctuations. In the past, following periods of volatility in the overall market price of a company's securities, securities class action litigation has often been instituted against these companies. This litigation, if instituted against us, could result in substantial costs and a diversion of our management's attention and resources.

We are an "emerging growth company," and we cannot be certain if the reduced reporting requirements applicable to emerging growth companies will make our common stock less attractive to investors.

We are an emerging growth company, and, for as long as we continue to be an emerging growth company, we may take advantage of exemptions from various reporting requirements applicable to other public companies but not to emerging growth companies, including, but not limited to, not being required to have our independent registered public accounting firm audit our internal controls over financial reporting under Section 404 of the Sarbanes-Oxley Act of 2002, reduced disclosure obligations regarding executive compensation in our registration statements, periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved. We could be an emerging growth company for up to five years following the completion of the Spin-Off. We will cease to be an emerging growth company upon the earliest of: (i) the end of the fiscal year following the fifth anniversary of the Spin-Off; (ii) the first fiscal year after our annual gross revenues are $1.07 billion or more; (iii) the date on which we have, during the previous three-year period, issued more than $1.0 billion in non-convertible debt securities; or (iv) the date on which we are deemed to be a "large accelerated filer" under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). We cannot predict if investors will find our common stock less attractive because we may rely on these exemptions. If some investors find our common stock less attractive as a result of any choices to reduce future disclosure, there may be a less active trading market for our common stock and our per share trading price of our common stock may be adversely affected and more volatile.

Under the Jumpstart Our Business Startups Act of 2012, or JOBS Act, emerging growth companies can also delay adopting new or revised accounting standards until such time as those standards apply to private companies. We have irrevocably elected not to avail ourselves of this accommodation allowing for delayed adoption of new or revised accounting standards, and, therefore, we will be subject to the same new or revised accounting standards as other public companies that are not emerging growth companies.

Future issuances of common stock or preferred stock by us, and the availability for resale of shares held by Blackstone, may cause the market price of our common stock to decline.

Sales of a substantial number of shares of our common stock in the public market, or the perception that these sales could occur, could substantially decrease the market price of our common stock. Substantially all of the outstanding shares of our common stock are available for resale in the public market. The market price of our common stock could drop significantly if the holders of these shares sell them or are perceived by the market as intending to sell them.

In addition, our charter provides that we may issue up to 1 billion shares of common stock and 50 million shares of preferred stock, $0.01 par value per share. Moreover, under Maryland law and as provided in our charter, our board of directors has the power to amend our charter to increase the aggregate number of shares of stock or the number of shares of stock of any class or series that we are authorized to issue without stockholder approval. Future issuances of shares of our common stock or securities convertible or exchangeable into common stock may dilute the ownership interest of our common stockholders. Because our decision to issue additional equity or convertible or exchangeable securities in any future offering will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing or nature of our future issuances. In addition, we are not required to offer any such securities to existing stockholders on a preemptive basis. Therefore, it may not be possible for existing stockholders to participate in such future issuances, which may dilute the existing stockholders' interests in us.

Pursuant to a registration rights agreement that we entered into with Blackstone in connection with the Spin-Off, we granted Blackstone an unlimited number of "demand" registrations and customary "piggyback" registration rights. In addition, none of the shares outstanding following the Spin-Off, including those held by Blackstone, are "restricted securities" within the meaning of Rule 144 under the Securities Act, and are freely tradable subject to certain restrictions in the case of shares held by persons deemed to be our affiliates. Accordingly, the market price of our stock could decline if Blackstone exercises its registration rights, sells its shares in the open market or otherwise or is perceived by the market as intending to sell them.

In addition, as of December 31, 2019, we had an aggregate of approximately one million shares of common stock issuable upon vesting or exercise of outstanding awards and an aggregate of six million shares of common stock available for future issuance under our 2018 Omnibus Incentive Plan, subject to adjustments as set forth therein. We filed a registration statement on Form S-8 under the Securities Act to register shares of our common stock or securities convertible into or exchangeable for shares of our common stock issued pursuant to our 2018 Omnibus Incentive Plan. Accordingly, shares registered under such registration statement are generally available for sale in the open market.

The cash available for distribution to stockholders may not be sufficient to pay dividends at expected levels, nor can we assure you of our ability to make distributions in the future. We may use borrowed funds to make distributions.

We have elected to be taxed as a REIT, effective May 31, 2018, with the filing of our U.S. federal income tax return for the year ended December 31, 2018. The Code generally requires that a REIT annually distribute at least 90% of its REIT taxable income, determined without regard to the deduction for dividends paid and excluding any net capital gain, and imposes tax on any taxable income retained by a REIT, including capital gains. We anticipate making quarterly distributions to our stockholders. We expect that the cash required to fund our dividends will be covered by cash generated by operations. However, our ability to make distributions to our stockholders will depend upon the performance of our asset portfolio. If our operations do not generate sufficient cash flow to allow us to satisfy the REIT distribution requirements, we may be required to fund distributions from working capital, borrow funds, raise additional equity capital, sell assets or reduce such distributions. If such cash available for distribution decreases in future periods from expected levels, our inability to make the expected distributions could result in a decrease in the market price of our common stock. In addition, our charter allows us to issue preferred stock that could have a preference over our common stock as to distributions All distributions will be made at the sole discretion of our board of directors and will depend on our earnings, our financial condition, maintenance of our REIT qualification and other factors as our board of directors may deem relevant from time to time. We may not be able to make distributions in the future. In addition, some of our distributions may include a return of capital. To the extent that we decide to make distributions in excess of our current and accumulated earnings and profits, such distributions would generally be considered a return of capital for U.S. federal income tax purposes to the extent of the stockholder's adjusted tax basis in their shares. A return of capital is not taxable, but it has the effect of reducing the stockholder's adjusted tax basis in its investment. To the extent that distributions exceed the adjusted tax basis of a stockholder's shares, they will be treated as gain from the sale or exchange of such stock. If we borrow to fund distributions, our future interest costs would increase, thereby reducing our earnings and cash available for distribution from what they otherwise would have been.

The stock ownership limits imposed by the Code for REITs and our charter may restrict stock transfers and/or business combination opportunities, particularly if our management and board of directors do not favor a combination proposal.

In order for us to maintain our qualification as a REIT under the Code, not more than 50% in value of our outstanding stock may be owned, directly or indirectly, by five or fewer individuals (as defined in the Code to include certain entities) at any time during the last half of each taxable year following our first year. Our charter, with certain exceptions, authorizes our board of directors to take the actions that are necessary and desirable to preserve our qualification as a REIT. Unless exempted by our board of directors, no person or entity (other than a person or entity who has been granted an exception) may directly or indirectly, beneficially own, or be deemed to own by virtue of the applicable constructive ownership provisions of the Code, more than 9.8%, in value or by number of shares, whichever is more restrictive, of our outstanding common stock, or more than 9.8% in value of our outstanding stock.

Our board may, in its sole discretion, grant an exemption to the ownership limits, subject to certain conditions and the receipt by our board of certain representations and undertakings. In addition, our board of directors may change the stock ownership limits. Our charter also prohibits any person from: (1) beneficially or constructively owning shares of our stock that would result in our being "closely held" under Section 856(h) of the Code or otherwise cause us to fail to qualify as a REIT (including, but not limited to, as a result of any "eligible independent contractor" that operates a "qualified lodging facility" (as such terms are defined in Section 856(d)(9)(A) and 856(d)(9)(D) of the Code, respectively) on behalf of our TRS lessees failing to qualify as such); (2) transferring stock if such transfer would result in our stock being owned by fewer than 100 persons; (3) beneficially owning shares of our stock to the extent such ownership would result in our failing to qualify as a "domestically controlled qualified investment entity" within the meaning of Section 897(h) of the Code; and (4) beneficially or constructively owning shares of our stock to the extent that such ownership could result in us owning a 10% or greater interest in a tenant (as described in Section 856(d)(2)(B) of the Code), if the income so derived by us from such tenant for our taxable year during which such determination is being made could reasonably be expected to equal or exceed 1% of our gross income. The stock ownership limits contained in our charter key off the ownership at any time by any "person," which term includes entities, and take into account direct and indirect ownership as determined under various ownership attribution rules in the Code. The stock ownership limits also might delay or prevent a transaction or a change in our control that might involve a premium price for our common stock or otherwise be in the best interests of our stockholders.

Our authorized but unissued shares of common stock and shares of preferred stock may prevent a change in our control that might involve a premium price for our common stock or otherwise be in the best interests of our stockholders.

Our charter authorizes us to issue additional authorized but unissued shares of common or preferred stock. In addition, our board of directors may, without stockholder approval, amend our charter to increase the aggregate number of our shares of common stock or the number of shares of any class or series of preferred stock that we have authority to issue and classify or reclassify any unissued shares of common stock or preferred stock and set the preferences, rights and other terms of the classified or reclassified stock. As a result, our board of directors may establish a series of common stock or preferred stock that could delay or prevent a transaction or a change in our control that might involve a premium price for our common stock or otherwise be in the best interests of our stockholders.

We will be required to disclose in our periodic reports filed with the SEC specified activities engaged in by our "affiliates."

In August 2012, Congress enacted the Iran Threat Reduction and Syria Human Rights Act of 2012 ("ITRSHRA"), which expands the scope of U.S. sanctions against Iran and Syria. More specifically, Section 219 of the ITRSHRA amended the Exchange Act to require companies subject to SEC reporting obligations under Section 13 of the Exchange Act to disclose in their periodic reports specified dealings or transactions involving Iran or other individuals and entities targeted by certain OFAC sanctions engaged in by the reporting company or any of its affiliates. These companies are required to separately file with the SEC a notice that such activities have been disclosed in the relevant periodic report, and the SEC is required to post this notice of disclosure on its website and send the report to the U.S. President and certain U.S. Congressional committees. The U.S. President thereafter is required to initiate an investigation and, within 180 days of initiating such an investigation with respect to certain disclosed activities, to determine whether sanctions should be imposed. Under ITRSHRA, we will be required to report if we or any of our "affiliates" knowingly engaged in certain specified activities during the period covered by one of our Annual Reports on Form 10-K or Quarterly Reports on Form 10-Q. Because the SEC defines the term "affiliate" broadly, it includes any entity controlled by us as well as any person or entity that controls us or is under common control with us. Because we may be deemed to be a controlled affiliate of Blackstone, affiliates of Blackstone may also be considered our affiliates. Other affiliates of Blackstone have in the past and may in the future be required to make disclosures pursuant to ITRSHRA. Disclosure of such activities by us or our affiliates, even if such activities are not subject to sanctions under applicable law, and any sanctions imposed on us or our affiliates as a result of these activities, could have a negative effect on our results of operations.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

As of December 31, 2019, we owned 271 hotels, representing approximately 35,000 rooms. We own our hotels through wholly owned subsidiaries except for one hotel located in New Orleans, Louisiana, which is owned by a joint venture in which we own a controlling interest. Generally, our hotels include the land, related easements and rights, buildings, improvements, furniture, fixtures and equipment. As of December 31, 2019, we have 16 hotels located on land leased by us pursuant to ground leases with third parties.

Our Hotels

Our hotels, totaled by state, as of December 31, 2019 are as follows:

State	Hotels	Number of Rooms
Texas	58	8,024
Florida	45	5,467
California	21	3,128
Colorado	14	1,770
Arizona	11	1,421
Wisconsin	10	969
North Carolina	9	1,180
Georgia	9	1,099
Louisiana	8	1,135
New Mexico	8	914
Illinois	6	844
Ohio	6	640
Tennessee	5	624
South Carolina	4	575
New York	4	504
Utah	4	467
Nevada	3	509
Washington	3	419
Massachusetts	3	415
Connecticut	3	411
Maryland	3	358
Missouri	3	327
Michigan	3	301
Minnesota	2	420
New Jersey	2	407
Virginia	2	265
Alabama	2	259
Pennsylvania	2	239
Oklahoma	2	236
Indiana	2	223
Nebraska	2	221
Arkansas	2	199
Vermont	2	185
Kentucky	1	129
Rhode Island	1	115
Kansas	1	106
Wyoming	1	105
Iowa	1	102
Mississippi	1	101
Maine	1	100
New Hampshire	1	100
Total	271	35,013

For further information regarding our hotels, see “Item 1. Business—Our Properties.” Our financing strategy includes obtaining financing that is substantially secured by our real estate investments. For the amount of encumbrances for each of our hotels as of December 31, 2019, see “Part II – Item 8. Schedule III – Real Estate and Accumulated Depreciation” to our consolidated financial statements included in this Annual Report on Form 10-K.

Corporate Headquarters

Our corporate headquarters consist of approximately 13,700 square feet of leased space in Irving, Texas. We believe that our current corporate headquarters are in good condition and are sufficient and suitable for the conduct of our business.

Item 3. Legal Proceedings

We are not currently party to, and none of our properties are currently subject to, any material legal proceedings. From time to time, we are a party to various claims and legal proceedings that arise in the ordinary course of business.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

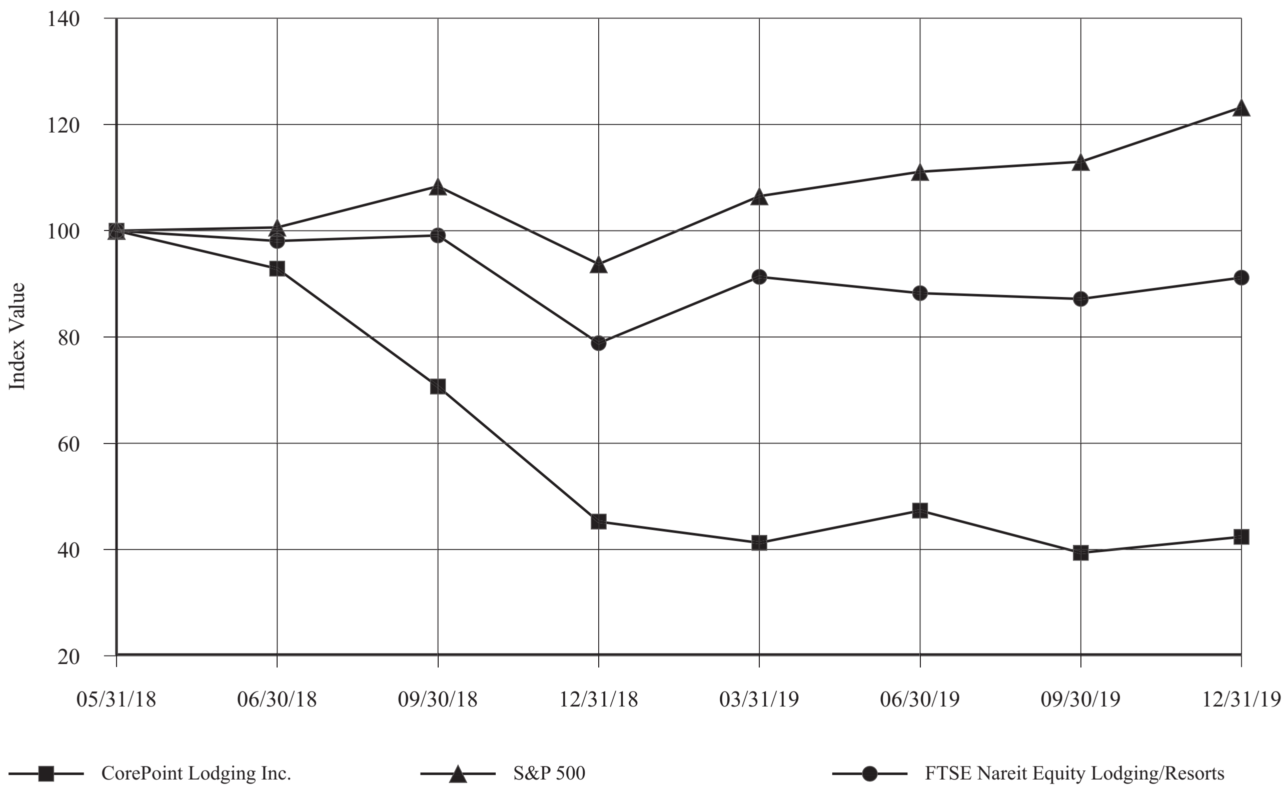
Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market Information

Our common stock is traded on the NYSE under the symbol "CPLG." As of February 28, 2020, there were approximately 140 holders of record of our common stock. This stockholder figure does not include a substantially greater number of holders whose shares are held of record by banks, brokers and other financial institutions.

Share Performance Graph

The following chart compares the cumulative total shareholder return for the shares of common stock with the cumulative shareholder return of companies on the S&P 500 Index and FTSE Nareit Equity Lodging/Resorts Index for the period beginning May 31, 2018 (the date our shares of common stock began trading on the NYSE) and ending December 31, 2019, and assumes an investment of $100 has been made in shares of our common stock and in each index on May 31, 2018, with reinvestment of all distributions. The historical information set forth below is not necessarily indicative of future performance.



	Period Ending							
Index	**5/31/18**	**6/30/18**	**9/30/18**	**12/31/18**	**3/31/19**	**6/30/19**	**9/30/19**	**12/31/19**
CorePoint Lodging Inc.	$ 100.00	$ 92.86	$ 70.68	$ 45.25	$ 41.26	$ 47.32	$ 39.38	$ 42.39
S&P 500	$ 100.00	$ 100.62	$ 108.37	$ 93.72	$ 106.51	$ 111.10	$ 112.98	$ 123.23
FTSE Nareit Equity Lodging/Resorts	$ 100.00	$ 98.07	$ 99.11	$ 78.84	$ 91.31	$ 88.25	$ 87.16	$ 91.17

Annual Report

Dividends

We currently intend to distribute each year substantially all of our taxable income, including capital gains (which does not necessarily equal net income as calculated in accordance with accounting principles generally accepted in the United States of America ("GAAP")), to our stockholders so as to comply with the REIT provisions of the Code. Our dividend policy remains subject to revision at the discretion of our board of directors. All distributions will be made at the discretion of our board of directors and will depend upon, among other things, our actual results of operations and liquidity. Of the amounts distributed by us in 2019, 100% represented a return of capital. Of the amounts distributed by us in 2018, 50% represented a return of capital and 50% represented ordinary income. These results and our ability to pay distributions will be affected by various factors, including our taxable income, our desire to minimize our income tax liability, our financial condition, our maintenance of REIT status, applicable law, and other factors as our board of directors deems relevant.

Issuer Purchases of Equity Securities

The following table sets forth information with respect to shares of our common stock we purchased for the quarter ended December 31, 2019:

Period	Total Number of Shares Purchased (1)	Average Price Paid per Share (2)	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (3)	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (3)
October 1 through October 31, 2019	707	$ 10.02	—	$ 21,060,769
November 1 through November 30, 2019	4,789	10.08	—	$ 21,060,769
December 1 through December 31, 2019	115,257	10.49	—	$ 21,060,769
Total	120,753	$ 10.47	—	

(1) Reflects shares purchased to satisfy tax withholding obligations incurred upon the vesting of restricted stock under our 2018 Omnibus Incentive Plan. There were no shares purchased under our share repurchase program during the quarter ended December 31, 2019.

(2) The reported price includes per share commissions paid.

(3) On March 21, 2019, our board of directors authorized a $50 million share repurchase program. We may purchase shares of common stock in the open market, in privately negotiated transactions or in such other manner as determined by us, including through repurchase plans complying with the rules and regulations of the SEC. The share repurchase program does not obligate us to repurchase any dollar amount or number of shares of common stock and the program may be suspended or discontinued at any time.

Recent Sales of Unregistered Securities

During the year ended December 31, 2019, we did not sell any equity securities that were not registered under the Securities Act.

Item 6. Selected Financial Data

The following data should be read in conjunction with our audited consolidated financial statements and notes thereto and "Management's Discussion and Analysis of Financial Condition and Results of Operations" appearing elsewhere in this Annual Report on Form 10-K. The selected historical financial data presented below has been derived from our audited consolidated financial statements (in millions, except per share amounts):

	For the Year Ended December 31,			
	2019	2018	2017	2016
Selected Consolidated Operations Data:				
Total revenues	$ 812	$ 862	$ 836	$ 871
Management and royalty fees	(80)	(52)	—	—
Impairment loss	(141)	(154)	(1)	(104)
Gain on sales of real estate	32	—	4	5
Operating income (loss)	(172)	(157)	92	47
Income (loss) from continuing operations, net of tax	(212)	(237)	153	3
Loss from discontinued operations, net of tax	—	(25)	(1)	(4)
Net income (loss)	(212)	(262)	152	(1)
Earnings per share:				
Diluted earnings (loss) from continuing operations	$ (3.71)	$ (4.04)	$ 2.62	$ 0.04
Diluted loss from discontinued operations	—	(0.43)	(0.02)	(0.06)
Diluted earnings (loss) per share	$ (3.71)	$ (4.47)	$ 2.60	$ (0.02)
Cash dividends declared to common stockholders	$ 0.80	$ 0.467	$ —	$ —

	As of December 31,		
	2019	2018	2017
Selected Consolidated Balance Sheet Data:			
Cash and cash equivalents	$ 101	$ 68	$ 141
Total real estate, net	1,911	2,300	2,458
Total assets	2,109	2,455	2,953
Debt, net	915	1,014	992
Mandatorily redeemable preferred shares	15	15	—
Total liabilities	1,072	1,158	2,125
Total equity	1,037	1,297	828

Effective with the closing of the Spin-Off on May 30, 2018, the results of operations related to the pre-spin hotel franchise and hotel management business are reported as discontinued operations for 2018 and prior periods. We also entered into certain agreements with our franchisor and manager effective May 30, 2018 that are only included in our results of operations for a portion of 2018. Historical results are not necessarily indicative of the results expected for any future period.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis is intended to help provide an understanding of our business and results of operations and should be read in conjunction with the accompanying consolidated financial statements and the notes thereto. This discussion and analysis deals with comparisons of material changes in the consolidated financial statements for the years ended December 31, 2019 and 2018. For a discussion and analysis of our financial condition and results of operations for the year ended December 31, 2017, see the Management's Discussion and Analysis of Financial Condition and Results of Operations in Part II, Item 7 of our Annual Report on Form 10-K for the year ended December 31, 2018, filed with the Securities and Exchange Commission on March 22, 2019 which specific discussion is incorporated herein by reference.

Overview

CorePoint is a leading owner in the midscale and upper midscale select service hotel segments, all under the La Quinta brand. Our portfolio, as of December 31, 2019, consisted of 271 hotels representing approximately 35,000 rooms across 41 states in locations in or near employment centers, airports, and major travel thoroughfares. All but one of our hotels is wholly owned. We primarily derive our revenues from our hotel operations.

Wyndham Transition and Integration

In connection with the agreements entered into with subsidiaries of La Quinta Holdings Inc. ("LQH Parent" and, together with its consolidated subsidiaries, "LQH"), our hotels became a part of the management and franchise platforms of Wyndham. This related transition and integration, which is ongoing, includes:

- transitioning to Wyndham's distribution network, including Wyndham.com, contact centers and loyalty platform;
- technology and system integrations for property management, reservation systems and revenue management; and
- gross margin initiatives related to operating expenses and other service delivery management.

We are in regular communication with Wyndham and are actively monitoring their progress in transitioning and integrating our hotels to their platform, much of which LQM completed during the second quarter of 2019. As part of these platform initiatives, modifications were made to the revenue management software and tools, the call center customer interface technology and the administration of corporate and group bookings. We believe these modifications, and other problems relating to implementation of the transition of our hotels to their platform, contributed to lower occupancy and rental rates and consequently adversely affected our business. In addition, we were not always receiving timely and adequate books of account and other accounting records as required by the management agreements.

As a result, on July 30, 2019 and August 14, 2019, we gave notice to LQM that we believed there were several events of default under the management agreements relating to all of our wholly owned properties. On October 18, 2019, the Company and CorePoint TRS L.L.C. ("CorePoint TRS"), an indirect subsidiary of the Company, on the one hand, and LQM, LQ Franchising and Wyndham Hotel Group, LLC ("Wyndham Hotel" and, collectively with the Company, CorePoint TRS, LQ Franchising and LQM, the "Parties"), on the other hand, entered into a settlement agreement relating to (a) the management, franchising, operation and sales of the Company's portfolio of hotels pursuant to the (1) Management Agreements between CorePoint TRS and Manager, dated May 30, 2018 ("Management Agreements"), and (2) Franchise Agreements between CorePoint TRS and Franchisor, dated May 30, 2018 ("Franchise Agreements"), and (b) the Tax Matters Agreement, dated as of May 30, 2018, by and between LQH Parent and the Company (the "Tax Matters Agreement") (the "Wyndham Settlement").

Pursuant to the Wyndham Settlement, with respect to certain revenue management matters:

- LQM agreed to develop, install and implement at its expense a fully functional enhanced dynamic best available rate-setting tool providing functionality at least reasonably equivalent to the legacy rate-setting tool used for the Company's hotels (the "DBAR Replacement Tool"); the fully functional implementation is to be accomplished by December 31, 2020, subject to certain extensions;
- LQM agreed to deploy at its expense an enhanced direct billing system for corporate group clients at least reasonably equivalent to the legacy direct billing system used for the Company's hotels; the fully functional implementation of such direct billing system is to be made by June 30, 2020, subject to certain extensions; and
- LQM agreed to deploy at its expense certain enhanced legacy booking tools used for the Company's hotels.

The implementations and deployments are underway and on schedule. As of the date of this filing, we are unable to assess the effectiveness of the tools and systems on our future operations.

With respect to certain financial reporting and accounting matters, the Wyndham Settlement amends the Parties' respective obligations concerning financial deliverables within specified time frames. In addition, LQM agreed to provide, at its sole cost and expense, an annual System and Organization Control Report prepared by a "Big Four" accounting firm or other firm mutually agreed upon by the Parties by no later than February 1, 2021 and February 1 of each year thereafter.

Wyndham also agreed to pay $20 million to resolve all actual and potential claims between the Parties, including but not limited to our alleged loss of revenue. Wyndham paid $11 million during 2019, with the remainder to be made in cash payments over time and satisfied in full by June 30, 2021. The full $20 million was recorded to income in 2019. As of the date of this filing, Wyndham has made aggregate payments of $13 million.

Pursuant to the Wyndham Settlement, the Parties amended the Franchise Agreements to limit the criteria for LQ Franchising's approval of asset sales, including the adoption of certain objective criteria with respect to liquidity, net worth and operating experience of the proposed buyer. As discussed in "Part I-Item. 1 Business," this amendment was a significant factor in the development of our hotel disposition strategy.

In addition, Wyndham made a cash payment to us of $17 million in connection with the Tax Matters Agreement. As the payment related to income tax attributable to the Spin-Off, the transaction was recorded to equity in 2019 and not as a component of our 2019 income.

Pursuant to the Wyndham Settlement, the Company and CorePoint TRS agreed to a release of all claims against LQM, LQ Franchising, Wyndham Hotel or any of their affiliates arising out of or relating to (a) any alleged violation or breach of the Management Agreements, the Franchise Agreements, and specified provisions of the Tax Matters Agreement or any other agreements between the Parties, up to and including the date of the Wyndham Settlement, (b) the transition to the Wyndham platform in the second quarter of 2019 and (c) once the Company has given its final approval of the DBAR Replacement Tool, the development, installation, implementation, or operation of the DBAR Replacement Tool. Wyndham Hotel, LQM and LQ Franchising agreed to a release of all claims against the Company and CorePoint TRS or any of their affiliates arising out of or relating to any violation or breach of the Management Agreements, the Franchise Agreements, and specified provisions of the Tax Matters Agreement or any other agreements between the Parties, up to and including the date of the Wyndham Settlement.

Non-Core Hotel Disposition Strategy

In 2019, after the finalization of the Wyndham Settlement, our strategy has primarily focused on opportunities to dispose of our lower performing hotels, identifying as of December 31, 2019, 166 non-core hotels. These hotels are generally older and have lower RevPAR and higher capital expenditure requirements. We will seek to sell those assets generally over the next two years. There can be no assurance as to the timing of any future sales, whether any approvals required under applicable franchise agreements will be obtained or upon what terms, whether such sales will be completed at all, or, if completed, their effect on our future results.

During 2019, we sold 42 operating hotels, for gross consideration of $173 million and two non-operating hotels for gross consideration of $4 million. Subsequent to December 31, 2019, an additional 17 operating hotels were sold, for gross consideration of $74 million. As these hotels were among our lowest performing hotels, we believe these dispositions will positively impact portfolio RevPAR and gross margin. Further, as the net sales proceeds were substantially used to retire portions of our existing debt, these dispositions will reduce interest expense. We expect to also benefit from no longer incurring capital expenditures for the disposed hotels, increasing the availability of liquidity for other uses. See "Part I-Item 1A. Risk Factors - Risks Related to Our Business and Industry - We face various risk posed by our disposition activities as well as our acquisition, redevelopment, repositioning, renovation and re-branding activities."

Certain historical information related to the 42 operating hotels sold during 2019 is presented in the table below (amounts in millions, except for RevPAR):

	Amount [1]	Sales Metrics [1]
Revenues [2]	$ 70.2	2.5x
RevPAR [3]	$ 37.06	N/A
Hotel Adjusted EBITDAre [4]	$ 5.4	31.8x
FFO [5]	$ 0.1	0.1%
Capital expenditures [6]	$ 4.9	N/A
Gain on sales of real estate	$ 31.5	N/A

(1) Hotel Adjusted EBITDAre and FFO are non-GAAP financial measures. See "Non-GAAP Financial Measures" below for definitions and limitations of these terms. The related "Sales Metrics," which are common in the lodging industry in evaluating dispositions, as further defined below, are referred to as the revenue multiple, EBITDAre multiple and FFO yield. Amounts presented are the aggregated amounts and for Sales Metrics are based on a weighted average for each category using unrounded dollar amounts.

(2) Revenues represent the revenues for the trailing twelve-month period from the calendar quarter end date preceding the particular hotel's disposition. The Sales Metric referred to as the revenue multiple is calculated as the gross sales price divided by such revenues. Closing costs and other costs due from the sale have averaged approximately 10% of the gross sales price.

(3) RevPAR represents the weighted average RevPAR for the trailing twelve-month period. Our weighted average Comparable Hotel RevPAR for the year ended December 31, 2019 is $58.75.

(4) Hotel Adjusted EBITDAre represents Hotel Adjusted EBITDAre for the trailing twelve-month period from the calendar quarter end date preceding the particular hotel's disposition. The Sales Metric referred to as the Hotel Adjusted EBITDAre multiple is calculated as gross sales price divided by such calculated Hotel Adjusted EBITDAre.

(5) FFO represents the FFO for the trailing twelve-month period from the calendar quarter end date preceding the particular hotel's disposition. The FFO amount includes the related annualized interest expense based on the actual debt principal paid down for each hotel sale using the December 31, 2019 interest rate of 4.51%. The FFO amount includes only directly associated hotel expenses and does not include any allocated general and administrative or other corporate expenses. The Sales Metric referred to as FFO yield is calculated as such calculated FFO divided by the gross sales price less the actual debt principal paid down.

(6) Capital expenditures represent capital expenditures for the trailing twelve-month period from the calendar quarter end date preceding the particular hotel's disposition.

Hotel Capital Investment

During 2019, we invested approximately $74 million in capital investments in our hotels. Approximately $10 million related to repositioning expenditures which were a part of our 54-hotel renovation program started in 2016 and completed in 2019. In addition, approximately $20 million related to hurricane restoration costs from recent storms and other casualties. We anticipate an additional $14 million during 2020 for the completion of the hurricane repair work. We expect a substantial portion of these costs to be reimbursed by insurance. Compared to 2018, during 2019, the properties impacted by the renovation program and hurricanes experienced an approximate increase in occupancy of 136 basis points and an approximate increase in RevPAR of 0.4%. The remaining capital investments during 2019 related to recurring maintenance and upgrade capital expenditures to our hotel properties. These represent approximately 5% of 2019 revenues.

We generally expect these capital expenditures to fall within a range of 5% to 10% of annual revenues, with quarterly variances due to seasonality of revenues and timing of capital expenditures. To the extent we are able to complete the dispositions of other hotels, we anticipate that our total recurring maintenance and upgrade capital expenditures will decline on an absolute basis.

We currently anticipate funding these capital investments from cash flows from operating activities, insurance proceeds, hotel sales, proceeds from the Wyndham Settlement and other potential sources.

Segment Reporting

Our hotel investments have similar economic characteristics and our service offerings and delivery of services are provided in a similar manner, using the same types of facilities and similar technologies. Our chief operating decision maker reviews our financial information on an aggregated basis. As a result, we have concluded that we have one reportable business segment.

Inflation

We do not believe that inflation had a material effect on our business during the years ended December 31, 2019 and 2018 due to low inflation rates, both nationally and in the primary local markets of our hotels. Although we believe that increases in the rate of inflation will generally result in comparable increases in hotel room rates and operating expenses, severe inflation could contribute to a slowing of the U.S. economy. Such a slowdown could result in a reduction in room rates and occupancy levels, negatively impacting our revenues and net income. Further, to the extent that inflation is correlated with higher interest rates, our borrowing costs on our floating rate debt or new debt placements could be higher.

Other factors that may affect our results of operations

Due to the recent outbreak of coronavirus disease 2019 (COVID-19) reported in many countries worldwide, major companies have begun to cancel conferences and travel plans and require employees to work from home. Local and federal governments have issued travel advisories, canceled large scale public events and closed schools. Beginning in late February 2020, we have experienced lost revenue due to slowdowns in transient travel and reservation bookings. Although group travel does not constitute a material part of our overall revenue mix, we have also noted group and conference cancellations. The impact of coronavirus (COVID-19) on our future results could be significant and will largely depend on future developments, which we cannot accurately predict, including new information which may emerge concerning the severity of coronavirus (COVID-19), the success of actions taken to contain or treat coronavirus (COVID-19), and reactions by consumers, companies, governmental entities and capital markets.

Key components and factors affecting our results of operations

Revenues

Room revenues are primarily derived from room lease rentals at our hotels. We recognize room revenues on a daily basis, based on an agreed-upon daily rate, after the guest has stayed at one of our hotels. Customer incentive discounts, cash rebates, and refunds are recognized as a reduction of room revenues. Occupancy, hotel, and sales taxes collected from customers and remitted to the taxing authorities are excluded from revenues in our consolidated statements of operations.

Principal Components of Revenues

Rooms. These revenues represent room lease rentals at our hotels and account for a substantial majority of our total revenue.

Other revenue. These revenues represent revenue generated by the incidental support of operations at our hotels, including charges to guests for vending commissions, meeting and banquet rooms, and other rental income from operating leases associated with leasing space for restaurants, billboards and cell towers.

Factors Affecting our Revenues

Hotel dispositions. As discussed above, we continue to evaluate dispositions of our non-core hotels. As these hotels are sold, our revenues will decrease. We sold 42 operating hotels during the year ended December 31, 2019, and we sold two operating hotels in 2018. These sold hotels generated revenue of $49 million and $72 million, for the years ended December 31, 2019 and 2018, respectively.

Customer demand. Our customer mix includes both leisure travelers and business travelers. Customer demand for our products and services is closely linked to the performance of the general economy on both a national and regional basis and is sensitive to business and personal discretionary spending levels. Leading indicators of demand include gross domestic product, unemployment rates, wage growth, business spending and the consumer price index. Declines in customer demand due to adverse general economic conditions, reductions in travel patterns, severe weather, lower consumer confidence, outbreaks of pandemic or contagious diseases, and adverse political conditions can lower the revenues and profitability of our hotels. As a result, changes in consumer demand and general business cycles have historically subjected, and could in the future subject, our revenues to significant volatility. See “Item 1A. Risk Factors—Risks Related to Our Business and Industry.”

Supply. New room supply is an important factor that can affect the lodging industry’s performance. Room rates and occupancy, and thus RevPAR, tend to increase when demand growth exceeds supply growth. The addition of new competitive hotels affects the ability of existing hotels to sustain or grow RevPAR, and thus profits.

Age and amenities. Newly constructed or remodeled hotels generally will drive higher room rates and occupancy than older properties with deferred maintenance. Similarly, hotels with greater and more current amenities, which are in demand by lodgers, will also be able to achieve higher room rates and occupancy. The average age of our hotels is approximately 31 years. We have recently completed a renovation and repositioning program for 54 hotels. We will continue to evaluate our hotels for other appropriate improvements, where we can upgrade the hotels and increase our competitiveness in the market.

Expenses

Principal Components of Certain Expenses

Rooms. These expenses include hotel operating expenses of housekeeping, reservation systems (per our franchise agreements), room and breakfast supplies and front desk costs.

Other departmental and support. These expenses include expenses that constitute non-room operating expenses, including parking, telecommunications, on-site administrative labor, sales and marketing, loyalty program, recurring repairs and maintenance and utility expenses.

Property tax, insurance and other. These expenses consist primarily of real and personal property taxes, other local taxes, ground rent, equipment rent and insurance.

Management and royalty fees. Management and royalty fees represent fees paid to third parties and are computed as a percentage of revenues.

Factors Affecting our Costs and Expenses

Variable expenses. Expenses associated with our room expenses are mainly affected by occupancy and correlate closely with their respective revenues. These expenses can increase based on increases in housekeeping salaries, occupancy levels, as well as on the level of service and amenities that are provided. Our management and royalty fees are also primarily driven by our level of gross or room revenues. For the year ended December 31, 2019, management fees represent 5% of total gross revenues and royalty fees represent 5% of our room revenues. We are also subject to other brand and ancillary fees. Further, a large portion of our room revenues is commissions-based and depends on our revenue channel distribution mix. On a comparable hotel basis, for the year ended December 31, 2019, online travel agencies represented approximately 34% of our revenue channel mix.

Fixed expenses. Many of the other expenses associated with our hotels are relatively fixed. These expenses include portions of administrative field staff salaries, rent expense, property taxes, insurance and utilities. Since we generally are unable to decrease these costs significantly or rapidly when demand for our hotels decreases, any resulting decline in our revenues can have a greater adverse effect on our net cash flow, margins and profits. This effect can be especially pronounced during periods of economic contraction or slow economic growth. The effectiveness of any cost-cutting efforts is limited by the amount of fixed costs inherent in our business. As a result, we may not be able to successfully offset revenue reductions through cost cutting. Individuals employed at certain of our hotels are party to collective bargaining agreements with our hotel managers that may also limit the manager's ability to make timely staffing or labor changes in response to declining revenues. In addition, any efforts to reduce costs, or to defer or cancel capital improvements, could adversely affect the economic value of our hotels. We have taken steps to reduce our fixed costs to levels we believe are appropriate to maximize profitability and respond to market conditions without jeopardizing the overall customer experience or the value of our hotels.

Changes in depreciation and amortization expense. Changes in depreciation expense are due to renovations of existing hotels, acquisition or development of new hotels, the disposition of existing hotels through sale or closure or changes in estimates of the useful lives of our assets. As we incur additions to our hotels or place new assets into service, we will be required to recognize additional depreciation expense on those assets. Conversely, impairment losses, which are effectively accelerated depreciation, will reduce future depreciation expenses at these hotels.

Age. As hotels age, maintenance expense tends to increase. These expenses include more frequent and higher costing repairs, higher utility and insurance expenses, increased supplies and higher labor costs. If these costs result in capitalized improvements, depreciation expense could increase over time as discussed above. Renovations and other hotel improvements can mitigate the maintenance expenses of older properties.

For other factors affecting our costs and expenses, see "Item 1A. Risk Factors—Risks Related to Our Business and Industry."

Key indicators of financial condition and operating performance

We use a variety of financial and other information in monitoring the financial condition and operating performance of our business. Some of this information is financial information that is prepared in accordance with GAAP, while other information may be financial in nature and may not be prepared in accordance with GAAP. Our management also uses other information that may not be financial in nature, including statistical information and comparative data that are commonly used within the lodging industry to evaluate hotel financial and operating performance. Our management uses this information to measure the performance of hotel properties and/or our business as a whole. Historical information is periodically compared to budgets, as well as against industry-wide information. We use this information for planning and monitoring our business, as well as in determining management and employee compensation.

Average daily rate ("ADR") represents hotel room revenues divided by total number of rooms rented in a given period. ADR measures the average room price attained by a hotel or group of hotels, and ADR trends provide useful information concerning pricing policies and the nature of the guest base of a hotel or group of hotels. Changes in room rates have an impact on overall revenues and profitability.

Occupancy represents the total number of rooms rented in a given period divided by the total number of rooms available at a hotel or group of hotels. Occupancy measures the utilization of our hotels' available capacity, which may be affected from time to time by our repositioning, property casualties and other activities. Management uses occupancy to gauge demand at a specific hotel or group of hotels in a given period. Occupancy levels also help us determine achievable ADR levels as demand for hotel rooms increases or decreases.

Revenue per available room ("RevPAR") is defined as the product of the ADR charged and the average daily occupancy achieved. RevPAR does not include bad debt expense or other ancillary, non-room revenues, such as food and beverage revenues or parking, telephone or other guest service revenues generated by a hotel, which are not significant for us.

RevPAR changes that are driven predominately by occupancy have different implications for overall revenue levels and incremental hotel operating profit than changes driven predominately by ADR. For example, increases in occupancy at a hotel would lead to increases in room and other revenues, as well as incremental operating costs (including, but not limited to, housekeeping services, utilities and room amenity costs). RevPAR increases due to higher ADR, however, would generally not result in additional operating costs, with the exception of those charged or incurred as a percentage of revenue, such as management and royalty fees, credit card fees and commissions. As a result, changes in RevPAR driven by increases or decreases in ADR generally have a greater effect on operating profitability at our hotels than changes in RevPAR driven by occupancy levels. Due to seasonality in our business, we review RevPAR by comparing current periods to budget and period-over-period.

Comparable Hotels are defined as hotels that were active and operating in our system for at least one full calendar year as of the end of the applicable reporting period and were active and operating as of January 1st of the previous year. Comparable Hotels exclude: (i) hotels that sustained substantial property damage or other business interruption; (ii) hotels that are sold or classified as held for sale; or (iii) hotels in which comparable results are otherwise not available. Management uses Comparable Hotels as the basis upon which to evaluate ADR, occupancy, and RevPAR. Management calculates comparable ADR, Occupancy, and RevPAR using the same set of Comparable Hotels as defined above. Further, we report variances in comparable ADR, occupancy, and RevPAR between periods for the set of Comparable Hotels existing at the reporting date versus the results of the same set of hotels in the prior period. Of the 271 hotels in our portfolio as of December 31, 2019, 257 have been classified as Comparable Hotels.

Non-GAAP Financial Measures

We also evaluate the performance of our business through certain other financial measures that are not recognized under GAAP. Each of these non-GAAP financial measures should be considered by investors as supplemental measures to GAAP performance measures such as total revenues, operating profit and net income. These measurements are not to be considered more relevant or accurate than the measurements presented in accordance with GAAP. In compliance with SEC requirements, our non-GAAP measurements are reconciled to the most directly comparable GAAP performance measurement. For all non-GAAP measurements, neither the SEC nor any other regulatory body has passed judgment on these non-GAAP measurements.

EBITDA, EBITDAre, Adjusted EBITDAre and Hotel Adjusted EBITDAre

"EBITDA." Earnings before interest, income taxes, depreciation and amortization ("EBITDA") is a commonly used measure in many REIT and non-REIT related industries. We believe EBITDA is useful in evaluating our operating performance because it provides an indication of our ability to incur and service debt, to satisfy general operating expenses, and to make capital expenditures. We calculate EBITDA excluding discontinued operations. EBITDA is intended to be a supplemental non-GAAP financial measure that is independent of a company's capital structure.

"EBITDAre." We present EBITDAre in accordance with guidelines established by the National Association of Real Estate Investment Trusts ("Nareit"). Nareit defines EBITDAre as EBITDA adjusted for gains or losses on the disposition of properties, impairments, and adjustments to reflect the entity's share of EBITDAre of unconsolidated affiliates. We believe

EBITDAre is a useful performance measure to help investors evaluate and compare the results of our operations from period to period.

"Adjusted EBITDAre." Adjusted EBITDAre is calculated as EBITDAre adjusted for certain items, such as restructuring and separation transaction expenses, acquisition transaction expenses, stock-based compensation expense, severance expense, and other items not indicative of ongoing operating performance.

"Hotel Adjusted EBITDAre." measures property-level results at our hotels before corporate-level expenses and is a key measure of a hotel's profitability. We present Hotel Adjusted EBITDAre to assist us and our investors in evaluating the ongoing operating performance of our properties.

We believe that EBITDA, EBITDAre, Adjusted EBITDAre and Hotel Adjusted EBITDAre provide useful information to investors about our financial condition and results of operations for the following reasons: (i) EBITDA, EBITDAre, Adjusted EBITDAre and Hotel Adjusted EBITDAre are among the measures used by our management to evaluate its operating performance and make day-to-day operating decisions; and (ii) EBITDA, EBITDAre, Adjusted EBITDAre and Hotel Adjusted EBITDAre are frequently used by securities analysts, investors, lenders and other interested parties as a common performance measure to compare results or estimate valuations across companies in and apart from our industry sector.

EBITDA, EBITDAre, Adjusted EBITDAre, and Hotel Adjusted EBITDAre have limitations as analytical tools and should not be considered either in isolation or as a substitute for net income (loss), cash flow or other methods of analyzing our results as reported under GAAP. Some of these limitations are that these measures:

- do not reflect changes in, or cash requirements for, our working capital needs;
- do not reflect our interest expense, or the cash requirements necessary to service interest or principal payments, on its indebtedness;
- do not reflect our tax expense or the cash requirements to pay its taxes;
- do not reflect historical cash expenditures or future requirements for capital expenditures or contractual commitments;
- EBITDAre, Adjusted EBITDAre and Hotel Adjusted EBITDAre do not include gains or losses on the disposition of properties which may be material to our operating performance and cash flow;
- Adjusted EBITDAre and Hotel Adjusted EBITDAre do not reflect the impact on earnings or changes resulting from matters that we consider not to be indicative of our future operations, including but not limited to impairment, acquisition and disposition activities and restructuring expenses;
- although depreciation, amortization and impairment are non-cash charges, the assets being depreciated, amortized or impaired will often have to be replaced, upgraded or repositioned in the future, and EBITDA, EBITDAre, Adjusted EBITDAre, and Hotel Adjusted EBITDAre do not reflect any cash requirements for such replacements; and
- other companies in our industry may calculate EBITDA, EBITDAre, Adjusted EBITDAre, and Hotel Adjusted EBITDAre differently, limiting their usefulness as comparative measures.

Because of these limitations, EBITDA, EBITDAre, Adjusted EBITDAre and Hotel Adjusted EBITDAre should not be considered as a replacement to net income presented in accordance with GAAP, discretionary cash available to us to reinvest in the growth of our business or as measures of cash that will be available to us to meet our obligations.

The following is a reconciliation of our net loss to EBITDA, EBITDAre, Adjusted EBITDAre and Hotel Adjusted EBITDAre for the years ended December 31, 2019, and 2018 (in millions):

	For the Year Ended December 31,	
	2019	2018
Net loss	**$ (212)**	**$ (262)**
Interest expense	69	64
Income tax expense	4	21
Depreciation and amortization	181	156
Loss from discontinued operations	—	25
EBITDA	**42**	**4**
Impairment loss	141	154
Gain on sales of real estate	(32)	—
Gain on casualty and other	(2)	(4)
EBITDAre	**149**	**154**
Equity-based compensation expense	9	7
Severance expense, including related equity-based compensation expense	7	—
Spin-Off and reorganization expenses	4	44
Loss on extinguishment of debt	—	10
Wyndham Settlement, net	(19)	—
Other, net	(4)	(8)
Adjusted EBITDAre	**146**	**207**
Corporate general and administrative expenses	20	34
Hotel Adjusted EBITDAre	**$ 166**	**$ 241**

Additional Information:

- During the year ended December 31, 2019 we recorded $20 million in other income as part of the Wyndham Settlement to offset declines incurred due to the disruptions related to changes in revenue management and other booking tools and processes by our manager in 2019. We have collected $11 million of this amount as of December 31, 2019. The Wyndham Settlement amount shown above is net of associated legal costs.
- We also collected $17 million as part of the Wyndham Settlement related to final settlement of income tax matters, which was adjusted to retained earnings and is not reflected above.
- Other, net for the years ended December 31, 2019 and 2018 includes adjustments to exclude business interruption insurance proceeds collected of $11 million and $12 million, respectively. These proceeds are offset by $7 million and $4 million, respectively, for other expenses that are not representative of our current or future operating performance.
- Corporate general and administrative expenses includes the additional corporate-level expenses not already adjusted in calculating Adjusted EBITDAre.
- Significant drivers for the decline in Hotel Adjusted EBITDAre from 2018 to 2019 are increases in management and royalty fees and the effects of hotel sales. Effective with the Spin-Off closing in May 2018, we began incurring management and royalty fees. Accordingly, our results in 2019 include a full year of management and royalty fees, while 2018 results only include expenses for a partial year. Our hotel sales also resulted in a decrease in Hotel Adjusted EBITDAre.

Nareit FFO attributable to stockholders and Adjusted FFO attributable to stockholders

We present Nareit FFO attributable to common stockholders (as defined below) as non-GAAP measures of our performance. We calculate funds from operations ("FFO") attributable to common stockholders for a given operating period in accordance with standards established by Nareit, as net income or loss (calculated in accordance with GAAP), excluding depreciation and amortization related to real estate, gains or losses on sales of certain real estate assets, impairment write-downs of real estate assets, discontinued operations, income taxes related to sales of certain real estate assets, and the cumulative effect of changes in accounting principles, plus similar adjustments for unconsolidated joint ventures. Adjustments for unconsolidated joint ventures are calculated to reflect our pro rata share of the FFO of those entities on the same basis. Since real estate values historically have risen or fallen with market conditions, many industry investors have considered presentation of operating results for real estate companies that use historical cost accounting to be insufficient by themselves. For these reasons, Nareit adopted the FFO metric in order to promote an industry wide measure of REIT operating performance. We believe Nareit FFO provides useful information to investors regarding our operating performance and can facilitate comparisons of operating performance between periods and between REITs.

We also present Adjusted FFO attributable to common stockholders when evaluating our performance because we believe that the exclusion of certain additional items described below provides useful supplemental information to investors regarding our ongoing operating performance. Management historically has made the adjustments detailed below in evaluating our performance and in our annual budget process. We believe that the presentation of Adjusted FFO provides useful supplemental information that is beneficial to an investor's complete understanding of our operating performance. We adjust Nareit FFO attributable to common stockholders for the following items, and refer to this measure as Adjusted FFO attributable to common stockholders: transaction expense associated with the potential disposition of or acquisition of real estate or businesses, severance expense, share-based compensation expense, litigation gains and losses outside the ordinary course of business, amortization of deferred financing costs, reorganization costs and separation transaction expenses, loss on early extinguishment of debt, straight-line ground lease expense, casualty losses, deferred tax expense and other items that we believe are not representative of our current or future operating performance.

Nareit FFO attributable to common stockholders and Adjusted FFO attributable to common stockholders have limitations as analytical tools and should not be considered either in isolation or as a substitute for net income (loss), cash flow or other methods of analyzing our results as reported under GAAP. Nareit FFO is not an indication of our liquidity, nor is it indicative of funds available to fund our cash needs, including our ability to fund dividends. Nareit FFO is also not a useful measure in evaluating net asset value because impairments are taken into account in determining net asset value but not in determining Nareit FFO. Investors are cautioned that we may not recover any impairment charges in the future. Accordingly, Nareit FFO should be reviewed in connection with GAAP measurements. We believe our presentation of Nareit FFO is in accordance with the Nareit definition; however, our Nareit FFO may not be comparable to amounts calculated by other REITs.

The following table provides a reconciliation of net loss attributable to stockholders to Nareit FFO attributable to stockholders and Adjusted FFO attributable to stockholders for the years ended December 31, 2019, and 2018 (in millions):

	For the Year Ended December 31,	
	2019	**2018**
Net loss	$ (212)	$ (262)
Depreciation and amortization	181	156
Loss from discontinued operations	—	25
Impairment loss	141	154
Gain on sales of real estate	(32)	—
Gain on casualty and other	(2)	(4)
Nareit defined FFO attributable to stockholders	**76**	**69**
Equity-based compensation expense	9	7
Noncash income tax expense (benefit), net	(1)	19
Amortization expense of deferred financing costs	15	11
Severance expense, including related equity-based compensation expense	7	—
Spin-Off and reorganization expenses	4	44
Loss on extinguishment of debt	—	10
Wyndham Settlement, net	(19)	—
Other, net	(4)	(8)
Income tax effect of adjustments	4	—
Adjusted FFO attributable to stockholders	**$ 91**	**$ 152**
Weighted average number of shares outstanding, diluted	58.1	59.2

Additional Information:

- During the year ended December 31, 2019, we recorded $20 million in other income as part of the Wyndham Settlement to offset declines incurred due to the disruptions related to changes in revenue management and other booking tools and processes by our manager in 2019. We have collected $11 million of this amount, as of December 31, 2019. The Wyndham Settlement amount shown above is net of associated legal costs.

- We also collected $17 million as part of the Wyndham Settlement related to final settlement of income tax matters, which was adjusted to retained earnings and is not reflected above.
- Other, net for the years ended December 31, 2019 and 2018 includes adjustments to exclude business interruption insurance proceeds collected of $11 million and $12 million, respectively. These proceeds are offset by $7 million and $4 million, respectively, for other expenses that are not representative of our current or future operating performance.
- The income tax effect of adjustments is primarily related to the Wyndham Settlement deduction.
- Weighted average number of shares outstanding, diluted presented above may differ from weighted average number of shares outstanding, diluted presented for GAAP purposes when there is a net loss and all potentially dilutive securities are anti-dilutive.
- Significant drivers for the decline in Adjusted FFO attributable to stockholders from 2018 to 2019 are increases in management and royalty fees and the effects of hotel sales. Effective with the Spin-Off closing in May 2018, we began incurring management and royalty fees. Accordingly, our results in 2019 include a full year of management and royalty fees, while 2018 results only include expenses for a partial year. Our hotel sales also resulted in a decrease in Adjusted FFO attributable to stockholders.

Operational Overview

The following discussion provides an overview of our operations and transactions for the year ended December 31, 2019 and should be read in conjunction with the full discussion of our operating results, liquidity, capital resources and risk factors included elsewhere in this Annual Report on Form 10-K.

For the year ended December 31, 2019, we reported a net loss from continuing operations, net of tax of $212 million, as compared to a net loss from continuing operations, net of tax of $237 million for the year ended December 31, 2018, an improvement of $25 million. Revenue declined $50 million in 2019 as compared to 2018. Revenue at our Comparable Hotels decreased $35 million, primarily as a result of modifications made to the revenue property management systems by our hotel manager beginning in the second quarter of 2019 and revenue from our non-comparable hotels decreased $15 million, primarily related to the 2019 sale of 44 hotels. These revenue declines were offset by $20 million of other income recognized in connection with the Wyndham Settlement and a gain on hotel sales of $32 million. Corporate general and administrative expenses decreased $44 million due primarily to expenses incurred in 2018 in connection with our Spin-Off. Those improvements were partially offset by an increase in our management and royalty fees of $28 million primarily because our 2018 fees were only for a partial year subsequent to the Spin-Off. Our decision to initiate a disposition strategy resulted in a decrease in our estimated holding periods for our non-core hotels, resulting in impairment charges and increased depreciation expenses in 2019 of approximately $12 million over 2018 combined amounts.

As we execute our disposition strategy, we expect to have further declines derived from our Comparable Hotel operations with a greater proportion of our operations related to non-comparable hotels. As of December 31, 2019, we have 166 hotels identified as non-core with the intent to dispose of these hotels generally over the next two years. Subsequent to December 31, 2019, 17 of these non-core hotels were sold and over 40 additional hotels are under contract to sell. Our ability to close these sale contracts, as well as the dispositions of the other non-core hotels, could be affected by the uncertainties related to the COVID-19 outbreak.

The following table provides additional information about Comparable Hotels and non-comparable hotels for the year ended December 31, 2019 (in millions):

	Comparable Hotels	Non-comparable hotels (1)	Total
Total Revenues	$ 723	$ 89	$ 812
Property-level expenses	(565)	(81)	(646)
Hotel Adjusted EBITDAre	$ 158	$ 8	$ 166

(1) Non-comparable hotels includes sold hotels and hotels that were not operational due to substantial property damage or other business interruption due to hurricane, fire or other natural disasters. Of the 271 hotels in our portfolio as of December 31, 2019, 257 have been classified as Comparable Hotels. We sold 42 operating hotels and two non-operating hotels during in 2019. As of December 31, 2019, 14 of our hotels were classified as non-operational.

Year ended December 31, 2019 as compared to year ended December 31, 2018

Revenues

Room revenues for the year ended December 31, 2019 were $795 million as compared to $845 million for the year ended December 31, 2018, a decrease of $50 million or 5.9%. The decrease was primarily driven by lower RevPAR at our Comparable Hotels of 4.5% for the year ended December 31, 2019 as compared to the prior year period. The decrease in RevPAR was driven by a decrease in occupancy of 110bps and a decrease in ADR of 2.9%, primarily attributable to the modifications made by LQM to the revenue property management systems for our hotels as described above. As a part of the Wyndham Settlement, Wyndham agreed to pay us $20 million, which is recognized in other income, net. Also contributing to the decline were revenues related to our properties in oil markets, primarily in West Texas. RevPAR in our oil markets was down 31%, due to a decrease in ADR of 25% and a decrease in occupancy of 500bps.

Excluding the hotels impacted by the hurricanes and those undergoing significant renovation as part of the repositioning effort, comparable RevPAR decreased approximately 7.4% for the year ended December 31, 2019 as compared to the year ended December 31, 2018. Hotel properties concentrated in the oil markets (primarily West Texas) experienced the largest RevPAR declines. Excluding oil market hotels and the repositioned and storm impacted hotels, comparable RevPAR over the comparable prior period decreased approximately 5.4%.

During the year ended December 31, 2019, we sold 42 operating hotels classified as investments in real estate which produced approximately $49 million in revenue during that period, as compared to $72 million in the year ended December 31, 2018.

The following table summarizes our key operating statistics for our Comparable Hotels for the year ended December 31, 2019 and 2018:

	As of and for the Year Ended December 31, 2019	As of and for the Year Ended December 31, 2018
Occupancy	65.9%	67.0%
ADR	$ 89.09	$ 91.74
RevPAR	$ 58.75	$ 61.51

Operating expenses

Rooms expense was $383 million for the year ended December 31, 2019 as compared to $385 million for the year ended December 31, 2018, a decrease of $2 million. The decrease was primarily as a result of fewer operating hotels in the hotel portfolio in 2019 as compared to 2018, partially offset by an increase in supply expense of $10 million and increased third-party travel agency reservation service expenses of approximately $3 million due to increased volume driven through third-party online travel agencies.

Management and royalty fees were $80 million for the year ended December 31, 2019 as compared to $52 million for the year ended December 31, 2018, an increase of $28 million. We did not incur any management and royalty fees prior to the Spin-Off in 2018. Our management fees are computed as 5% of total gross revenues and royalty fees are computed as 5% of total gross rooms revenues.

Corporate general and administrative expenses were $41 million for the year ended December 31, 2019 as compared to $85 million for the year ended December 31, 2018, a decrease of $44 million. The decrease was primarily the result of costs in 2018 associated with the Spin-Off and the separation of our real estate business from our franchise and management business. In addition, one-time expenses were incurred in 2018 to establish CorePoint as an independent, publicly traded company that were not incurred in 2019.

Depreciation and amortization expenses were $181 million for the year ended December 31, 2019 as compared to $156 million for the year ended December 31, 2018, an increase of $25 million. The increase was primarily the result of capital expenditures for 2019 and 2018 of $74 million and $167 million respectively, related to our investments in real estate, primarily in connection with our renovation program and restoration costs related to hurricane damage, which had a partial year or full year offset on 2019 depreciation and amortization expenses. The effects were partially offset by 2019 hotel sales and 2018 impairment cost basis adjustments, which combined reduced our gross operating real estate by $312 million. The 2019 impairment charge and hotel sales will reduce future depreciation and amortization expenses.

Impairment loss was $141 million for the year ended December 31, 2019 as compared to $154 million for the year ended December 31, 2018, a decrease of $13 million. In each year the impairment losses were primarily due to changes in management's expected holding period.

Gain on sales of real estate was $32 million for the year ended December 31, 2019 as a result of the sale of 44 hotels (42 operating and two non-operating). We had no gain on sales of real estate for the year ended December 31, 2018.

Similar to revenues, as the full period effects of previously sold hotels are realized, as well as the effect of future hotel sales, we anticipate further decreases in most operating expenses.

Other Income (Expenses)

Other income, net was $33 million for the year ended December 31, 2019 as compared to $15 million for the year ended December 31, 2018, an increase of $18 million primarily due to the $20 million of other income recognized in connection with the Wyndham Settlement. The $20 million benefit from the Wyndham Settlement was related to changes in the revenue management and other booking tools and processes that occurred during 2019 and was to offset the declines incurred. As we do not expect implementation of the new tools and systems until later in 2020, at the earliest, we expect to incur further net declines in our operating results until the new tools and systems are restored and are operationally effective.

We did not incur significant expenses related to early debt repayments during 2019. Loss on extinguishment of debt totaled $10 million for the year ended December 31, 2018 and was attributable to the early repayment of LQH's Term Facility.

Cash Flow Analysis

Year ended December 31, 2019 as compared to year ended December 31, 2018

Operating activities

Net cash provided by operating activities was $116 million for the year ended December 31, 2019, as compared to $111 million for the year ended December 31, 2018. The $5 million increase was primarily attributable to the $11 million of cash collected from the Wyndham Settlement, offset primarily by $7 million in decreased cash inflows from working capital assets and liabilities in 2019 as compared to 2018.

Investing activities

Net cash provided by investing activities for the year ended December 31, 2019 was $103 million, as compared to $156 million net cash used in investing activities for the year ended December 31, 2018. The $259 million increase was primarily attributable to an increase of $155 million of proceeds from the sale of real estate and a $93 million decrease in capital expenditures due to decreased expenditures related to repositioning and casualty replacements. As these projects and other hotel sales are completed, we expect our future total capital expenditures to further decrease.

Financing activities

Net cash used in financing activities for the year ended December 31, 2019 was $186 million as compared to $28 million for the year ended December 31, 2018. The $158 million increase was primarily due to $114 million of debt repayments in 2019 primarily related to use of real estate sale proceeds used to partially retire our debt, as compared to $15 million in proceeds from issuance of mandatorily redeemable preferred shares, net of debt repayments and debt issuance costs, primarily related to the CMBS and Revolving Facilities we entered into in 2018. To the extent we continue disposing of real estate assets as a part of our property disposition strategy, we expect debt repayments to be a significant use of cash flow in financing activities. In addition, we had an increase in common stock dividends of $30 million and an increase of $25 million related to the purchase of our common stock, primarily due to the share repurchase program which we began in 2019. These increases in cash used in financing activities were partially offset by $23 million incurred in 2018 related to the Spin-Off.

For the year ended December 31, 2019, we acquired 2.6 million shares of common stock at a total cost of $29 million, a weighted average cost of $11.34 per share under the share repurchase program. The repurchased shares represent approximately 5% of our outstanding shares as of December 31, 2019. The share purchases were primarily funded from cash on hand and cash flow from operating activities.

Liquidity and Capital Resources

Overview

As of December 31, 2019, we had total cash and cash equivalents of $101 million and $100 million, respectively, available to be drawn under our Revolving Facility. Our known liquidity requirements primarily consist of funds necessary to pay for operating expenses associated with our hotels and other expenditures, including corporate expenses, legal costs, interest and scheduled principal payments on our outstanding indebtedness, potential payments related to our interest rate caps, capital expenditures for renovations and maintenance at our hotels, quarterly dividend payments and other purchase commitments.

We finance our short-term business activities primarily with existing cash and cash generated from our operations. We believe that this cash will be adequate to meet anticipated requirements for operating expenses and other expenditures, including corporate expenses, payroll and related benefits, legal costs, and purchase commitments for the foreseeable future. From time to time, we may also draw on our Revolving Facility, in part or in full, to bridge our liquidity requirements or as a precautionary measure to preserve financial flexibility in light of uncertainty in the global markets or otherwise. On March 12, 2020, we provided notice to the lenders to borrow substantially all of our current availability under the Revolving Facility. See"Part II- Item 9B. Other Information." The objectives of our short-term cash management policy are to maintain the availability of liquidity and meet our recurring operational costs.

We believe our long-term financings, plus our potential access to other debt and equity capital as a publicly traded REIT, will allow us to fund our long-term strategic initiatives. We are currently evaluating plans to extend or refinance the CMBS Facility and Revolving Facility, each of which matures in 2020, with extension options exercisable at our election, provided there is no event of default existing. As we execute our disposition strategy, we intend to utilize a significant portion of the net sales proceeds to retire our debt. During 2019, we reduced our outstanding debt by $114 million.

Also, as market conditions warrant and subject to liquidity requirements, contractual restrictions and other factors, we, our affiliates, and/or our major stockholders and their respective affiliates, may from time to time purchase our outstanding equity securities and/or debt through open market purchases, privately negotiated transactions or otherwise. In March 2019, our board of directors authorized a $50 million share repurchase program. During 2019, we acquired approximately 2.6 million shares of common stock at a total cost of $29 million, a weighted average cost of $11.34 per share.

Hotel Sales

In the execution of our disposition strategy as discussed above, during 2019, we sold 42 operating hotels for gross consideration of $173 million and two non-operating hotel for gross consideration of $4 million. Subsequent to December 31, 2019, an additional 17 operating hotels were sold for gross consideration of $74 million. The net sales proceeds were primarily used to pay down our CMBS Facility by $114 million during 2019, with an additional $41 million paid down subsequent to December 31, 2019, and the remainder available for other uses. These properties produced approximately $5 million of annualized levels of Hotel Adjusted EBITDAre; however, these disposed hotels also incurred approximately $5 million of capital expenditures during the prior twelve months. In addition, the annual interest savings from the partial debt repayments, based on interest rates as of December 31, 2019, is estimated at $5 million. Accordingly, we believe the dispositions will be accretive to our overall future net cash flows.

As of December 31, 2019, we have identified 166 non-core hotels. These hotels, similar to the disposed hotels in 2019, are older, have lower RevPAR and higher capital expenditures. We will seek to sell those assets generally over the next two years.

The provisions of our CMBS Facility require that a portion of, and in certain instances all, net proceeds from a secured hotel sale be applied to the outstanding principal balance. However, as the principal balance is reduced and other financial metric factors change over time, our required debt repayments may reduce. Accordingly, once these required repayment requirements are reduced, we plan to continue to use a substantial portion of the proceeds from these sales to repay our outstanding debt to reduce our overall net debt (total debt less cash and cash equivalents) to Adjusted EBITDAre leverage ratio to less than 5.0x.

We believe the completion of our disposition strategy will reposition our hotel portfolio to be more focused on our key markets with younger hotels, higher RevPAR and less capital requirements. However, as we dispose of the non-core hotels we would expect to report decreased revenue and Hotel Adjusted EBITDAre. For the year ended December 31, 2019, these 166 non-core hotels contributed revenue and Hotel Adjusted EBITDAre of $354 million and $58 million, respectively.

Capital Expenditures

Our capital expenditures are generally paid using cash on hand and cash flows from operations, although other sources discussed herein may also be used. During the year ended December 31, 2019, we invested approximately $74 million in capital expenditures. Approximately $30 million of these expenditures related to our repositioning and casualty replacements and the remainder primarily related to recurring hotel operations. Capital expenditures related to the 42 hotels classified as investments in real estate that were sold during the twelve months ended December 31, 2019, were $5 million. During the year ended December 31, 2018, we invested $167 million in capital expenditures (inclusive of discontinued operations). As we execute our disposition strategy, we expect to benefit from lower capital expenditures due to fewer hotels with less capital expenditure requirements on the remaining core portfolio.

As of December 31, 2019, we had outstanding commitments under capital expenditure contracts of $29 million primarily related to certain hotel improvement projects, casualty replacements, information technology enhancements and other hotel service contracts in the ordinary course of business. If cancellation of a contract occurred, our commitment would be any costs incurred up to the cancellation date, in addition to any costs associated with the discharge of the contract.

In addition, our requirement to meet certain brand standards imposed by our franchisor includes requirements that we incur certain capital expenditures, generally ranging from $1,500 to $7,500 per hotel room (with various specific amounts within this range being applicable to different groups of our hotels) during a prescribed period generally ranging from two to eleven years. These amounts are over and above the capital expenditures we are required to make each year for recurring furniture, fixtures and equipment maintenance. However, these amounts that we are required to spend are subject to reduction, in varying degrees, by the amount of capital expenditures made for hotels in the applicable group over and above the capital expenditures required for the recurring maintenance in one or more years before receipt of the franchisor's notice. The initial period during which the franchisor can notify us that we must make these capital expenditures is through 2028. At the franchisor's discretion, subject to the franchise agreement provisions governing when such requirements may be imposed, the franchisor may provide a notice obligating us to meet those capital expenditure requirements generally within two to nine years of the notice. As of December 31, 2019, no such notices have been received; however, approximately 62% of our hotels are potentially eligible for such capital expenditure requirements. Through 2028, our remaining hotels will become eligible for such notices and capital expenditure requirements. We expect to meet these requirements primarily through our recurring capital expenditure program. As of December 31, 2019, $15 million was held in lender escrows that can be used to finance these requirements.

We expect to meet all of these obligations from our operations, insurance claim reimbursements, the payments to us pursuant to the Wyndham Settlement or other funds available to us. However, as we continue our disposition strategy, which in part focuses on hotels with disproportionately high capital expenditure requirements, we expect our recurring capital expenditures to decrease in future periods.

Long-term Liquidity

As of December 31, 2019, we had total cash and cash equivalents of $101 million and $100 million, respectively, available to be drawn under our Revolving Facility. Availability is subject to meeting certain financial thresholds, including debt yield, leverage ratio, and minimum interest coverage, which have been adversely affected by our decline in operations and only partially offset by pay downs in our debt from hotel sales.

A major source of long-term liquidity will be the monetization of our non-core hotels generally over the next two years. As of December 31, 2019, we identified 166 non-core hotels with a net real estate carrying value of $861 million. We believe we will be able to realize net proceeds at or in excess of our carrying value. We intend to use a substantial portion of these net proceeds to reduce our outstanding debt principal balances. Excess proceeds, if any, may be used to re-invest in our core hotels, acquire new hotels or other corporate uses. There is no assurance that we will be able to achieve this or any level of proceeds from the sale of our hotels.

Our CMBS and Revolving Facilities mature in 2020. As of December 31, 2019, the outstanding principal related to these debt obligations is $921 million. The CMBS Facility provides for, at our option, five one-year extension options, and the Revolving Facility provides for a one-year extension option, provided there is no event of default existing as of the commencement of the applicable extension period. We anticipate exercising the extension options or refinancing the related debt prior to the maturities of these facilities. There is no assurance that at those times we will be able to obtain financings at comparable interest rates or leverage levels or at all. As of December 31, 2019, our gross debt (total debt before deduction for deferred financing costs) to total assets ratio was 44% and net debt to Adjusted EBITDAre was 5.6x.

Our CMBS and Revolving Facilities use London Interbank Offering Rate ("LIBOR") as a benchmark for establishing the interest rate. LIBOR is the subject of recent regulatory guidance and proposals for reform expected in 2021. As a result, we expect that LIBOR will no longer be provided after 2021. In addition, LIBOR may perform differently during the transition period to new benchmark rates than it has in the past. If LIBOR is no longer widely available, our CMBS and Revolving Facilities provide for alternate interest rate calculations. There is no assurance that such alternative interest rate calculations will not increase our cost of borrowing under the CMBS and Revolving Facilities or their refinanced debt.

Further, if we are unable to generate sufficient cash flow from operations in the future to service our debt, we may be required to reduce capital expenditures or refinance all or a portion of our existing debt. Our ability to refinance or extend the maturities of our existing debt, to make scheduled principal payments and to pay interest on our debt depends on the future performance of our operations, which is further subject to general conditions in or affecting the lodging industry that are beyond our control.

Dividends

Dividends are authorized at the discretion of our board of directors based on an analysis of our prior performance, market distribution rates of our industry peer group, our desire to minimize our income tax liability, expectations of performance for future periods, including actual and anticipated operating cash flow, changes in market capitalization rates for investments suitable for our portfolio, capital expenditure needs, dispositions, general financial condition and other factors that our board of directors deems relevant. The board's decision will be influenced, in part, by its obligation to ensure that we maintain our status as a REIT.

To date, capital gains have not been a significant factor in our taxable income. However, as we execute our disposition strategy, we may recognize increased capital gains, which may result in additional regular or special distributions. Such distributions are not required in order to maintain REIT status and are at the discretion of our board of directors.

During 2019, our board of directors authorized and we have declared a cash dividend of $0.20 per share of common stock with respect to each quarter, all of which was classified as a return of capital for tax purposes. None of the dividends were classified as ordinary income or capital gains taxable income in 2019. There is no assurance that future distributions will be similarly classified. The dividends have generally been paid on or about the 15th day of the month following each quarter end.

We paid cash common stock dividends for the year ended December 31, 2019 of $46 million. Cash flow provided by operating activities for the year ended December 31, 2019 was $116 million. Further, our Nareit FFO attributable to common stockholders for the year ended December 31, 2019 was $76 million. Accordingly, we believe our cash flow from operating activities and Nareit FFO attributable to common stockholders are in excess of our dividends. However, as these measurements are before capital expenditures, we may require additional liquidity sources as discussed above, which may include proceeds from sales of real estate assets. In addition, as dividends are at the sole discretion of our board of directors, there is no assurance of the amount of any future dividends, if any. (See "Non-GAAP Financial Measures" above for additional information regarding our calculation of Nareit FFO attributable to common stockholders and a reconciliation to net loss).

Share Repurchase Program

On March 21, 2019, our board of directors authorized a $50 million share repurchase program. Under the program, we may purchase common stock in the open market, in privately negotiated transactions or in such other manner as determined by it, including through repurchase plans complying with the rules and regulations of the SEC. The amount and timing of any repurchases made under the share repurchase program will depend on a variety of factors, including available liquidity, cash flow and market conditions. The share repurchase program does not obligate us to repurchase any dollar amount or number of shares of common stock and the program may be suspended or discontinued at any time. During 2019, we acquired 2.6 million shares at a weighted average cost per share of $11.34.

Contractual obligations

The following table summarizes our significant contractual obligations for the next five years and thereafter, as of December 31, 2019 (in millions):

	Total	2020	2021	2022	2023	2024	Thereafter
Debt obligations (1)	$ 921	$ 921	$ —	$ —	$ —	$ —	$ —
Estimated interest payments on debt outstanding (2)	18	18	—	—	—	—	—
Operating and ground leases	75	3	3	3	3	3	60
Mandatorily redeemable preferred shares	15	—	—	—	—	—	15
Mandatorily redeemable preferred share dividends	17	2	2	2	2	2	7
Purchase commitments (3)	29	29	—	—	—	—	—
Total contractual obligations (4)	$ 1,075	$ 973	$ 5	$ 5	$ 5	$ 5	$ 82

(1) Debt obligations exclude the deduction of debt issuance costs of $6 million and are included in the table based on contractual maturities, before extension options. We intend to extend the maturity date or refinance the obligations prior to the maturity date.

(2) Includes interest on debt outstanding as of December 31, 2019, all of which is floating rate debt. For presentation purposes, amounts included in the table are interest rates effective at December 31, 2019, which is 4.51% for the CMBS Facility, our only outstanding debt. Interest payments are presented in the table consistent with note (1) above, which includes interest payments through the contractual maturity date, with no extension of the maturity assumed.

(3) Purchase commitments include outstanding commitments under contracts for capital expenditures at our hotels and for information technology enhancements.

(4) These amounts do not include capital expenditures which our franchisor may require to meet brand standards. The initial period during which the franchisor can notify us that we must make these capital expenditures is through 2028. As of December 31, 2019, no such notices have been received. The franchisor would be eligible to provide notices for approximately $70 million in both 2020 and 2021 and approximately an additional $70 million thereafter to 2028. We generally have two to eleven years from the notice to meet the capital expenditure requirements, which may be offset to various degrees by prior year capital expenditures. Accordingly, actual amounts and the timing of such amounts may differ from those described. We expect to generally meet these requirements from our ordinary capital expenditure programs, funded from cash flow from operating activities or the other sources described herein.

Off-balance sheet arrangements

We currently have no off-balance sheet arrangements that have or are reasonably likely to have a current or future material effect on our financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

Critical accounting policies and estimates

The preparation of our financial statements in accordance with GAAP requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the consolidated financial statements, the reported amounts of revenues and expenses during the reporting periods and the related disclosures in the consolidated financial statements and accompanying footnotes. We believe that of our significant accounting policies, which are described in Note 2 "Significant Accounting Policies and Recently Issued Accounting Standards" in the audited consolidated financial statements included elsewhere in this Annual Report on Form 10-K, the following accounting policies are critical because they involve a higher degree of judgment, and the estimates required to be made were based on assumptions that are inherently uncertain. As a result, these accounting policies could materially affect our financial position, results of operations and related disclosures. On an ongoing basis, we evaluate these estimates and judgments based on historical experiences and various other factors that are believed to reflect the current circumstances. While we believe our estimates, assumptions and judgments are reasonable, they are based on information presently available. Actual results may differ significantly from these estimates due to changes in judgments, assumptions and conditions as a result of unforeseen events or otherwise, which could have a material impact on financial position or results of operations.

Impairment of Real Estate Related Assets

For our investments in real estate, we monitor events and changes in circumstances indicating that the carrying amounts of the real estate assets may not be recoverable. When such events or changes are present, we make an assessment of the property's recoverability by comparing the carrying amount of the asset to our estimate of the aggregate undiscounted future operating cash flows expected to be generated over the holding period of the asset including its eventual disposition. If the carrying amount exceeds the aggregate undiscounted future operating cash flows, we recognize an impairment loss to the extent the carrying amount exceeds the estimated fair value of the property. Any such impairment is treated for accounting purposes similar to an asset acquisition at the estimated fair value, which includes establishing a new cost basis and the elimination of the asset's accumulated depreciation and amortization.

In evaluating our investments for impairment, we undergo continuous evaluations of property level performance and real estate trends, and management makes several estimates and assumptions, including, but not limited to, the projected date of disposition, estimated sales price and future cash flows of each property during our estimated holding period. If our analysis or assumptions regarding the projected cash flows expected to result from the use and eventual disposition of our properties change, we incur additional costs and expenses during the holding period, or our expected hold periods decrease, we may incur future impairment losses.

Income Taxes

We are organized in conformity with and operate in a manner that allows us to be taxed as a REIT for U.S. federal income tax purposes. To the extent we continue to qualify as a REIT, we generally will not be subject to U.S. federal income tax on taxable income generated by our REIT activities that we distribute to our stockholders. Accordingly, no provision for U.S. federal income tax expense has been included in our consolidated financial statements for the years ended December 31, 2019 or 2018 related to our REIT operations; however, CorePoint TRS, our wholly owned taxable REIT subsidiary, is subject to U.S. federal, state and local income taxes, and we may be subject to state and local taxes. We were subject to U.S. federal, state and local taxes prior to the Spin-Off and our REIT election.

We use the asset and liability method of accounting for income taxes. Under this method, current income tax expense represents the amounts expected to be reported on our income tax returns, and deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. The deferred tax assets and liabilities are measured using the enacted tax rates that are expected to be applied to taxable income in the years in which those temporary differences are expected to reverse.

In determining our tax expense for financial statement reporting purposes, we must evaluate our compliance with the Code, including the transfer pricing determinations used in establishing rental payments between the REIT and CorePoint TRS. Accounting for income taxes requires, among others, interpretation of the Code, estimated tax effects of transactions, and evaluation of probabilities of sustaining tax positions, including realization of tax benefits. We recognize tax positions only after determining that the relevant tax authority would more likely than not sustain the position following the audit. The final resolution of those assessments may subject us to additional taxes. In addition, we may incur expenses defending our positions during IRS tax examinations, even if we are able to eventually sustain our position with the tax authorities.

We are subject to or are contractually responsible for audits by federal and state tax authorities related to prior periods, which may result in additional tax liabilities. We have concluded that the positions reported on our tax returns under audit by the IRS are, based on their technical merits, more-likely-than-not to be sustained upon conclusion of the examination. Accordingly, as of December 31, 2019, we have not established any reserves related to this proposed adjustment or any other issues reflected on the returns under examination. If, however, we are unsuccessful in challenging the IRS, an excise tax would be imposed on the REIT related to the excess rent and we would be responsible for additional income taxes, interest and penalties, which could adversely affect our financial condition, results of operations and cash flow and the trading price of our common stock. Such adjustments could also give rise to additional state income taxes.

New Accounting Pronouncements

See Note 2 "Significant Accounting Policies and Recently Issued Accounting Standards" to our consolidated financial statements included elsewhere in this Annual Report on Form 10-K for a description of recently adopted accounting pronouncements.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

We are exposed to market risk primarily from changes in interest rates, which may impact our future income, cash flows and fair value. In certain situations, we may seek to reduce cash flow volatility associated with changes in interest rates by entering into financial arrangements intended to provide a hedge against a portion of the risks associated with such volatility. We continue to have exposure to such risks to the extent they are not hedged. We enter into derivative financial arrangements to the extent they meet the objective described above or are required by the terms of our debt facilities. We do not use derivatives for trading or speculative purposes.

We are exposed to interest rate changes primarily as a result of our variable rate on our outstanding debt. We quantify our exposure to interest rate risk based on how changes in interest rates affect our cash interest expense. We consider changes in the one-month LIBOR to be most indicative of our interest rate exposure as it is a function of the base rate for our credit facilities and is reasonably correlated to changes in our earnings rate on our cash investments. We consider increases of 0.5% to 2.0% in the one-month LIBOR to be reflective of reasonable changes we may experience in the current interest rate environment. The table below reflects the annual consolidated effect of an increase in the one-month LIBOR to our cash interest expense as of December 31, 2019 (amounts in millions, where positive amounts reflect a decrease in cash interest expense and bracketed amounts reflect an increase in cash interest expense):

	Increases in Interest Rates			
	2.0%	1.5%	1.0%	0.5%
CMBS Facility	$ (18)	$ (13)	$ (9)	$ (5)
Interest rate cap	5	—	—	—
Total	$ (13)	$ (13)	$ (9)	$ (5)

The CMBS Facility and interest rate cap contractually mature during 2020. We are currently evaluating an extension of the CMBS Facility or a refinancing. If we elect to extend the CMBS Facility maturity, we are required to enter into another interest rate cap with similar terms.

Item 8. Financial Statements and Supplementary Data

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the stockholders and the Board of Directors of CorePoint Lodging Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of CorePoint Lodging Inc. and subsidiaries (the "Company") as of December 31, 2019 and 2018, the related consolidated statements of operations, comprehensive income (loss), equity, and cash flows, for each of the three years in the period ended December 31, 2019, and the related notes and the schedule listed in the Index at Item 15 (collectively referred to as the financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and 2018, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2019, in conformity with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 2 to the financial statements, the Company has changed its method of accounting for Leases in 2019 due to adoption of FASB ASC 842, Leases.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Deloitte & Touche LLP

Dallas, Texas
March 12, 2020

We have served as the Company's auditor since 2006.

CorePoint Lodging Inc.
Consolidated Balance Sheets
As of December 31, 2019 and 2018
(in millions, except share data)

	2019	2018
Assets:		
Real estate:		
Land	$ 604	$ 694
Buildings and improvements	2,162	2,562
Furniture, fixtures, and other equipment	347	387
Gross operating real estate	3,113	3,643
Less accumulated depreciation	(1,216)	(1,386)
Net operating real estate	1,897	2,257
Construction in progress	14	43
Total real estate, net	1,911	2,300
Right of use assets	21	—
Cash and cash equivalents	101	68
Accounts receivable, net	33	33
Other assets	43	54
Total Assets	**$ 2,109**	**$ 2,455**
Liabilities and Equity:		
Liabilities:		
Debt, net	$ 915	$ 1,014
Mandatorily redeemable preferred shares	15	15
Accounts payable and accrued expenses	82	99
Dividends payable	11	12
Other liabilities	43	11
Deferred tax liabilities	6	7
Total Liabilities	**1,072**	**1,158**
Commitments and contingencies		
Equity:		
Common Stock, $0.01 par value; 1.0 billion shares authorized; and 57.2 million and 59.5 million shares issued and outstanding as of December 31, 2019 and 2018, respectively	1	1
Additional paid-in-capital	954	974
Retained earnings	80	319
Noncontrolling interest	2	3
Total Equity	**1,037**	**1,297**
Total Liabilities and Equity	**$ 2,109**	**$ 2,455**

See Notes to Consolidated Financial Statements.

CorePoint Lodging Inc.
Consolidated Statements of Operations
For the years ended December 31, 2019, 2018 and 2017
(in millions, except per share data)

	2019	2018	2017
Revenues:			
Rooms	$ 795	$ 845	$ 820
Other	17	17	16
Total Revenues	**812**	**862**	**836**
Operating Expenses:			
Rooms	383	385	353
Other departmental and support	119	122	120
Property tax, insurance and other	73	69	56
Management and royalty fees	80	52	—
Corporate general and administrative	41	85	76
Depreciation and amortization	181	156	140
Impairment loss	141	154	1
(Gain) loss on casualty and other	(2)	(4)	2
Gain on sales of real estate	(32)	—	(4)
Total Operating Expenses	**984**	**1,019**	**744**
Operating Income (loss)	**(172)**	**(157)**	**92**
Other Income (Expenses):			
Interest expense	(69)	(64)	(49)
Other income, net	33	15	1
Loss on extinguishment of debt	—	(10)	—
Total Other Expenses, net	**(36)**	**(59)**	**(48)**
Income (loss) from Continuing Operations before income taxes	**(208)**	**(216)**	**44**
Income tax benefit (expense)	(4)	(21)	109
Income (loss) from Continuing Operations, net of tax	**(212)**	**(237)**	**153**
Loss from discontinued operations, net of tax	—	(25)	(1)
Net Income (loss)	**$ (212)**	**$ (262)**	**$ 152**
Weighted average common shares outstanding - basic	57.1	58.4	58.0
Weighted average common shares outstanding - diluted	57.1	58.4	58.3
Earnings (loss) per share:			
Basic from continuing operations	$ (3.71)	$ (4.04)	$ 2.63
Basic from discontinued operations	—	(0.43)	(0.01)
Basic earnings (loss) per share	**$ (3.71)**	**$ (4.47)**	**$ 2.62**
Diluted from continuing operations	$ (3.71)	$ (4.04)	$ 2.62
Diluted from discontinued operations	—	(0.43)	(0.02)
Diluted earnings (loss) per share	**$ (3.71)**	**$ (4.47)**	**$ 2.60**

See Notes to Consolidated Financial Statements.

CorePoint Lodging Inc.
Consolidated Statements of Comprehensive Income (Loss)
For the years ended December 31, 2019, 2018, and 2017
(in millions)

	2019	2018	2017
Net income (loss)	**$ (212)**	**$ (262)**	**$ 152**
Cash flow hedge adjustment, net of tax	—	4	5
Termination of cash flow hedge	—	(3)	—
Comprehensive net income (loss)	**$ (212)**	**$ (261)**	**$ 157**

See Notes to Consolidated Financial Statements.

CorePoint Lodging Inc.
Consolidated Statements of Equity
For the years ended December 31, 2019, 2018 and 2017
(in millions, except per share data)

	Common Stock		Treasury Stock	Additional Paid-in-Capital	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interest	Total Equity
	Shares	Amount						
Balance as of January 1, 2017	58.4	$ 1	$ (210)	$ 1,166	$ (296)	$ (6)	$ 3	$ 658
Net income	—	—	—	—	152	—	—	152
Equity-based compensation	0.4	—	—	15	—	—	—	15
Repurchase of common stock	(0.1)	—	(2)	—	—	—	—	(2)
Cash flow hedge adjustment	—	—	—	—	—	5	—	5
Balance as of December 31, 2017	**58.7**	**1**	**(212)**	**1,181**	**(144)**	**(1)**	**3**	**828**
Net loss	—	—	—	—	(262)	—	—	(262)
Dividends on common stock ($0.467 per share) (post Spin-Off)	—	—	—	—	(27)	—	—	(27)
Equity-based compensation	1.1	—	—	11	—	—	—	11
Purchase of common stock (pre Spin-Off)	(0.1)	—	(2)	—	—	—	—	(2)
Retirement of treasury stock	—	—	214	(214)	—	—	—	—
Cash flow hedge adjustment, net of tax	—	—	—	—	—	4	—	4
Gain on termination of cash flow hedge	—	—	—	—	—	(3)	—	(3)
Purchase of common stock (post Spin-Off)	(0.2)	—	—	(4)	—	—	—	(4)
Reorganization and separation from La Quinta Holdings Inc.	—	—	—	—	752	—	—	752
Balance as of December 31, 2018	**59.5**	**1**	**—**	**974**	**319**	**—**	**3**	**1,297**
Cumulative effect of a change in accounting principle	—	—	—	—	1	—	—	1
Net loss	—	—	—	—	(212)	—	—	(212)
Dividends on common stock ($0.80 per share)	—	—	—	—	(46)	—	—	(46)
Equity-based compensation	0.4	—	—	11	—	—	—	11
Purchase of common stock	(2.7)	—	—	(31)	—	—	—	(31)
Distributions to noncontrolling interest	—	—	—	—	—	—	(1)	(1)
Final settlement of Spin-Off from La Quinta Holdings Inc.	—	—	—	—	18	—	—	18
Balance as of December 31, 2019	**57.2**	**$ 1**	**$ —**	**$ 954**	**$ 80**	**$ —**	**$ 2**	**$ 1,037**

See Notes to Consolidated Financial Statements.

Annual Report

CorePoint Lodging Inc.
Consolidated Statements of Cash Flows
For the years ended December 31, 2019, 2018 and 2017

	2019	2018	2017
Cash flows from operating activities:			
Net income (loss)	$ (212)	$ (262)	$ 152
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization	181	160	148
Amortization of deferred costs and other assets	22	12	7
(Gain) loss related to real estate casualties	(2)	(4)	2
Loss on extinguishment of debt	—	17	—
Impairment loss	141	154	1
Gain on sales of real estate	(32)	—	—
Equity-based compensation expense	11	11	16
Deferred tax (benefit) expense	(1)	6	(112)
Provision for doubtful accounts	—	2	2
Changes in assets and liabilities:			
Accounts receivable	(9)	9	2
Other assets	9	(11)	(31)
Accounts payable and accrued expenses	2	14	(7)
Other liabilities	6	3	2
Net cash provided by operating activities	**116**	**111**	**182**
Cash flows from investing activities:			
Capital expenditures, primarily investments in existing real estate	(74)	(167)	(218)
Lender and other escrows	5	(20)	—
Insurance proceeds related to real estate casualties	11	25	6
Proceeds from sale of real estate	161	6	33
Payment of franchise incentives	—	—	(2)
Net cash provided by (used in) investing activities	**103**	**(156)**	**(181)**
Cash flows from financing activities:			
Proceeds from debt	—	1,060	—
Repayment of debt	(114)	(1,030)	(18)
Debt issuance costs	—	(30)	—
Issuance of mandatorily redeemable preferred shares	—	15	—
Payment of property insurance financing	(11)	—	—
Dividends on common stock	(46)	(16)	—
Distributions to noncontrolling interests	(1)	—	—
Proceeds on termination of cash flow hedge	—	3	—
Payment for interest rate cap	—	(1)	—
Purchase of common stock	(31)	(6)	(3)
Reorganization and separation from La Quinta Holdings Inc.	—	(23)	—
Collection of Spin-Off final settlement	17	—	—
Net cash used in financing activities	**(186)**	**(28)**	**(21)**
Increase (decrease) in cash and cash equivalents	33	(73)	(20)
Cash and cash equivalents at the beginning of the year	68	141	161
Cash and cash equivalents at the end of the year	**$ 101**	**$ 68**	**$ 141**

See Notes to Consolidated Financial Statements.

1. Organization and Basis of Presentation

Organization and Business

CorePoint Lodging Inc., a Maryland corporation ("we," "us," "our," "CorePoint" or the "Company") is a lodging real estate company formed in May 2017, primarily serving the upper midscale and midscale segments, with a portfolio of select-service hotels located in the United States ("U.S.").

The following table sets forth the number of owned and joint venture hotels and approximate number of rooms as of December 31, 2019, 2018 and 2017, respectively:

	2019		2018		2017	
	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms
Owned (1)	270	34,800	314	40,200	316	40,400
Joint Venture	1	200	1	200	1	200
Totals	271	35,000	315	40,400	317	40,600

(1) As of December 31, 2019, we had no hotels designated as assets held for sale. As of December 31, 2018 and 2017, owned hotels includes one and three hotels, respectively, designated as assets held for sale.

For U.S. federal income tax purposes, we elected to be taxed as a real estate investment trust ("REIT"), effective May 31, 2018, with the filing of our U.S. federal income tax return for the year ended December 31, 2018. We believe that we are organized and operate in a REIT-qualified manner and we intend to continue to operate as such. As a REIT, we are generally not subject to federal corporate income tax on the portion of our net income that is currently distributed to our stockholders. To maintain our REIT status, we are required to meet several requirements as provided by the Internal Revenue Code of 1986, as amended (the "Code"). These include that the Company cannot operate or manage our hotels. Therefore, we lease our hotel properties to CorePoint TRS L.L.C., our wholly owned taxable REIT subsidiary ("CorePoint TRS"), which engages third-party eligible independent contractors to manage the hotels. CorePoint TRS is subject to federal, state and local income taxes. To maintain REIT status, we must distribute annually at least 90% of our "REIT taxable income," as defined by the Code, to our stockholders. We intend to continue to meet our distribution and other requirements as required by the Code.

Spin-Off from La Quinta Holdings Inc.

On May 30, 2018, La Quinta Holdings Inc. ("LQH Parent," and together with its consolidated subsidiaries, "LQH") completed the separation of its hotel ownership business from its hotel franchise and hotel management business. The separation ("Spin-Off") was made as part of a plan to spin off LQH's hotel ownership business into a stand-alone, publicly traded company, CorePoint, prior to the merger ("Merger") of LQH Parent with a wholly owned subsidiary of Wyndham Worldwide Corporation, a Delaware corporation ("Wyndham Worldwide" and including its subsidiaries and affiliates, "Wyndham"). As part of the Spin-Off and Merger, Wyndham became franchisor and manager of our hotel operations. In accordance with accounting principles generally accepted in the United States of America ("GAAP"), the results of operations related to the hotel franchise and hotel management business are reported as discontinued operations for all periods presented.

Notwithstanding the legal form of the Spin-Off, for accounting and financial reporting purposes, LQH Parent is presented as being spun-off from CorePoint (a "Reverse Spin"). This presentation is in accordance with GAAP and is primarily a result of the relative significance of CorePoint's business to LQH's business, as measured in terms of revenues, profits, and assets. Therefore, CorePoint is considered the divesting entity and treated as the "accounting successor," and LQH Parent is the "accounting spinnee" and "accounting predecessor" for consolidated financial reporting purposes.

Basis of Presentation

The accompanying consolidated financial statements have been prepared in accordance with GAAP. These consolidated financial statements present the consolidated financial position as of December 31, 2019 and 2018 and results of operations of CorePoint for the three years ended December 31, 2019, giving effect to the Spin-Off, with the historical financial results of LQH Parent reflected as discontinued operations. These consolidated financial statements represent the financial position and results of operations of entities that have historically been under common control of the accounting predecessor, LQH Parent.

The accompanying consolidated financial statements include our accounts, as well as our wholly owned subsidiaries and any consolidated variable interest entities ("VIEs"). We recognize noncontrolling interests for the proportionate share of operations for ownership interests not held by our stockholders. All intercompany transactions have been eliminated.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. These estimates include such items as: income taxes; impairment of long-lived assets; casualty losses; fair value evaluations; depreciation and amortization; and equity-based compensation measurements. Actual results could differ from those estimates.

2. Significant Accounting Policies and Recently Issued Accounting Standards

Investment in Real Estate

Property and equipment and other investments in real estate are stated at cost less accumulated depreciation computed using a straight-line method. Buildings and improvements have an estimated useful life of 5 to 40 years and furniture, fixtures and other equipment have an estimated useful life of 2 to 10 years. Leasehold improvements are depreciated over the shorter of the underlying lease term or the useful lives of the related assets, generally ranging from one to 25 years.

We capitalize expenditures that increase the overall value of an asset or extend an asset's life, typically associated with hotel refurbishment, renovation, and major repairs. Such costs primarily include third-party contract labor, materials, professional design and other direct costs, and during the redevelopment and renovation period interest, real estate taxes and insurance costs. The interest, real estate taxes and insurance capitalization period begins when the activities related to the development have begun and ceases when the project is substantially complete and the assets are held available for use or occupancy. Once such a project is substantially complete and the associated assets are ready for intended use, interest, real estate taxes and insurance costs are no longer capitalized. Normal maintenance and repair costs are expensed as incurred.

Impairment of Real Estate Related Assets

For our investments in real estate, we monitor events and changes in circumstances indicating that the carrying amounts of the real estate assets may not be recoverable. When such events or changes are present, we make an assessment of the property's recoverability by comparing the carrying amount of the asset to our estimate of the aggregate undiscounted future operating cash flows expected to be generated over the holding period of the asset including its eventual disposition. If the carrying amount exceeds the aggregate undiscounted future operating cash flows, we recognize an impairment loss to the extent the carrying amount exceeds the estimated fair value of the property. Any such impairment is treated for accounting purposes similar to an asset acquisition at the estimated fair value, which includes establishing a new cost basis and the elimination of the asset's accumulated depreciation and amortization.

In evaluating our investments for impairment, we undergo continuous evaluations of property level performance and real estate trends, and management makes several estimates and assumptions, including, but not limited to, the projected date of disposition, estimated sales price and future cash flows of each property during our estimated holding period. If our analysis or assumptions regarding the projected cash flows expected to result from the use and eventual disposition of our properties change, we incur additional costs and expenses during the holding period, or our expected hold periods decrease, we may incur future impairment losses.

Sales of Real Estate

We classify hotels as held for sale when the criteria are met, in accordance with GAAP. At that time, we present the assets and obligations associated with the real estate held for sale separately in our consolidated balance sheet, and we cease recording depreciation and amortization expense related to that asset. Real estate held for sale is reported at the lower of its carrying amount or its estimated fair value less estimated costs to sell.

Upon the disposition of a property, we recognize a gain or loss at a point in time when we determine control of the underlying asset has been transferred to the buyer. Our performance obligation is generally satisfied at the closing of the transaction. Any continuing involvement is analyzed as a separate performance obligation in the contract, and a portion of the sales price is allocated to each performance obligation. When the performance obligation related to the continuing involvement is satisfied, the sales price allocated to it is recognized. There is significant judgment applied to estimate the amount of any variable consideration identified within the sales price and assess its probability of occurrence based on current market information, historical transactions, and forecasted information that is reasonably available.

For sales of real estate (or assets classified as held for sale), we evaluate whether the disposition is a strategic shift that will have a major effect on our operations and financial results. When a disposition represents a strategic shift that will have a major effect on our operations and financial results, it will be classified as discontinued operations in our consolidated financial statements for all periods presented.

Cash and Cash Equivalents

We classify all cash on hand, demand deposits with financial institutions, and short-term highly liquid investments with original maturities of three months or less to be cash equivalents. Cash and cash equivalents are stated at cost, which approximates fair market value.

We classify cash and cash equivalents as restricted cash when contractual agreements or arrangements impose restrictions on our ability to freely access and utilize the cash and cash equivalent amounts.

Accounts Receivable

Accounts receivable primarily consists of receivables due from insurance settlements, our hotel manager, hotel guests, and credit card companies and are carried at estimated collectable amounts. We periodically evaluate our receivables for collectability based on historical experience, the length of time receivables are past due and the financial condition of the debtor. Accounts receivable are written off when collection is not probable. We record uncollectible operating lease receipts as a direct offset to room revenues. Our insurance settlement receivables are recorded based upon the terms of our insurance policies and our estimates of insurance losses. We recognize business interruption claims as revenue when collected and accordingly our accounts receivable do not include any amounts related to estimated business interruption claim recoveries. As of December 31, 2019 and 2018, we had $12 million and $13 million of insurance settlement receivables, respectively. As of December 31, 2019, we had a $9 million receivable from our hotel manager related to the Wyndham Settlement (as defined in Note 8 "Commitments and Contingencies – Hotel Management and Franchise Agreements"). Remaining payments on the Wyndham Settlement are required to be paid no later than June 2021.

Debt and Deferred Debt Issuance Costs

Deferred debt issuance costs include costs incurred in connection with issuance of debt, including costs associated with the entry into our loan agreements and revolving credit facility, and are presented as a direct reduction from the carrying amount of debt. These debt issuance costs are deferred and amortized to expense on a straight-line basis over the term of the debt, which approximates the effective interest amortization method. This amortization expense is included as a component of interest expense. When debt is paid prior to its scheduled maturity date and the underlying terms are materially modified, the remaining carrying value of deferred debt issuance costs, along with certain other payments to lenders, is included in loss on extinguishment of debt.

Lessee Accounting

We adopted Accounting Standards Codification ("ASC") Topic 842, Leases, effective January 1, 2019. We determine if an arrangement is a lease at inception. Our operating lease agreements are primarily for ground leases and our corporate office lease, where the asset is classified within "right of use assets" and the operating lease liability is classified within "other liabilities" in our consolidated balance sheets. We elected the practical expedient to combine our lease and related non-lease components by class of asset and made the election for our ground leases and our corporate office lease.

Right of use assets represent our right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments arising from the lease. Right of use assets and operating lease liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. Our variable lease payments consist of payments based on a rate or index established subsequent to the lease commencement date and non-lease services related to the ground lease, primarily real estate taxes. Variable lease payments are excluded from the right of use assets and operating lease liabilities and are recognized in the period in which the obligation for those payments is incurred. As our leases do not provide an implicit rate, we use our incremental borrowing rate. Our incremental borrowing rate is based on information available at the commencement date using our actual borrowing rates commensurate with the lease terms and a fully levered borrowing. Extension options on our leases are included in our minimum lease terms when they are reasonably certain to be exercised. In our evaluation of the lease term, we consider other arrangements, primarily our debt and franchise agreements, which may have economic consequences related to failure to renew certain ground leases. For accounting purposes, such lease terms are not adjusted unless the contractual terms are modified. Rental expense for lease payments related to operating leases is recognized on a straight-line basis over the lease term.

Fair Value Measurement

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. In evaluating the fair value of both financial and non-financial assets and liabilities, GAAP establishes a fair value hierarchy, which prioritizes the inputs used in measuring fair value into three broad levels, which are as follows:

Level 1—Quoted prices in active markets for identical assets or liabilities.

Level 2—Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Valuations in this category are inherently less reliable than actively quoted market prices due to the degree of subjectivity involved in determining appropriate methodologies and the applicable underlying observable market assumptions.

Level 3—Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities. These inputs cannot be validated by readily determinable market data and generally involve considerable judgment by management.

We use the highest level of observable market data if such data is available without undue cost and effort.

Derivative Instruments

We use derivative instruments as part of our overall strategy to manage our exposure to market risks associated with fluctuations in interest rates. We regularly monitor the financial stability and credit standing of the counterparties to our derivative instruments. We do not enter into derivative financial instruments for trading or speculative purposes.

We record all derivatives at fair value. On the date the derivative contract is entered into, we designate the derivative as one of the following: a hedge of a forecasted transaction or the variability of cash flows to be paid (“Cash Flow Hedge”), a hedge of the fair value of a recognized asset or liability (“Fair Value Hedge”), or an undesignated hedge instrument. Changes in the fair value of a derivative that is qualified, designated and highly effective as a Cash Flow Hedge are recorded in the consolidated statements of comprehensive income (loss) until they are reclassified into earnings when the hedged transaction affects earnings. Changes in the fair value of a derivative that is qualified, designated and highly effective as a Fair Value Hedge, along with the gain or loss on the hedged asset or liability that is attributable to the hedged risk, are recorded in current period earnings. Cash flows from designated derivative financial instruments are classified within the same category as the item being hedged in the consolidated statements of cash flows. Changes in fair value of undesignated hedge instruments are recorded in current period earnings. As of December 31, 2019 and 2018, our only derivative, an interest rate cap, is an undesignated hedge instrument.

Revenue Recognition

We adopted ASC Topic 606, Revenue from Contracts with Customers*,* effective January 1, 2018, using the modified retrospective transition method. We also adopted ASC Topic 842, Leases, effective January 1, 2019, using the modified retrospective transition method. There was no material impact to revenues or continuing operations in our financial statements due to the change in either of these accounting policies. The information in this section describes our current revenue recognition policies.

Our revenues primarily consist of operating lease revenues from room rentals, which are accounted for under GAAP in accordance with lease accounting standards. Room revenue is recognized as earned on a daily basis, net of customer incentive discounts, cash rebates, and refunds. Other lease revenues primarily include lease revenue from restaurants, billboards and cell towers, all of which are operating leases. Such leases are recognized on a straight-line basis over the term of the lease when collections are considered probable and as earned and collected when collections are not considered probable. Uncollectible lease amounts are recorded as a direct offset to revenues. As a lessor, our operating leases do not contain purchase options or require significant assumptions or judgments. Some of our operating leases contain extension options. For those with extension options we assess the likelihood such options will be exercised in determining the lease term.

Customer revenues include other hotel guest revenues generated by the incidental support of hotel operations and are recognized under the revenue accounting standard as the service obligation is completed.

Purchase of Common Stock

Purchases of common stock are recorded on the trade date at cost, including commissions and other costs, through a removal of the stated par value with the excess recorded as additional paid-in-capital.

Equity-Based Compensation

We have a stock-based incentive award plan for our employees and directors, which primarily includes time-based and performance-based awards. We recognize the cost of services received in an equity-based payment transaction with an employee or director as services are received and record either a corresponding increase in equity or a liability, depending on whether the instruments granted satisfy the equity or liability classification criteria. Measurement for these equity awards is the estimated fair value at the grant date of the equity instruments.

The equity-based compensation expense is recognized for awards earned or expected to be earned. Accordingly, the compensation expense for all equity awards is recognized straight-line over the vesting period of the last separately identified vesting portion of the award. Forfeitures for time-based and market-based performance awards are recognized as they occur. Performance awards with targets other than market-based are assessed at each balance sheet date with respect to the expected achievement of the target. Equity-based compensation expense is classified in corporate general and administrative expenses. Dividend equivalent cash payments related to unvested employee and director awards are charged to corporate general and administrative expenses. Dividends awarded as additional stock grants are included in equity-based compensation expense.

Earnings Per Share

Basic earnings (loss) per share is computed by dividing net income (loss) by the weighted average number of shares of common stock outstanding. Diluted earnings (loss) per share is computed by dividing net income (loss) by the weighted average number of shares of our common stock outstanding plus other potentially dilutive securities, except when the effect would be anti-dilutive. Dilutive securities include equity-based awards issued under long-term incentive plans, as discussed in Note 11 “Equity-Based Compensation.” Dilutive securities are excluded from the calculation of earnings per share for all periods presented because the effect would be anti-dilutive. The earnings per share amounts are calculated using unrounded amounts and shares which may result in differences in rounding of the presented per share amounts.

Income Taxes

We are organized in conformity with and operate in a manner that allows us to be taxed as a REIT for U.S. federal income tax purposes. To the extent we continue to qualify as a REIT, we generally will not be subject to U.S. federal income tax on taxable income generated by our REIT activities that we distribute to our stockholders. Accordingly, no provision for U.S. federal income tax expense has been included in our consolidated financial statements for the years ended December 31, 2019 or 2018 related to our REIT operations; however, CorePoint TRS, our wholly owned taxable REIT subsidiary, is subject to U.S. federal, state and local income taxes and we may be subject to state and local taxes. We were subject to U.S. federal, state and local taxes prior to the Spin-Off and our REIT election.

We use the asset and liability method of accounting for income taxes. Under this method, current income tax expense represents the amounts expected to be reported on our income tax returns, and deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. The deferred tax assets and liabilities are measured using the enacted tax rates that are expected to be applied to taxable income in the years in which those temporary differences are expected to reverse.

In determining our tax expense for financial statement reporting purposes, we must evaluate our compliance with the Code, including the transfer pricing determinations used in establishing rental payments between the REIT and CorePoint TRS. Accounting for income taxes requires, among others, interpretation of the Code, estimated tax effects of transactions, and evaluation of probabilities of sustaining tax positions, including realization of tax benefits. We recognize tax positions only after determining that the relevant tax authority would more likely than not sustain the position following the audit. The final resolution of those assessments may subject us to additional taxes. In addition, we may incur expenses defending our positions during IRS tax examinations, even if we are able to eventually sustain our position with the tax authorities.

We are subject to or are contractually responsible for audits by federal and state tax authorities related to prior periods, which may result in additional tax liabilities. We have concluded that the positions reported on our tax returns under audit by the IRS are, based on their technical merits, more-likely-than-not to be sustained upon conclusion of the examination. Accordingly, as of December 31, 2019, we have not established any reserves related to this proposed adjustment or any other issues reflected on the returns under examination. If, however, we are unsuccessful in challenging the IRS, an excise tax would be imposed on the REIT related to the excess rent and we would be responsible for additional income taxes, interest and penalties, which could adversely affect our financial condition, results of operations and cash flow and the trading price of our common stock. Such adjustments could also give rise to additional state income taxes.

Concentrations of Credit Risk and Business Risk

We have cash and cash equivalents deposited in certain financial institutions in excess of federally insured levels. We utilize financial institutions that we consider to be of high credit quality and consider the risk of default to be minimal. We also monitor the creditworthiness of our customers and financial institutions before extending credit or making investments.

Substantially all of our revenues are derived from our lodging operations at our hotels. Lodging operations are particularly sensitive to adverse economic, social and competitive conditions and trends, which could adversely affect our business, financial condition and results of operations. We have a concentration of hotels operating in Texas, Florida and California.

The number of hotels, percentages of total hotels and the percentages of our total revenues from these states as of and for the year ended December 31, 2019 is as follows:

	Number of Hotels	Percentage of Total Hotels	Percentage of Total Revenue
Texas	58	21 %	21 %
Florida	45	17 %	16 %
California	21	8 %	12 %
Total	**124**	**46%**	**49%**

Our geographic concentration has not significantly changed during the last three years ended December 31, 2019.

Segment Reporting

Our hotel investments have similar economic characteristics and our service offerings and delivery of services are provided in a similar manner, using the same types of facilities and similar technologies. Our chief operating decision maker reviews our financial information on an aggregated basis. As a result, we have concluded that we have one reportable business segment.

Principal Components of Expenses

As more fully explained in Note 8 "Commitments and Contingencies – Hotel Management and Franchise Agreements," our management company is responsible for the day to day operations of our hotels. For many expenses, the manager directly contracts for the services in the capacity as a principal, and we reimburse our manager in accordance with the agreements. We present the following expense components and only classify the fee portion of expense as management and royalty fees. We classify all amounts owed to our manager and franchisor in accounts payable and accrued expenses.

Rooms — These expenses include hotel operating expenses of housekeeping, reservation systems (per our franchise agreements), room and breakfast supplies and front desk costs.

Other departmental and support — These expenses include expenses that constitute non-room operating expenses, including parking, telecommunications, on-site administrative labor, sales and marketing, loyalty program, recurring repairs and maintenance and utility expenses.
Property tax, insurance and other — These expenses consist primarily of real and personal property taxes, other local taxes, ground rent, equipment rent and insurance.

Newly Issued Accounting Standards

In August 2018, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2018-13, Fair Value Measurement (Topic 820): Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement, which modifies disclosure requirements for fair value measurements. While some disclosures have been removed or modified, new disclosures have been added. We adopted this guidance on January 1, 2020, and it did not have a material impact on our consolidated financial position and results of operations.

In June 2016, the FASB issued ASU 2016-13, Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, which changes the methodology for measuring credit losses on financial instruments and the timing of when such losses are recorded. The guidance primarily affects financial assets and net investment in leases that are not accounted for at fair value through net income but excludes operating lease receivables. The guidance is currently expected to primarily apply to our non-lease trade receivables, casualty insurance claim receivables, Wyndham Settlement receivable and any future financial assets that have the contractual right to receive cash that we may acquire in the future. We adopted this guidance on January 1, 2020, and it did not have a material impact on our consolidated financial position and results of operations.

In December 2019, the FASB issued ASU 2019-12, Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes. The guidance enhances and simplifies various aspects of the current income tax guidance and reduces complexity by removing certain exceptions to the general framework. The guidance is effective for us January 1, 2021. We do not expect the adoption of this guidance to have a material impact on our consolidated financial position and results of operations.

Recently Adopted Accounting Standards

In July 2019, the FASB issued ASU 2019-07, Codification Updates to SEC Sections. This update clarifies or improves the disclosure and presentation requirements of a variety of codification topics by aligning them with the Securities and Exchange Commission's ("SEC") regulations, thereby eliminating redundancies and making the codification easier to apply. We adopted this guidance upon issuance, as required. The adoption of this guidance did not have a material effect on our consolidated financial position and results of operations.

Effective January 1, 2019, we adopted ASC Topic 842, Leases, which established new lease accounting standards for lessees and lessors. For lessees, the new standard requires balance sheet recognition of a right of use asset and lease liability for virtually all leases. At adoption, this primarily related to our ground leases. The amount recognized is generally equal to the present value of the lease payments, based on our incremental borrowing rate. In determining our incremental borrowing rate, we considered fully leveraged secured real estate borrowings. For lessors, the new standard requires leases to be classified as operating or sales-type. All of our leases are, and are anticipated to be, operating leases. Operating leases under the new standard are generally accounted for consistently with the prior lease accounting standards.

We adopted the new standard using the following practical expedients and policy adoptions:

- Modified retrospective transition method, where lease balances as of the adoption date are based on the remaining lease payments as previously accounted for.
- Periods prior to the period of adoption are not restated, including disclosures.
- The lease classification and direct costs for leases in place as of the date of adoption are not reassessed, including land easements.
- Lease term at the date of adoption is based on all known facts as of the adoption date.
- For leases where we are the lessor, no separation of a lease into a lease and non-lease component, as provided in the practical expedient. Amounts related to sales taxes collected by us and remitted to the taxing authorities are not included in room revenues or expense. Insurance and real estate taxes where the lessee is directly responsible for the payment to the vendor or taxing authority are also not included in revenue or expense.
- For leases where we are the lessee, the short-term lease exception for leases with a remaining term of less than one year.

As a lessor, our recognition of lease revenue was substantively consistent with previous guidance and, accordingly, the adoption of the lessor portion of the new standard did not have a material effect on our financial statements. As a lessee, the adoption of the new lease standard resulted in the recognition of right of use assets and lease liabilities, primarily related to our ground leases. As of January 1, 2019, right of use assets and lease liabilities of $27 million and an increase of $1 million to retained earnings were recognized.

Effective January 1, 2019, we adopted ASU 2018-07, Compensation – Stock Compensation (Topic 718): Improvements to Nonemployee Share-Based Payment Accounting, which simplifies the accounting for share-based payments granted to nonemployees for goods and services. Under this standard, most of the guidance on such payments to nonemployees is aligned with the requirements for share-based payments granted to employees. We account for our share-based payments to members of our board of directors in the same manner as share-based payments to our employees. Other than to members of our board of directors, we do not award share-based payments to any nonemployees. The adoption of this guidance did not have a material effect on our consolidated financial position and results of operations.

From time to time, new accounting standards are issued by the FASB or other standards-setting bodies, which we adopt as of the specified effective date. Unless otherwise discussed, we believe the impact of recently adopted or recently issued standards that are not yet effective have not or will not have a material impact on our consolidated financial position and results of operations.

3. Investments in Real Estate

During 2019, 42 operating hotels were sold for gross proceeds of $173 million resulting in gain on sales of $32 million. During 2018, two hotels were sold for gross proceeds of $7 million resulting in no gain on sale.

We recorded non-cash impairment losses of $141 million and $154 million, during 2019 and 2018, respectively, due to shortened holding periods for many of our hotels and assumptions related to future operations.

We have experienced hurricane and fire related damages to certain of our hotels. We carry comprehensive property, casualty, flood and business interruption insurance that we anticipate will cover our losses at these hotels, subject to a deductible. For the year ended December 30, 2019 and 2018, we recognized $7 million and $10 million, respectively, for the involuntary conversion write-off of net book value of damaged assets. Certain of our hotels had closures and disruptions to business primarily due to hurricanes and fires in 2019, 2018 and 2017. For the years ended December 31, 2019, 2018 and 2017, we received business interruption insurance proceeds of $11 million, $12 million and $1 million, respectively, which are included in "other income, net" on our consolidated statements of operations.

Construction in progress includes capitalized costs for ongoing projects that have not yet been put into service.

We have pledged substantially all of our hotels as collateral for the CMBS Loan Agreement (as defined in Note 5, "Debt").

4. Other Assets

The following table presents other assets as of December 31, 2019 and 2018 (in millions):

	2019	2018
Lender and other escrows	$ 20	$ 20
Prepaid expenses	10	6
Intangible assets, net	4	5
Federal and state tax receivables	—	4
Assets held for sale	—	3
Other assets, primarily hotel supplies	9	16
Total other assets	$ 43	$ 54

We had no hotels classified as held for sale as of December 31, 2019. Assets held for sale as of December 31, 2018 represent one hotel, which was sold in 2019.

5. Debt

The following table presents the carrying amount of our debt as of December 31, 2019 and 2018 (in millions):

	2019	2018	Interest Rate (1)	Maturity Date
CMBS Facility	$ 921	$ 1,035	One-month LIBOR + 2.75%	2020 (2)
Revolving Facility	—	—	One-month LIBOR + 4.50%	2020 (3)
	921	1,035		
Less deferred debt issuance costs	(6)	(21)		
Total debt, net	$ 915	$ 1,014		

(1) London Interbank Offering Rate ("LIBOR") at December 31, 2019 and 2018 was 1.76% and 2.52% respectively. The interest rate margins were unchanged in 2019 and 2018.

(2) After maturity in June 2020, includes five one-year extension options at our option, provided there is no event of default existing as of the commencement of the applicable extension period and the CorePoint CMBS Borrower either extends the current interest rate cap or purchases a new interest rate cap covering the extension period at a strike price as set forth in the CMBS Loan Agreement.

(3) After maturity in May 2020, includes a one-year extension option at our option, subject to certain conditions, including that the maturity of the CMBS Facility be extended to a date no earlier than the maturity of the Revolving Facility.

CMBS Facility

On May 30, 2018, certain indirect wholly owned subsidiaries of CorePoint (collectively, the "CorePoint CMBS Borrower"), CorePoint TRS and CorePoint Operating Partnership L.P. ("CorePoint OP") entered into a loan agreement (the "CMBS Loan Agreement"), pursuant to which the CorePoint CMBS Borrower borrowed an aggregate principal amount of $1.035 billion under a secured mortgage loan secured primarily by mortgages for substantially all of our wholly owned hotels, an excess cash flow pledge for seven owned and ground leased hotels and other collateral customary for mortgage loans of this type (the "CMBS Facility").

The CMBS Facility bears interest at a rate equal to the sum of (i) one-month LIBOR and (ii) 2.75% per annum for the first five years of the term, 2.90% for the sixth year of the term and 3.00% for the seventh year of the term. Interest is generally payable monthly.

The CMBS Facility matures on June 9, 2020, with five one-year extension options, exercisable at the CorePoint CMBS Borrower's election, provided there is no event of default existing as of the commencement of the applicable extension period and the CorePoint CMBS Borrower either extends the current interest rate cap or purchases a new interest rate cap covering the extension period at a strike price as set forth in the CMBS Loan Agreement. We are currently evaluating plans to extend or refinance the CMBS Facility. No principal payments are due prior to the scheduled or extended maturity date. The CMBS Facility is pre-payable in whole or in part subject to payment of all accrued interest through the end of the applicable accrual period.

We may obtain the release of individual properties from the CMBS Facility provided that certain conditions of the CMBS Loan Agreement are satisfied. The most restrictive of these conditions provide that after giving effect to such release the debt yield for the CMBS Facility (generally defined as hotel property operating net income before interest, depreciation and a fixed amount of corporate general and administrative expenses divided by the outstanding principal balance of the CMBS Facility, "Debt Yield") is not less than the greater of (x) 16.44% and (y) the lessor of (i) the Debt Yield in effect immediately prior to such release and (ii) 16.94% (such result the "Release Debt Yield"). However, if such release is in connection with the sale of a property to an unrelated third party, such sold property may be released if the CorePoint CMBS Borrower prepays an amount equal to the greater of (x) the allocated portion of the outstanding CMBS Facility plus a premium ranging from 5% to 10%, as defined in the CMBS Loan Agreement and (y) the lesser of (i) the full net proceeds from the sale of the property received by us and (ii) the amount necessary to satisfy the Release Debt Yield. Accordingly, such CMBS Loan Agreement release provisions could affect our ability to sell properties or restrict the use of sale proceeds only to (or substantially to) the required partial prepayment of the CMBS Facility. During the year ended December 31, 2019, primarily in connection with the sale of 42 secured hotel properties, $114 million of the net proceeds were used to pay down the principal of the CMBS Facility. During the year ended December 31, 2019, we recorded substantially no loss on extinguishment of debt related to these principal pay downs.

The CMBS Facility includes customary non-recourse carve-out guarantees, affirmative and negative covenants and events of default, including, among other things, guarantees for certain losses arising out of customary "bad-boy" acts of CorePoint OP and its affiliates and environmental matters (which will be recourse for environmental matters only to the CorePoint CMBS Borrower provided that the required environmental insurance is delivered to the lender), a full recourse guaranty with respect to certain bankruptcy events, restrictions on the ability of the CorePoint CMBS Borrower to incur additional debt and transfer, pledge or assign certain equity interests or its assets, and covenants requiring the CorePoint CMBS Borrower to exist as "special purpose entities," maintain certain ongoing reserve funds and comply with other customary obligations for commercial mortgage-backed securities loan financings. As of December 31, 2019, we believe we were in compliance with these covenants.

At the origination of the CMBS Facility, the CorePoint CMBS Borrower deposited in the loan servicer's account $15 million in upfront reserves for property improvement and environmental remediation, which funds may be periodically disbursed to the CorePoint CMBS Borrower throughout the term of the loan to cover such costs. In addition, the CMBS Facility lender has the right to control the disbursement of hotel operating cash receipts during the continuation of an event of default under the loan or if and while the Debt Yield falls below 12.33% through May 30, 2023 and 12.83% thereafter, in each case, for two consecutive quarters. During such an event, the lender will use the funds to pay all monthly amounts due under the CMBS Facility loan documents including, but not limited to, required ongoing reserves, debt service and fees for the CMBS Facility and Revolving Facility and property operating expenses. Any remaining funds after the payment of such expenses will be held under the control of the Lender in an excess cash flow account and such amounts will not be available to the CorePoint CMBS Borrower until such events are cured, except that, if no event of default is continuing and there is no bankruptcy event with respect to the CorePoint CMBS Borrower, the Lender will make such funds available to the CorePoint CMBS Borrower for the payment of certain expenses, including, among other things, various operating expenses and dividends, and redemptions sufficient to maintain certain tax-preferential treatment for the CorePoint CMBS Borrower. As of December 31, 2019, we believe we were in compliance with these covenants.

Revolving Facility

On May 30, 2018, CorePoint Borrower L.L.C. (the "CorePoint Revolver Borrower"), our indirect wholly owned subsidiary and the direct wholly owned subsidiary of CorePoint OP, and CorePoint OP entered into a credit agreement providing for the $150 million Revolving Facility ("Revolving Facility"). In November 2019, CorePoint Revolver Borrower amended the Revolving Facility, modifying certain availability thresholds. The Revolving Facility will mature on May 30, 2020. At our election, we may extend the maturity for one additional year subject to certain conditions, including that the maturity of the CMBS Facility will be extended to a date no earlier than the maturity of the Revolving Facility. We are currently evaluating plans to extend or refinance the Revolving Facility. As of December 31, 2019, no amounts were outstanding under the Revolving Facility and $100 million of the $150 million was available to be drawn by us.

Interest under the Revolving Facility will be, at the option of the CorePoint Revolver Borrower, either at a base rate plus a margin of 3.5% or a LIBOR rate plus a margin of 4.5%. With respect to base rate loans, interest will be payable at the end of each quarter. With respect to LIBOR loans, interest will be payable at the end of the selected interest period but no less frequently than quarterly. Additionally, there is a commitment fee payable at the end of each quarter equal to 0.5% of unused commitments under the Revolving Facility and customary letter of credit fees.

The Revolving Facility contains customary representations and warranties, affirmative and negative covenants and defaults. The most restrictive of these are a maximum total net leverage ratio financial covenant and minimum interest coverage ratio financial covenant, in each case, as defined, and tested as of the last day of any fiscal quarter in which borrowings under the Revolving Facility and outstanding letters of credit exceed 10% of the aggregate commitments of the Revolving Facility. In November 2019, the CorePoint Revolver Borrower amended the Revolving Facility, modifying certain availability thresholds. Availability is still subject to meeting certain financial thresholds, including debt yield, leverage ratio, and minimum interest coverage, which have been adversely affected by our decline in operations and only partially offset by pay downs in our debt from hotel sales. There were no other significant changes in the financial terms as a part of the amendment. As of December 31, 2019, we believe we were in compliance with these covenants.

The obligations under the Revolving Facility are unconditionally and irrevocably guaranteed by CorePoint OP, and, subject to certain exceptions, each of the CorePoint Revolver Borrower and its existing and future domestic subsidiaries that own equity interests in any CorePoint CMBS Borrower.

6. Mandatorily Redeemable Preferred Stock

We have outstanding 15,000 shares of Cumulative Redeemable Series A Preferred Stock, par value $0.01 per share (the "Series A Preferred Stock"), held by an unrelated third-party. The Series A Preferred Stock has an aggregate liquidation preference of $15 million, plus any accrued and unpaid dividends thereon. The Series A Preferred Stock is senior to our common stock with respect to dividends and with respect to dissolution, liquidation or winding up of the Company. For all periods the Series A Preferred Stock has been outstanding, we have paid a cash dividend on the Series A Preferred Stock equal to 13% per annum, payable quarterly. If either our leverage ratio, as defined, exceeds 7.5 to 1.0 as of the last day of any fiscal quarter, or if an event of default occurs (or has occurred and not been cured) with respect to the Series A Preferred Stock, we will be required to pay a cash dividend on the Series A Preferred Stock equal to 15% per annum. Our dividend rate on the Series A Preferred Stock will increase to 16.5% per annum if, at any time, (1) we are in breach of the leverage ratio covenant and (2) an event of default occurs (or has occurred and has not been cured) with respect to the Series A Preferred Stock. As of December 31, 2019, none of these ratios have been exceeded, and we have not triggered any of the events that would result in an increased dividend rate.

The Series A Preferred Stock is mandatorily redeemable by us in 2028, upon the tenth anniversary of the date of issuance. Beginning in 2025, upon the seventh anniversary of the issuance of the Series A Preferred Stock, we may redeem the outstanding Series A Preferred Stock for an amount equal to its aggregate liquidation preference, plus any accrued but unpaid dividends. The holders of the Series A Preferred Stock may also require us to redeem the Series A Preferred Stock upon a change of control of the Company for an amount equal to its aggregate liquidation preference plus any accrued and unpaid dividends thereon (and a premium if the change of control occurs prior to the seventh anniversary of the issuance of the Series A Preferred Stock). Due to the fact that the Series A Preferred Stock is mandatorily redeemable, the preferred shares are classified as a liability on the accompanying consolidated balance sheet, and dividends on these preferred shares are classified as interest expense in the accompanying consolidated statements of operations.

Holders of Series A Preferred Stock generally have no voting rights. However, without the prior consent of the holders of a majority of the outstanding shares of Series A Preferred Stock, we are prohibited from (i) authorizing or issuing any additional shares of Series A Preferred Stock, or (ii) amending our charter or entering into, amending or altering any other agreement in any manner that would adversely affect the Series A Preferred Stock. Holders of shares of the Series A Preferred Stock have certain preemptive rights over issuances by us of any class or series of our stock ranking on parity with the Series A Preferred Stock. If we are either (a) in arrears on the payment of dividends that were due on the Series A Preferred Stock on six or more quarterly dividend payment dates, whether or not such dates are consecutive, or (b) in default of our obligations to redeem the Series A Preferred Stock or following a change of control, the preferred stockholders may designate a representative to attend meetings of our board of directors as a non-voting observer until all unpaid Series A Preferred Stock dividends have either been paid or declared with an amount sufficient for payment set aside for payment, or the shares required to be redeemed have been redeemed, as applicable.

7. Accounts Payable and Accrued Expenses and Other Liabilities

Accounts payable and accrued expenses and other liabilities include the following as of December 31, 2019 and 2018 (in millions):

	2019	2018
Due to hotel manager	$ 26	$ 44
Real estate taxes	22	23
Sales and occupancy taxes	7	8
Interest	2	3
Other accounts payable and accrued expenses	25	21
Total accounts payable and accrued expenses	$ 82	$ 99
Operating lease liabilities	$ 25	$ —
Below market leases, net	5	6
Property insurance financing	2	—
Other liabilities	11	5
Total other liabilities	$ 43	$ 11

8. Commitments and Contingencies

Hotel Management and Franchising Agreements

Management Fees

On May 30, 2018, we entered into separate hotel management agreements with LQ Management L.L.C. ("LQM"), whereby we pay a fee equal to 5% of total gross revenues, as defined. The term of the management agreements is 20 years, subject to two renewals of five years each, at LQM's option. There are penalties for early termination, including a termination upon the sale of a hotel.

LQM generally has sole responsibility for all activities necessary for the operation of our hotels, including establishing room rates, processing reservations and promoting and publicizing the hotels. LQM also provides all employees for the hotels, prepares reports, budgets and projections, and provides other administrative and accounting support services to the hotels. We have consultative and specified approval rights with respect to certain actions of LQM, including entering into long-term or high value contracts, engaging in certain actions relating to legal proceedings, approving the operating budget, making certain capital expenditures and the hiring of certain management personnel. We are also responsible for reimbursing LQM for certain costs incurred by LQM during the fulfillment of their duties, such as payroll costs for certain employees, general liability insurance and other costs that the manager incurs to operate the hotels. In connection with those reimbursement requirements, we are required to maintain certain minimum cash operating balances at our hotels.

For the year ended December 31, 2019, our management fee expense was $40 million. For the period from May 30, 2018 to December 31, 2018, our management fee expense was $26 million.

Beginning on July 30, 2019, we gave notice to LQM of several events of default under the management agreements relating to all of our wholly owned properties. On October 18, 2019, we entered into a settlement agreement related to our default claims (the "Wyndham Settlement"). As part of the Wyndham Settlement, we recognized $20 million of income, included in "other income, net" related to our claim of lost revenues and $17 million in retained earnings related to final resolution of Spin-Off related tax matters.

Royalty Fees

On May 30, 2018, we entered into separate hotel franchise agreements with La Quinta Franchising LLC ("LQ Franchising"). Pursuant to the franchise agreements, we were granted a limited, non-exclusive license to use our franchisor's brand names, marks and system in the operation of our hotels. The franchisor also may provide us with a variety of services and benefits, including centralized reservation systems, participation in customer loyalty programs, national advertising, marketing programs and publicity designed to increase brand awareness, as well as training of personnel. In return, we are required to operate franchised hotels consistent with the applicable brand standards.

Our franchise agreements require that we pay a 5% royalty fee on gross room revenues. The term of the franchise agreements is through 2038, subject to one renewal of 10 years, at the franchisor's option. There are penalties for early termination, including a termination upon the sale of a hotel. For the year ended December 31, 2019, our royalty fee expense was $40 million. For the period from May 30, 2018 to December 31, 2018, our royalty fee expense was $26 million.

In addition to the royalty fee, the franchise agreements include a reservation fee of 2% of gross room revenues, a marketing fee of 2.5% of gross room revenues, a loyalty program fee of 5% of eligible room night revenues, and other miscellaneous ancillary fees. Reservation fees are included within room expense and the marketing fee and loyalty program fees are included within other departmental and support in the accompanying consolidated statements of operations.

Our requirement to meet certain brand standards imposed by our franchisor includes requirements that we incur certain capital expenditures, generally ranging from $1,500 to $7,500 per hotel room (with various specific amounts within this range being applicable to different groups of our hotels) during a prescribed period generally ranging from two to eleven years. These amounts are over and above the capital expenditures we are required to make each year for recurring furniture, fixtures and equipment maintenance. However, these amounts that we are required to spend are subject to reduction, in varying degrees, by the amount of capital expenditures made for hotels in the applicable group over and above the capital expenditures required for the recurring maintenance in one or more years before receipt of the franchisor's notice. The initial period during which the franchisor can notify us that we must make these capital expenditures is through 2028. At the franchisor's discretion, subject to the franchise agreement provisions governing when such requirements may be imposed, the franchisor may provide a notice obligating us to meet those capital expenditure requirements generally within two to nine years of the notice. As of December 31, 2019, no such notices have been received; however, approximately 62% of our hotels are potentially eligible for such capital expenditure requirements. Through 2028, our remaining hotels will become eligible for such notices and capital expenditure requirements. We expect to meet these requirements primarily through our recurring capital expenditure program. As of December 31, 2019, $15 million was held in lender escrows that can be used to finance these requirements.

Litigation

We are a party to a number of pending claims and lawsuits arising in the normal course of business. We do not consider our ultimate liability with respect to any such claims or lawsuits, or the aggregate of such claims and lawsuits, to be material in relation to our consolidated financial condition, results of operations or our cash flows taken as a whole.

We maintain general and other liability insurance; however, certain losses or defense costs are within the retention or insurance deductible amount and are not covered by or are only partially covered by insurance policies. We regularly evaluate our ultimate liability costs with respect to such claims and lawsuits. We accrue costs from litigation as they become probable and estimable.

Tax Contingencies

We are subject to regular audits by federal and state tax authorities, which may result in additional tax liabilities related to prior periods. Entities in existence prior to the Spin-Off and transferred to Wyndham as a part of the Spin-Off are currently under audit by the Internal Revenue Service (the "IRS") for tax years ended December 31, 2010 to 2013. As a part of the Spin-Off, we agreed to indemnify Wyndham for any obligations and expenses arising from these IRS audits, including the legal and accounting defense expenses.

In 2014, the IRS commenced a tax audit, primarily related to transfer pricing for internal rents charged by our prior REIT. Subsequently, we have supplied information to the IRS supporting our position. In November 2019, the IRS issued notices of proposed adjustments ("NOPA", also known as a 30 Day Letter) proposing a redetermined rent adjustment totaling $138 million, attributable to tax years 2010 and 2011, exclusive of penalties and interest. Additionally, the November 2019 NOPA proposed an adjustment resulting in the loss of tax operating loss carryforwards generated in tax years 2006 through 2009. The adjustment to the tax operating loss carryforwards, measured at the tax rates enacted during the year of utilization and exclusive of penalties and interest, is $31 million.

We have responded to the IRS in disagreement with their NOPA and expect the matter to be transferred to an IRS Appeals office in 2020. We believe the IRS transfer pricing methodologies applied in the audits contain flaws and that the IRS proposed tax and adjustments are inconsistent with the U.S. federal tax laws. We have concluded that the positions reported on our tax returns under audit by the IRS are, based on their technical merits, more-likely-than-not to be sustained upon conclusion of the examination. Accordingly, as of December 31, 2019, we have not established any reserves related to this proposed adjustment or any other issues reflected on the returns under examination. If, however, we are unsuccessful in challenging the IRS, an excise tax would be imposed on the REIT related to the excess rent and we would be responsible for additional income taxes, interest and penalties, which could adversely affect our financial condition, results of operations and cash flow and the trading price of our common stock. Such adjustments could also give rise to additional state income taxes.

Purchase Commitments

As of December 31, 2019, we have approximately $29 million of purchase commitments primarily related to improvement projects at our hotel properties.

Lessee Commitments

Our lessee arrangements are primarily for ground leases at certain of our hotels. These ground leases generally include base rents, which may be reset based on inflation indexes or pre-established increases, contingent rents based upon the respective hotel's revenues, and reimbursement or primary responsibility for related real estate taxes and insurance expenses. The initial base terms for the leases are generally in excess of 25 years, with initial term maturities occurring between 2020 and 2096. Many of these arrangements also contain renewal options at the conclusion of the initial lease term, generally at fair value or pre-set amounts. Our other leases primarily relate to our corporate office, all of which are operating leases.

After the adoption of new accounting guidance related to leasing, the contractual payments of our operating lease liabilities on an undiscounted basis in effect as of December 31, 2019, are as follows (in millions):

Year		Amount
2020	$	3
2021		3
2022		3
2023		3
2024		3
Thereafter		60
Total	$	75

The difference between the undiscounted contractual payments of $75 million above and the December 31, 2019 operating lease liabilities of $25 million (included in our "other liabilities") is the present value of imputed interest. Contractual payments include base rents that have been contractually reset based on inflation indexes as of December 31, 2019.

Prior to adoption of new accounting guidance related to leasing, future minimum base rental payments payable by us under these non-cancelable operating leases in effect as of December 31, 2018, were as follows (in millions):

Year		Amount
2019	$	3
2020		3
2021		3
2022		2
2023		2
Thereafter		98
Total	$	111

For each of the years ended December 31, 2019, 2018, and 2017 total rent expense for ground leases included in property tax, insurance and other expenses in our consolidated statement of operations was $5 million. For each of these years, $1 million of the rent expense was related to contingent rents.

Post-employment Benefits

At the Spin-Off in 2018, the Company entered into severance plans with all executives and other employees. New employees are added at their date of employment. The plans include salary continuation, severance benefits, continuation of health care coverage and other supplemental post-employment benefits, all which vary depending on the employee's position and apply where there is termination without cause. For the year ended December 31, 2019, we recognized expenses related to these severance plans of $7 million. We had no expenses related to these severance plans in 2018.

9. Equity

Share Repurchase Program

On March 21, 2019, our board of directors authorized a $50 million share repurchase program. Under the share repurchase program, we may purchase common stock in the open market, in privately negotiated transactions or in such other manner as determined by us, including through repurchase plans complying with the rules and regulations of the SEC. The share repurchase program does not obligate us to repurchase any dollar amount or number of shares of common stock and the program may be suspended or discontinued at any time. Through December 31, 2019, we have acquired 2.6 million shares at a weighted average cost per share of $11.34 under the share repurchase program.

Spin-Off from La Quinta Holdings Inc.

LQH Parent completed the Spin-Off on May 30, 2018. As part of the Spin-Off closing, LQH Parent distributed to its stockholders all the outstanding shares of CorePoint common stock. Each holder of LQH Parent common stock received one share of CorePoint common stock for each share of LQH Parent common stock held by such holder on the record date whereby each share of the common stock of LQH Parent (par value $0.01) was reclassified and combined into one half of a share of the common stock of LQH Parent (par value $0.02). Immediately following the Spin-Off, pursuant to the terms of the merger agreement, LQH Parent became a wholly owned subsidiary of Wyndham Worldwide and each share of LQH Parent common stock was converted into the right to receive $16.80 per share in cash, without interest. Immediately following the Spin-Off, LQH Parent did not own any shares of any class of CorePoint outstanding common stock.

Because the separation was a spin-off among stockholders, for financial statement presentation, there is no gain or loss on the separation of the disposed net assets and liabilities. Rather, the carrying amounts of the net assets and liabilities of our former hotel franchise and hotel management accounts were removed at their historical cost with an offsetting amount of $752 million to our retained earnings in 2018. In 2019, we recorded an additional $18 million adjustment to retained earnings primarily as a result of the final determination and settlement of the tax liabilities associated with the transaction.

10. Revenue

Revenues for the years ended December 31, 2019, 2018 and 2017 are comprised of the following components (in millions):

	For the Year Ended December 31,		
	2019	2018	2017
Operating lease revenues:			
Rooms	$ 795	$ 845	$ 820
Other	6	4	4
Total lease revenues	801	849	824
Customer revenues	11	13	12
Total revenues	$ 812	$ 862	$ 836

Other operating lease revenues primarily include lease arrangements for restaurants, billboards and cell towers. Customer revenues, which are classified within other revenues, generally relate to amounts generated by the incidental support of the hotel operations, including service fees, parking and food. For each of the years ended December 31, 2019, 2018 and 2017 we had less than $1 million of variable lease revenue.

As of December 31, 2019, future minimum rental income to be received under non-cancelable operating leases, in excess of one-year, is as follows (in millions):

Year ending December 31,	Operating lease income
2020	$ 3
2021	2
2022	1
2023	1
2024	1
Thereafter	2
	$ 10

11. Equity-Based Compensation

Our 2018 Omnibus Incentive Plan (the "Plan"), authorizes the grant of restricted stock awards ("RSAs"), restricted stock units ("RSUs"), Performance Stock Units ("PSUs"), non-qualified and incentive stock options, dividend equivalents, and other stock-based awards. A total of eight million shares of common stock has been authorized for issuance under the Plan and six million shares of common stock are available for issuance as of December 31, 2019.

The RSAs and RSUs are time-based, where the awards vest over time, generally three to four years, and are not subject to future performance targets. RSAs and RSUs are initially recorded at the market price of our common stock at the time of the grant. The PSUs are subject to performance-based vesting, where the ultimate award is based on the achievement of established performance targets, generally over two to three years. As of December 31, 2019, these performance targets relate to relative and absolute total shareholder returns, as defined, which are treated as market-based conditions. Accordingly, these market-based PSUs are recorded at the fair value of the award using a Monte Carlo simulation valuation model. The currently outstanding PSUs vest over two to three years. RSAs, RSUs and PSUs are subject to accelerated vesting in the event of certain defined events.

In 2018, we entered into an agreement with LQH Parent to modify all outstanding awards granted to the employees of LQH Parent. The agreement generally provided that, as of the separation, holders of such awards were entitled to receive CorePoint equity-based, time-vesting, compensation awards. Generally, all such CorePoint equity-based compensation awards retained the same terms and vesting conditions as the original LQH Parent equity-based compensation awards to which such awards relate (except for the LQH Parent PSUs, as described below). Under the agreement, holders of LQH Parent RSAs and LQH Parent RSUs received RSAs and RSUs, respectively. Holders of LQH Parent PSUs received RSAs. The number of shares subject to such converted awards were calculated based on adjustments to LQH Parent's equity-based awards using the distribution ratio in the agreement and assumed a majority of the performance-vesting awards vest at target performance levels. Performance-based vesting with respect to the converted LQH Parent PSUs was removed, and instead the CorePoint converted equity-based awards vested, subject to the holder's continued employment with Wyndham or CorePoint, as applicable, through the last date of the original performance period (as defined in the applicable LQH Parent PSU grant notice) to which such awards related, effectively transforming the PSU awards into time-vesting equity awards. The compensation expense related to these replacement equity-based compensation awards for the employees of Wyndham is incurred by Wyndham. The compensation expense related to these replacement equity-based compensation awards for the employees of CorePoint is incurred by CorePoint.

For the years ended December 31, 2019, 2018, and 2017, we recognized $11 million, $7 million and $7 million, respectively, of equity-based compensation expense in continuing operations. For the years ended December 31, 2018 and 2017, we also recognized $4 million and $9 million, respectively, of equity-based compensation expense in discontinued operations.

The following table summarizes the activity of our RSAs, RSUs and PSUs during December 31, 2019 and 2018 which represent our equity-based compensation activity inclusive of and post completion of our Spin-Off:

	RSAs		PSUs		RSUs	
	Number of Shares	**Weighted-Average Grant Date Fair Value**	**Number of Shares**	**Weighted-Average Grant Date Fair Value**	**Number of Shares**	**Weighted-Average Grant Date Fair Value**
Outstanding at January 1, 2018	512,117	$ 11.02	—	$ —	47,898	$ 5.57
Granted	722,881	27.22	—	—	242	17.80
Conversion of the performance units upon completion of the Spin-Off	423,510	27.92	—	—	—	—
Vested	(769,044)	24.54	—	—	(12,249)	6.18
Forfeited	(5,396)	27.03	—	—	(21,267)	5.22
Outstanding at January 1, 2019	884,068	20.50	—	—	14,624	5.77
Granted	453,451	11.02	447,527	6.99	689	11.97
Vested	(616,912)	14.32	—	—	(10,241)	6.05
Forfeited	(66,817)	15.20	(78,558)	6.99	—	—
Outstanding at December 31, 2019	653,790	$ 20.30	368,969	$ 6.99	5,072	$ 6.05

RSAs are included in amounts for issued and outstanding common stock but are excluded in the computation of basic earnings per share.

12. Income Taxes

In order to continue to qualify as a REIT, we must meet a number of organizational, operational and distribution requirements. As a REIT, we are generally not subject to federal corporate income taxes on the portion of net income that is currently distributed to our stockholders. To the extent we do not distribute 100% of our taxable income for any year in which we have elected REIT status, we will be subject to income tax on the undistributed taxable income. It is our current intention to adhere to these and all other applicable requirements and maintain our qualification for taxation as a REIT, including the requirement to distribute our taxable income. If we fail to qualify for taxation as a REIT in any taxable year, we will be subject to federal income taxes at regular corporate rates and may not be able to qualify as a REIT for the four taxable years subsequent to the year of an uncured REIT qualification failure. Even if we qualify for taxation as a REIT, we may be subject to certain state and local taxes on our income and property, and to federal income and excise taxes on our undistributed taxable income. In addition, taxable income from non-REIT activities, related to our TRS, is subject to federal, state and local income taxes at normal corporate rates.

For financial reporting purposes, the consolidated income tax expense is based on consolidated income or loss before income taxes. The components of our income tax expense (benefit) from continuing operations for the years ended December 31, 2019, 2018 and 2017 are as follows (in millions):

	For the Year Ended December 31,		
	2019	**2018**	**2017**
Current expense:			
Federal	$ 3	$ 181	$ 3
State	2	46	3
Total current expense	5	227	6
Deferred benefit:			
Federal	(1)	(168)	(115)
State	—	(38)	—
Total deferred benefit	(1)	(206)	(115)
Income tax expense (benefit)	$ 4	$ 21	$ (109)

From January 1, 2018 to May 30, 2018 (the date of the Spin-Off) all of the taxable income from operations (both continuing and discontinued operations) and the tax gain from the Spin-Off are included in the consolidated U.S. federal and state income tax returns of LQH, and LQH is responsible for their payment. However, in accordance with GAAP, our 2018 current portion of income tax expense from continuing operations includes the income tax expense related to the taxable nature of the Spin-Off, which represents substantially all of our current portion tax expense from continuing operations. Our 2018 deferred tax benefit is primarily associated with the reversal of the net deferred tax liabilities resulting from the taxable gain associated with the Spin-Off transaction. Our 2017 deferred tax benefit is primarily related to the effects of the 2017 Tax Cuts and Jobs Act.

The significant components of our deferred tax assets and liabilities as of December 31, 2019 and 2018 are as follows (in millions):

	2019	2018
Deferred Tax Assets		
Insurance loss claim accruals	$ 3	$ 1
Allowance for doubtful accounts	1	—
Total deferred tax assets	4	1
Deferred Tax Liabilities		
Real estate, net	(7)	(4)
Linens, uniforms and supplies	(2)	(4)
Prepaid expenses	(1)	—
Deferred tax liabilities	(10)	(8)
Net deferred tax liabilities	$ (6)	$ (7)

As of December 31, 2019, we do not have any material federal or state income tax credits or net operating loss carryforwards.

Our income tax expense (benefit) differs from the amount of income tax determined by applying the applicable U.S. statutory federal income tax rate to pretax income from continuing operations as a result of the following items for the years ended December 31, 2019, 2018 and 2017 (in millions):

	For the Year Ended December 31,		
	2019	2018	2017
Statutory U.S. federal income tax provision (benefit)	$ (44)	$ (45)	$ 15
State income tax, net of U.S. federal tax benefit	1	2	3
REIT operations not subject to tax	47	43	—
Impact of Spin-Off	—	15	—
Write-off of tax net operating loss carryforwards	—	5	—
Nondeductible restructuring costs	—	7	5
Tax credits	—	—	(1)
Effects of the Tax Cuts and Jobs Acts	—	1	(128)
Change in valuation allowance	—	(5)	(4)
Other	—	(2)	1
Income tax expense (benefit)	$ 4	$ 21	$ (109)

13. Discontinued Operations

We had no discontinued operations for the year ended December 31, 2019. In accordance with GAAP, the results of operations related to our former hotel franchise and hotel management business are reported as discontinued operations for the years ended December 31, 2018 and 2017 and are summarized in the table below (in millions):

	For the Year Ended December 31,	
	2018	2017
Franchise, Management and Other Fee Based Revenue	$ 58	$ 145
Operating Expenses:		
Corporate, general, administrative and marketing	64	108
Depreciation and amortization	4	8
Total Operating Expenses	68	116
Operating Income (Loss)	(10)	29
Other Expenses:		
Interest expense	(15)	(34)
Loss on extinguishment of debt	(7)	1
Total Other Expenses	(22)	(33)
Loss Before Income Taxes	(32)	(4)
Income tax benefit, primarily current	7	3
Loss from Discontinued Operations, net of tax	$ (25)	$ (1)

As permitted under GAAP, we elected not to adjust the consolidated statements of cash flows for the years ended December 31, 2018 and 2017 to exclude cash flows attributable to discontinued operations. As such, the following table presents selected financial information of the former hotel franchise and hotel management business included in the consolidated statements of cash flows (in millions):

	For the Year Ended December 31,	
	2018	2017
Non-cash items included in net income (loss):		
Depreciation and amortization	$ 4	$ 8
Amortization of deferred costs	$ 1	$ 3
Loss on extinguishment of debt	$ 7	$ —
Equity based compensation expense	$ 4	$ 9
Investing activities:		
Capital expenditures	$ 11	$ 22

14. Fair Value Measurements

Fair value, as defined by GAAP, is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing an asset or liability. As a basis for considering market participant assumptions in fair value measurements, a fair value hierarchy that distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Levels 1 and 2 of the hierarchy) and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy) has been established.

Assets and Liabilities Measured at Fair Value on a Recurring Basis

We use interest rate cap arrangements with financial institutions to manage our exposure to interest rate changes for our loans that utilize floating interest rates. We have an interest rate cap we entered into in 2018, which is classified within other assets. As of December 31, 2019, the fair value was zero and as of December 31, 2018 the fair value was $0.2 million. The fair value was determined as Level 2 under the fair value hierarchy. During 2019 and 2018 we recorded interest expense of $0.2 million and $1 million, respectively, related to the change in fair value of the interest rate cap.

Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis

We have recorded non-cash impairment losses related to the reduction in the fair value of certain of our real estate investment and long-lived assets. The real estate impairment losses related to changes in management's estimate of the intended holding periods for certain of our hotels. Our process to estimate the fair value of an asset involves using the sales price of an executed sales agreement, which would be considered Level 2 assumptions within the fair value hierarchy. To the extent that this type of third-party information is unavailable, we estimated revenue multiples that we believe would be used by a third-party market participant in estimating the fair value of an asset. This is considered a Level 3 assumption within the fair value hierarchy.

The following table summarizes the assets which were measured at fair value and impaired during 2019 and 2018 (in millions):

		Basis of Fair Value Measurements			
	Fair Value of Assets at Impairment	**Quoted Prices in Active Market for Identical Items (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3) (1)**	**Total Losses**
For the year ended December 31, 2019					
Real estate	$ 299	$ —	$ 31	$ 268	$ 138
Right of use assets	$ 22	$ —	$ —	$ 22	$ 3
For the year ended December 31, 2018					
Real estate	$ 161	$ —	$ —	$ 161	$ 154

(1) The Level 3 unobservable inputs consist of internally developed cash flow models and fair value estimates that included projections of revenues, expenses and capital expenditures and market valuations based on multiples of revenue generally ranging from 2.0x to 3.0x for 2019 and from 1.3x to 2.8x for 2018. These assumptions were based on trends and comparable transactions in the lodging industry; our historical data and experience; our budgets, including those prepared by our third-party hotel manager; lodging industry valuation trends; and micro- and macro-economic trends and projections. Our estimated fair values also considered factors related to our franchise and management agreements, requirements to meet certain brand standards and other potential costs to be incurred during our projected holding period.

Financial Instruments Not Reported at Fair Value

For those financial instruments not carried at fair value, the carrying amount and estimated fair values of our financial assets and liabilities were as follows as of December 31, 2019 and 2018 (in millions):

	December 31, 2019		December 31, 2018	
	Carrying Amount	**Fair Value**	**Carrying Amount**	**Fair Value**
Debt - CMBS Facility (1)(2)	$ 921	$ 921	$ 1,035	$ 1,035
Mandatorily redeemable preferred shares (1)	$ 15	$ 15	$ 15	$ 15

(1) Classified as Level 3 under the fair value hierarchy.
(2) Carrying amount excludes deferred debt issuance costs of $6 million and $21 million as of December 31, 2019 and 2018, respectively.

We estimate the fair value of our debt and mandatorily redeemable preferred stock by using discounted cash flow analysis based on current market inputs for similar types of arrangements. As these instruments predominantly have interest rates set by floating rates or due to the recent issuance of the instruments and short remaining life, we have estimated that the contractual interest rates approximate their market rate. Fluctuations in these assumptions will result in different estimates of fair value.

We believe the carrying amounts of our cash and cash equivalents, accounts receivable and lender and other escrows approximate fair value as of December 31, 2019 and 2018, due to their short-term nature.

15. Related Party Transactions

As of December 31, 2019 and 2018, The Blackstone Group, Inc. ("Blackstone") beneficially owned approximately 30% of our outstanding shares of common stock and is a participating lender under our CMBS Facility. As of December 31, 2019 and 2018, the portion of our CMBS Facility outstanding balance due to Blackstone was $88 million and $99 million, respectively. Total interest payments made to Blackstone for each of the years ended December 31, 2019 and 2018 were $6 million.

Prior to the Spin-Off in 2018, we purchased products and services from entities affiliated with or owned by Blackstone in the ordinary course of operating our business. We paid $1 million and $3 million, respectively, for these products and services during the years ended December 31, 2018 and 2017. Subsequent to the Spin-Off, these products and services are contracted independently by our hotel manager.

In September 2018, we entered into a consulting agreement with Mr. Glenn Alba, a member of our board of directors, pursuant to which Mr. Alba provides consulting services in connection with developing, reviewing and advising on our real estate and capital deployment policies, strategies and programs. Mr. Alba has received and will continue to receive $8 thousand monthly and reimbursement of all reasonable business expenses incurred on our behalf. The current term under the agreement ends in September 2020.

16. Supplemental Disclosures of Cash Flow Information

The following table presents the supplemental cash flow information for the years ended December 31, 2019, 2018 and 2017 (in millions):

	For the Year Ended December 31,		
	2019	2018	2017
Supplemental cash flow information:			
Interest paid during the period	$ 52	$ 81	$ 77
Income taxes paid during the period, net of refunds	$ 1	$ 7	$ 22
Non-cash investing and financing activities:			
Capital expenditures included in accounts payable	$ 1	$ 9	$ 14
Cash flow hedge adjustment, net of tax	$ —	$ 1	$ 5
Casualty receivable related to real estate	$ 7	$ 10	$ 23
Dividends payable on common stock	$ 11	$ 12	$ —
Recognition of right of use operating lease assets and operating lease liabilities	$ 28	$ —	$ —
Financing of property insurance prepaids	$ 14	$ —	$ —

See Note 13 "Discontinued Operations" for additional information on supplemental disclosures of cash flow information related to discontinued operations.

17. Quarterly Results (unaudited)

Presented below is a summary of the unaudited quarterly consolidated financial information for the years ended December 31, 2019 and 2018 (in millions, except per share data):

	2019 Quarters Ended			
	March 31	June 30	September 30	December 31
Total Revenues	$ 208	$ 219	$ 215	$ 170
Operating loss	$ (6)	$ (5)	$ —	$ (161)
Net loss	$ (27)	$ (19)	$ (12)	$ (154)
Basic loss per share	$ (0.47)	$ (0.32)	$ (0.22)	$ (2.73)
Diluted loss per share	$ (0.47)	$ (0.32)	$ (0.22)	$ (2.73)
Common stock dividend declared per share	$ 0.20	$ 0.20	$ 0.20	$ 0.20

	2018 Quarters Ended			
	March 31	June 30	September 30	December 31
Total Revenues	$ 196	$ 233	$ 234	$ 199
Operating income (loss)	$ 2	$ (2)	$ 7	$ (164)
Loss from Continuing Operations, net of tax	(10)	(28)	(13)	(186)
Loss from Discontinued Operations, net of tax	(5)	(20)	—	—
Net loss	$ (15)	$ (48)	$ (13)	$ (186)
Basic loss per share:				
Continuing operations	$ (0.17)	$ (0.48)	$ (0.22)	$ (3.17)
Discontinued operations	(0.09)	(0.34)	—	—
Basic loss per share	$ (0.26)	$ (0.82)	$ (0.22)	$ (3.17)
Diluted loss per share:				
Continuing operations	$ (0.17)	$ (0.48)	$ (0.22)	$ (3.17)
Discontinued operations	(0.09)	(0.34)	—	—
Diluted loss per share	$ (0.26)	$ (0.82)	$ (0.22)	$ (3.17)
Common stock dividend declared per share	$ —	$ —	$ 0.267	$ 0.20

18. Subsequent Events

On November 13, 2019, our board of directors authorized and we declared a cash dividend of $0.20 per share of common stock with respect to the fourth quarter of 2019. The fourth quarter dividend was paid on January 15, 2020 to stockholders of record as of December 30, 2019.

On March 12, 2020, our board of directors authorized and we declared a cash dividend of $0.20 per share of common stock with respect to the first quarter of 2020. The first quarter dividend will be paid on April 15, 2020 to stockholders of record as of March 31, 2020. All future dividends will be at the sole discretion of CorePoint's board of directors.

On March 12, 2020, we provided notice to the lenders to borrow substantially all of our current availability under the Revolving Facility.

Subsequent to December 31, 2019, we sold, in separate transactions, 17 operating hotels for gross sales price of $74 million, recognizing an estimated gain on sales of approximately $18 million. As of December 31, 2019, none of these hotels were classified as assets held for sale because they did not meet the accounting criteria established for such classification. We used $41 million of the net sales proceeds to pay down the principal of the CMBS Facility.

CorePoint Lodging Inc.
Real Estate and Accumulated Depreciation
Schedule III
December 31, 2019
(in millions)

			Initial Cost						
Property Name	State	Encumbrances (1)	Land	Buildings and improvements and FF&E	Costs capitalized subsequent to acquisition (2)	Gross amount carried at close of period (3)	Accumulated depreciation	Year Built	Date of Acquisition
El Paso - Cielo Vista	TX	$ 1.0	$ 2.3	$ 4.7	$ (1.1)	$ 5.9	$ (3.1)	1988	2006
Charlotte - Airport South	NC	3.8	0.7	6.0	2.3	9.0	(4.3)	1998	2006
Atlanta - Perimeter / Medical Center	GA	4.8	4.6	9.2	6.6	20.4	(6.6)	1998	2006
Fremont / Silicon Valley	CA	11.9	3.3	2.4	2.7	8.4	(3.0)	1999	2006
Ontario - Airport	CA	7.4	9.0	13.9	3.7	26.6	(7.6)	1998	2006
Orlando - Airport North	FL	7.2	6.5	11.4	4.5	22.4	(6.9)	1998	2006
Greenville - Haywood Road	SC	6.9	1.0	7.5	3.1	11.6	(4.9)	1999	2006
Las Vegas - Summerlin Tech Center	NV	7.1	5.3	10.3	4.9	20.5	(6.2)	1999	2006
Atlanta Ballpark / Galleria	GA	6.5	3.6	8.8	3.2	15.6	(5.7)	1997	2006
Austin - Southwest	TX	6.8	13.5	4.8	2.3	20.6	(3.6)	1997	2006
Houston - Bush IAH South	TX	1.6	2.8	9.2	(5.5)	6.5	(1.4)	1999	2006
Oklahoma City - Northwest Expressway	OK	2.4	2.0	8.7	(5.4)	5.3	(0.8)	1999	2006
Orlando - University of Central Florida	FL	3.3	5.5	10.0	6.0	21.5	(5.3)	1999	2006
Winston - Salem	NC	3.7	5.8	9.4	(7.4)	7.8	(1.1)	1999	2006
Orlando I-Drive / Convention Center	FL	2.9	6.3	13.5	4.3	24.1	(6.6)	1999	2006
University Area Chapel Hill	NC	4.0	3.1	10.4	3.3	16.8	(6.3)	1999	2006
Raleigh / Durham Southpoint	NC	2.7	0.9	7.1	3.5	11.5	(5.9)	1999	2006
Austin - Airport	TX	6.0	2.5	9.7	7.2	19.4	(6.6)	1999	2006
Greensboro	NC	3.9	4.0	9.2	(4.4)	8.8	(1.0)	1999	2006
El Paso - East Lomaland	TX	1.5	1.1	6.4	1.6	9.1	(6.9)	1980	2006
Odessa	TX	4.5	0.7	6.3	2.8	9.8	(7.3)	1981	2006
Amarillo - Airport	TX	1.2	1.2	6.3	(4.4)	3.1	(1.1)	1983	2006
Midland - Wall Street	TX	4.9	0.4	7.1	2.9	10.4	(6.5)	1983	2006
Farmington	NM	1.6	1.0	5.9	1.0	7.9	(4.8)	1983	2006
Austin South / I-35	TX	2.2	1.9	6.3	1.5	9.7	(5.4)	1983	2006
San Antonio - Riverwalk	TX	21.5	14.2	17.9	7.8	39.9	(10.9)	2005	2006
Laredo - I-35	TX	3.2	1.8	4.6	3.0	9.4	(6.6)	1969	2006
El Paso - Airport	TX	2.1	3.3	5.2	2.2	10.7	(6.6)	1969	2006
San Antonio - South	TX	1.2	1.9	4.4	2.6	8.9	(6.0)	1970	2006
Dallas - Uptown	TX	2.2	5.4	1.5	2.7	9.6	(3.1)	1971	2006
Wichita Falls Event Center North	TX	1.6	1.9	5.9	2.4	10.2	(7.5)	1973	2006
Denver - Cherry Creek	CO	4.3	4.4	4.0	3.4	11.8	(5.9)	1974	2006

Property Name	State	Encumbrances (1)	Initial Cost: Land	Initial Cost: Buildings and improvements and FF&E	Costs capitalized subsequent to acquisition (2)	Gross amount carried at close of period (3)	Accumulated depreciation	Year Built	Date of Acquisition
Dallas - DFW Airport South / Irving	TX	7.0	0.6	5.8	2.7	9.1	(4.1)	2002	2006
Austin - Oltorf	TX	2.3	6.5	3.8	1.6	11.9	(5.3)	1975	2006
San Antonio - Lackland	TX	2.7	0.7	6.0	3.1	9.8	(8.1)	1975	2006
Killeen - Fort Hood	TX	1.8	1.4	6.1	2.4	9.9	(7.3)	1976	2006
Clute - Lake Jackson	TX	2.4	0.4	5.2	(2.9)	2.7	(1.0)	1977	2006
Austin - University Area	TX	1.7	1.9	6.1	2.1	10.1	(6.8)	1977	2006
Tallahassee - North	FL	2.7	3.0	9.1	2.7	14.8	(10.1)	1979	2006
College Station	TX	3.3	1.0	9.9	2.9	13.8	(11.1)	1980	2006
Costa Mesa Orange County	CA	4.4	7.5	6.2	2.4	16.1	(7.3)	1980	2006
Reno	NV	4.0	1.4	7.3	1.6	10.3	(7.7)	1981	2006
Champaign	IL	1.8	1.8	6.7	(3.7)	4.8	(0.9)	1982	2006
San Antonio - I-35 at Rittiman Road	TX	1.2	0.7	7.1	2.2	10.0	(8.0)	1981	2006
Nashville - South	TN	3.9	0.8	5.9	2.5	9.2	(6.0)	1982	2006
Lexington	KY	1.3	2.5	7.1	(5.7)	3.9	(0.9)	1982	2006
Phoenix - Sky Harbor Airport	AZ	2.8	3.8	7.0	1.9	12.7	(6.2)	1982	2006
San Antonio - Market Square	TX	3.9	6.3	5.8	2.4	14.5	(5.6)	1982	2006
Bossier City	LA	1.3	4.4	6.7	(7.6)	3.5	(1.0)	1982	2006
Eagle Pass	TX	1.1	0.9	6.7	1.3	8.9	(5.5)	1982	2006
New Orleans West Bank / Gretna	LA	—	—	—	12.2	12.2	(7.7)	1984	1984
New Orleans Veterans - Metairie	LA	—	—	0.6	(0.6)	—	—	1984	2006
Lufkin	TX	1.3	1.3	5.3	(0.4)	6.2	(4.2)	1984	2006
Temple	TX	1.2	1.1	5.3	(2.6)	3.8	(1.0)	1984	2006
Norfolk - Virginia Beach	VA	2.3	5.1	6.9	(3.9)	8.1	(4.5)	1984	2006
San Antonio Sea World Ingram Park	TX	2.1	5.1	7.3	(5.8)	6.6	(1.9)	1984	2006
Augusta	GA	1.3	1.2	6.6	0.2	8.0	(5.5)	1985	2006
El Paso - West	TX	1.1	1.6	6.3	1.3	9.2	(5.3)	1984	2006
Tampa Bay Airport	FL	4.7	8.2	6.1	(2.0)	12.3	(6.8)	1978	2006
Pensacola	FL	1.7	3.2	7.4	(5.8)	4.8	(1.3)	1985	2006
Stockton	CA	6.5	1.1	10.3	1.4	12.8	(8.1)	1984	2006
Pittsburgh Airport	PA	1.6	0.6	6.9	2.3	9.8	(6.3)	1985	2006
Albuquerque - Northeast	NM	1.4	2.0	6.9	1.5	10.4	(5.8)	1983	2006
Colorado Springs - Garden of the Gods	CO	3.3	0.7	5.2	1.8	7.7	(4.8)	1985	2006
Sacramento - North	CA	1.9	—	8.3	(2.6)	5.7	(4.7)	1985	2006
Denver - Golden	CO	5.7	1.7	6.4	2.5	10.6	(6.1)	1985	2006
Amarillo - Medical Center	TX	1.0	0.9	6.4	(4.2)	3.1	(1.3)	1986	2006
San Antonio - I-35 North at Toepperwein	TX	1.5	2.6	8.7	(5.1)	6.2	(1.2)	1986	2006
Orlando - Airport West	FL	3.3	1.1	7.3	2.4	10.8	(5.5)	1987	2006

Property Name	State	Encumbrances (1)	Initial Cost: Land	Initial Cost: Buildings and improvements and FF&E	Costs capitalized subsequent to acquisition (2)	Gross amount carried at close of period (3)	Accumulated depreciation	Year Built	Date of Acquisition
San Diego - Vista	CA	2.8	2.4	7.9	(0.9)	9.4	(4.9)	1987	2006
Denver - Northglenn	CO	2.2	2.4	4.5	1.9	8.8	(4.3)	1986	2006
Bakersfield - South	CA	2.2	1.0	8.5	1.9	11.4	(6.9)	1986	2006
San Diego - Chula Vista	CA	5.0	2.2	8.6	2.9	13.7	(7.5)	1986	2006
Houston - Cyfair	TX	1.8	1.4	6.9	(5.7)	2.6	(0.9)	1986	2006
Fresno - Yosemite	CA	5.3	1.0	9.5	2.4	12.9	(7.9)	1986	2006
Denver - Westminster	CO	4.0	0.9	5.9	2.0	8.8	(5.3)	1986	2006
Ventura	CA	7.2	4.0	8.3	3.0	15.3	(6.4)	1988	2006
San Diego - Miramar	CA	5.4	2.4	9.0	2.3	13.7	(6.7)	1987	2006
Fort Lauderdale - I-95 at Hillsboro East	FL	3.4	2.0	11.0	3.3	16.3	(9.6)	1986	2006
San Francisco Airport North	CA	13.9	3.8	3.1	14.7	21.6	(6.1)	1987	2006
Santa Fe	NM	2.3	1.1	7.5	2.0	10.6	(6.6)	1986	2006
Irvine Spectrum	CA	5.3	7.0	8.3	2.9	18.2	(7.7)	1986	2006
Miami - Airport North	FL	3.7	6.3	7.2	6.9	20.4	(6.7)	1986	2006
San Angelo - Inn and Conference Center	TX	1.5	2.0	6.2	3.0	11.2	(8.0)	1974	2006
Moline - Airport	IL	1.1	0.6	5.9	1.4	7.9	(6.7)	1975	2006
St. Louis - Westport	MO	3.4	1.0	7.0	(1.1)	6.9	(0.9)	1997	2006
Seattle - Sea-Tac Airport	WA	7.4	4.1	10.0	3.5	17.6	(7.6)	1986	2006
Seattle - Bellevue / Kirkland	WA	8.1	7.2	8.3	3.9	19.4	(7.7)	1986	2006
Tacoma - Seattle	WA	7.6	2.4	15.7	5.3	23.4	(11.1)	1985	2006
Salt Lake City - Layton	UT	3.3	0.7	4.5	1.8	7.0	(3.9)	1983	2006
Galveston East Beach	TX	3.4	3.5	5.5	4.7	13.7	(5.6)	1978	2006
Clearwater Airport	FL	3.6	2.6	5.7	2.1	10.4	(4.5)	1986	2006
Arlington - North / Dallas	TX	7.8	3.9	8.1	16.4	28.4	(9.4)	2006	2006
Las Cruces - Mesilla Valley	NM	1.3	3.7	5.6	(5.4)	3.9	(1.1)	1980	2006
Houston - Stafford Sugarland	TX	1.3	3.5	6.2	(5.3)	4.4	(1.0)	1986	2006
Tucson - East	AZ	2.9	4.3	5.5	2.9	12.7	(4.9)	1977	2006
Corpus Christi - North	TX	2.2	1.0	5.1	2.5	8.6	(6.2)	1973	2006
Phoenix - Thomas Road	AZ	2.2	2.0	4.7	1.8	8.5	(5.7)	1973	2006
Dallas - North Central	TX	2.2	2.9	8.0	2.4	13.3	(4.9)	1974	2006
San Antonio - Vance Jackson	TX	0.7	0.8	4.6	2.0	7.4	(5.5)	1974	2006
Huntsville - Research Park	AL	1.6	1.8	6.9	(1.8)	6.9	(5.3)	1985	2006
Kansas City - Lenexa	KS	1.0	1.0	5.0	2.3	8.3	(6.0)	1978	2006
Salt Lake City - Midvale	UT	1.9	0.8	4.3	2.2	7.3	(5.5)	1978	2006
Merrillville	IN	1.0	0.6	3.5	2.0	6.1	(4.4)	1979	2006
Cheyenne	WY	1.9	0.5	6.1	1.7	8.3	(6.4)	1981	2006
Omaha - Northwest	NE	1.1	0.6	6.8	(4.1)	3.3	(1.4)	1981	2006

Property Name	State	Encumbrances (1)	Initial Cost: Land	Initial Cost: Buildings and improvements and FF&E	Costs capitalized subsequent to acquisition (2)	Gross amount carried at close of period (3)	Accumulated depreciation	Year Built	Date of Acquisition
Albuquerque - Airport	NM	1.3	1.6	5.5	(3.4)	3.7	(0.9)	1982	2006
Fort Myers - Central	FL	1.6	3.4	7.3	(4.0)	6.7	(1.0)	1984	2006
Denver - Central	CO	3.2	0.8	5.9	2.0	8.7	(6.8)	1980	2006
Round Rock North	TX	1.8	1.9	4.5	2.2	8.6	(4.1)	1987	2006
Austin Capitol / Downtown	TX	7.1	4.5	9.2	5.3	19.0	(7.0)	1965	2006
Phoenix - North	AZ	2.3	3.6	6.6	(1.5)	8.7	(4.7)	1979	2006
Redding	CA	3.8	1.2	12.6	2.1	15.9	(7.6)	1965	2006
New Orleans - Airport	LA	7.3	4.8	4.9	6.3	16.0	(6.9)	1973	2006
Sacramento - Downtown	CA	5.6	3.0	11.6	(2.8)	11.8	(6.3)	1970	2006
Nashville - Airport/Opryland	TN	3.9	1.1	5.6	2.8	9.5	(4.5)	1986	2006
Buena Park	CA	9.6	4.7	10.4	3.2	18.3	(7.1)	1987	2006
San Antonio - Airport	TX	8.2	3.7	18.2	3.9	25.8	(10.7)	2002	2006
Lubbock - Medical Center	TX	1.8	0.5	10.6	(6.2)	4.9	(1.2)	1986	2006
Las Vegas Airport North Convention Center	NV	6.2	18.8	10.5	5.2	34.5	(8.3)	1984	2006
Fort Stockton	TX	2.5	0.5	4.3	1.4	6.2	(3.0)	1983	2006
San Marcos	TX	2.5	2.8	4.4	(1.8)	5.4	(0.9)	1993	2006
Kingsport Tri-Cities Airport	TN	2.2	0.5	6.6	2.1	9.2	(4.6)	1991	2006
Austin at The Domain	TX	6.3	4.1	10.2	5.7	20.0	(6.7)	1996	2006
Dallas - Addison Galleria	TX	2.9	2.6	5.6	2.6	10.8	(4.7)	1996	2006
Flagstaff	AZ	6.6	4.9	8.9	5.8	19.6	(6.5)	1996	2006
Macon	GA	2.4	2.6	11.1	(7.8)	5.9	(1.1)	1996	2006
Fort Lauderdale - Cypress Creek I-95	FL	4.7	4.2	10.8	(3.7)	11.3	(1.7)	1987	2006
Dallas - DFW Airport North / Irving	TX	3.7	2.4	5.6	5.7	13.7	(7.1)	1996	2006
Raleigh-Durham Airport / Hospitality Court	NC	4.0	3.8	10.2	3.2	17.2	(7.2)	1996	2006
Tucson - Airport	AZ	3.8	2.0	11.0	2.6	15.6	(7.1)	1996	2006
Denver - Tech Center	CO	4.8	1.1	7.6	5.3	14.0	(5.4)	1996	2006
Phoenix - Scottsdale	AZ	7.6	5.2	9.4	3.9	18.5	(6.3)	1996	2006
Birmingham - Homewood	AL	2.8	5.1	10.0	(8.1)	7.0	(1.1)	1996	2006
Fort Worth - North	TX	3.7	2.9	8.7	(2.6)	9.0	(0.8)	1996	2006
Myrtle Beach - Broadway Area	SC	5.8	1.2	7.6	3.3	12.1	(4.6)	1997	2006
Denver - Louisville / Boulder	CO	4.0	1.0	7.6	5.3	13.9	(5.3)	1997	2006
Shreveport Airport	LA	3.8	1.7	8.2	5.1	15.0	(5.4)	1997	2006
Fort Worth - City View	TX	3.1	6.3	8.0	(5.7)	8.6	(0.8)	1997	2006
Salt Lake City - Airport	UT	3.6	2.5	8.0	(2.4)	8.1	(0.9)	1997	2006
Raleigh - Crabtree	NC	4.0	3.6	9.8	3.9	17.3	(7.3)	1998	2006
Arlington - South / Dallas	TX	3.3	7.4	7.5	3.2	18.1	(5.7)	1997	2006
Alexandria Airport	LA	2.6	2.1	8.2	(6.6)	3.7	(1.0)	1997	2006

			Initial Cost						
Property Name	State	Encumbrances (1)	Land	Buildings and improvements and FF&E	Costs capitalized subsequent to acquisition (2)	Gross amount carried at close of period (3)	Accumulated depreciation	Year Built	Date of Acquisition
Orem - University Parkway	UT	3.5	1.1	9.0	(3.0)	7.1	(0.8)	1997	2006
Houston - Galleria Area	TX	5.4	13.2	12.0	(10.3)	14.9	(1.3)	1998	2006
Atlanta - Alpharetta	GA	4.1	2.1	7.4	5.5	15.0	(5.3)	1997	2006
Tampa - Brandon Regency Park	FL	4.4	10.6	9.6	4.5	24.7	(5.8)	1997	2006
Raleigh - Cary	NC	2.6	1.5	7.7	3.5	12.7	(6.2)	1998	2006
Oklahoma City - Norman	OK	2.7	2.6	8.1	4.7	15.4	(5.4)	1997	2006
Dallas - Plano West	TX	3.5	1.9	7.9	(1.9)	7.9	(0.8)	1998	2006
Jacksonville - Butler Boulevard	FL	4.6	3.8	10.2	2.4	16.4	(6.1)	1997	2006
Grand Junction - Airport	CO	4.0	1.1	8.8	4.2	14.1	(5.5)	1998	2006
Atlanta - Conyers	GA	3.5	4.1	8.7	5.3	18.1	(6.1)	1998	2006
Pueblo	CO	4.8	1.3	7.2	1.8	10.3	(4.5)	1998	2006
Phoenix - Mesa West	AZ	4.5	3.3	10.5	3.1	16.9	(6.0)	1998	2006
Lakeland - West	FL	3.4	5.7	9.0	(7.9)	6.8	(0.9)	1997	2006
Panama City	FL	4.1	4.5	9.9	1.1	15.5	(3.3)	1998	2006
Mesa Superstition Springs	AZ	4.5	5.0	8.7	2.7	16.4	(5.6)	1997	2006
University of South Florida - Busch Gardens	FL	4.6	6.9	7.8	(5.3)	9.4	(0.9)	1997	2006
Denver - Airport / DIA	CO	8.6	4.9	13.6	6.2	24.7	(8.0)	1998	2006
Albuquerque - West	NM	4.1	1.1	6.7	2.2	10.0	(4.5)	1998	2006
Miami - Airport West	FL	4.1	4.7	11.2	3.7	19.6	(5.9)	1998	2006
Colorado Springs - South / Airport	CO	7.1	1.3	11.2	1.7	14.2	(6.2)	1998	2006
Ft. Lauderdale - Plantation at Peters Road	FL	4.8	4.3	10.4	3.7	18.4	(6.2)	1998	2006
New Orleans Downtown	LA	8.2	2.2	16.0	13.2	31.4	(11.1)	1999	2006
Phoenix - West / Peoria	AZ	5.3	4.5	8.8	1.7	15.0	(4.4)	1998	2006
Ft. Lauderdale - Airport	FL	4.3	2.5	10.7	5.7	18.9	(6.5)	1998	2006
Denver - Southwest / Lakewood	CO	5.8	1.2	6.7	1.8	9.7	(4.3)	1998	2006
Orlando - Lake Mary	FL	5.4	4.3	10.1	5.2	19.6	(6.8)	1998	2006
Ocala	FL	3.8	2.3	9.7	(4.6)	7.4	(0.9)	1998	2006
Phoenix - Chandler	AZ	3.6	4.6	8.1	4.6	17.3	(4.9)	1998	2006
Omaha - Southwest	NE	0.8	0.6	2.6	0.4	3.6	(2.7)	1979	2006
Cleveland - Macedonia	OH	1.9	0.8	2.1	2.1	5.0	(2.4)	1997	2006
Cleveland - Independence	OH	1.3	0.7	2.9	2.4	6.0	(3.5)	1990	2006
Milwaukee - Delafield	WI	2.3	1.7	5.2	2.2	9.1	(3.7)	1997	2006
Sheboygan	WI	1.6	0.3	4.4	1.7	6.4	(5.8)	1975	2006
Kansas City - North	MO	1.8	1.1	3.6	2.2	6.9	(4.1)	1991	2006
Springdale	AR	3.6	1.8	4.1	(0.4)	5.5	(1.4)	1994	2006
Hartford - Bradley International Airport	CT	3.7	1.3	6.0	7.4	14.7	(5.3)	1991	2006
Jacksonville - Mandarin / San Jose	FL	4.0	0.9	4.2	3.5	8.6	(4.2)	1989	2006

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Orlando - South	FL	1.7	3.4	4.7	(1.5)	6.6	(1.3)	1988	2006
Atlanta Midtown - Buckhead	GA	3.0	2.0	1.3	5.6	8.9	(2.1)	1985	2006
Clive - West Des Moines	IA	1.9	1.4	5.2	(1.4)	5.2	(0.8)	1993	2006
Chicago - Tinley Park	IL	1.5	0.5	4.1	3.9	8.5	(4.5)	1995	2006
Baton Rouge - Siegan Lane	LA	2.6	1.9	4.5	(3.0)	3.4	(0.9)	1985	2006
Auburn - Worcester	MA	1.5	—	1.8	2.6	4.4	(2.7)	1985	2006
Detroit - Canton	MI	1.3	0.7	3.9	2.2	6.8	(3.5)	1987	2006
Detroit - Southgate	MI	1.6	0.7	4.8	1.3	6.8	(3.6)	1991	2006
Meridian	MS	1.8	1.3	3.3	2.0	6.6	(3.7)	1985	2006
Plattsburgh	NY	1.3	1.6	4.5	(1.8)	4.3	(1.1)	1996	2006
Cleveland - Airport North	OH	1.6	—	3.1	2.4	5.5	(0.8)	1992	2006
Mansfield	OH	1.7	1.5	3.7	(0.6)	4.6	(0.9)	1996	2006
Hershey - Harrisburg Airport	PA	3.3	3.1	5.8	(2.7)	6.2	(0.9)	1990	2006
Nashville - Franklin	TN	3.0	0.7	3.5	2.5	6.7	(3.2)	1993	2006
Milwaukee - Airport / Oak Creek	WI	1.9	0.8	5.7	1.3	7.8	(4.1)	1988	2006
Stevens Point	WI	0.8	0.2	3.4	1.0	4.6	(2.6)	1989	2006
Tampa - Fairgrounds Casino	FL	3.2	0.9	3.0	2.0	5.9	(3.3)	1988	2006
Toledo - Perrysburg	OH	1.7	1.6	1.8	2.0	5.4	(2.1)	1996	2006
Columbia	MO	2.3	1.1	4.6	(1.3)	4.4	(1.3)	1988	2006
Melbourne Viera	FL	4.2	7.8	5.2	2.5	15.5	(3.9)	1995	2006
Naples - East	FL	3.2	1.0	5.2	0.5	6.7	(0.9)	1995	2006
Sunrise Sawgrass Mills	FL	3.4	3.8	5.2	5.3	14.3	(5.5)	1995	2006
Detroit - Utica	MI	4.2	2.1	5.4	5.8	13.3	(4.6)	1997	2006
Miami - Cutler Bay	FL	4.1	4.6	4.9	(0.3)	9.2	(1.6)	1996	2006
Chicago - Willowbrook	IL	2.8	2.3	6.3	(2.4)	6.2	(1.0)	1987	2006
Austin Round Rock	TX	2.5	1.2	1.6	3.2	6.0	(0.7)	1998	2006
Milwaukee - West / New Berlin	WI	2.3	3.7	2.2	(0.6)	5.3	(0.7)	2001	2006
Boston - Somerville	MA	10.8	—	12.5	4.0	16.5	(8.2)	2000	2006
Los Angeles - LAX Airport	CA	16.3	3.1	17.6	32.7	53.4	(15.4)	1972	2006
Orange County Airport	CA	8.1	2.2	12.4	16.3	30.9	(9.7)	1985	2006
Myrtle Beach- North Kings Highway	SC	3.9	1.2	5.7	6.5	13.4	(4.6)	1986	2006
Islip - MacArthur Airport	NY	6.6	2.3	16.9	(6.6)	12.6	(2.0)	2006	2006
Anaheim	CA	5.6	—	7.3	5.1	12.4	(5.6)	1992	2006
Minneapolis - Bloomington West	MN	4.3	2.1	12.2	11.7	26.0	(9.5)	1980	2006
Chicago Downtown	IL	18.2	1.5	8.4	49.2	59.1	(17.7)	2009	2009
Fort Lauderdale - Northeast	FL	—	—	9.2	(0.9)	8.3	(2.4)	1968	2006
West Palm Beach - Florida Turnpike	FL	3.3	1.1	6.4	4.4	11.9	(4.5)	1988	2006

Property Name	State	Encumbrances (1)	Initial Cost Land	Initial Cost Buildings and improvements and FF&E	Costs capitalized subsequent to acquisition (2)	Gross amount carried at close of period (3)	Accumulated depreciation	Year Built	Date of Acquisition
South Burlington	VT	3.0	1.7	7.3	2.4	11.4	(4.0)	1988	2007
St. Albans	VT	1.9	1.2	4.7	(1.1)	4.8	(1.1)	1996	2006
Fort Myers Beach / Sanibel Gateway	FL	4.8	1.7	9.8	9.7	21.2	(5.3)	1986	2006
Charlotte - Airport North	NC	2.5	1.0	4.1	2.9	8.0	(3.6)	1986	2006
Charleston - Riverview	SC	6.6	1.8	9.9	4.0	15.7	(5.5)	1987	2006
Sacramento - Rancho Cordova	CA	5.1	2.6	9.3	8.8	20.7	(5.4)	1985	2006
Thousand Oaks - Newbury Park	CA	3.2	2.0	11.5	0.6	14.1	(6.1)	1987	2006
Baltimore - North	MD	3.6	2.2	12.3	(6.6)	7.9	(1.1)	1987	2007
Baltimore - BWI Airport	MD	3.6	3.2	18.3	(12.2)	9.3	(1.3)	1990	2007
Columbia / Fort Meade	MD	2.4	2.5	13.4	(11.9)	4.0	(1.0)	1989	2007
New Haven	CT	2.8	—	6.1	1.0	7.1	(2.0)	1972	2007
Portland	ME	4.6	1.3	5.4	9.4	16.1	(4.5)	1985	2007
Salem	NH	2.8	1.3	4.9	2.4	8.6	(0.9)	1987	2007
Stamford / New York City	CT	2.9	5.6	16.8	(8.6)	13.8	(7.1)	1975	2007
Warwick Providence Airport	RI	2.9	2.9	10.3	(5.7)	7.5	(1.0)	1990	2007
Virginia Beach	VA	4.8	3.7	8.6	9.2	21.5	(5.4)	1987	2007
Garden City	NY	4.3	7.6	14.8	(9.4)	13.0	(1.8)	1999	2007
Oshkosh	WI	1.4	1.0	2.7	2.1	5.8	(4.2)	1973	2006
Fort Lauderdale - Tamarac East	FL	1.1	1.0	2.0	3.4	6.4	(1.3)	1988	2006
Tampa - Brandon West	FL	2.5	6.7	3.0	(3.4)	6.3	(1.3)	1985	2006
Atlanta - Roswell	GA	1.7	1.2	2.3	2.5	6.0	(2.6)	1990	2006
Indianapolis - East/Post Drive	IN	1.3	3.5	4.6	(4.5)	3.6	(0.7)	1993	2006
Kenosha - Pleasant Prairie	WI	0.9	0.9	3.0	1.3	5.2	(3.5)	1979	2006
North Little Rock - McCain Mall	AR	2.5	0.9	4.2	2.0	7.1	(3.5)	1990	2006
Savannah - Southside	GA	2.7	1.8	4.2	2.7	8.7	(4.8)	1986	2006
Albuquerque - Northwest	NM	—	—	4.4	(2.1)	2.3	(0.6)	1990	2006
Houston - Baytown East	TX	2.9	0.4	1.4	2.9	4.7	(2.3)	1994	2006
Nashville - Airport	TN	4.1	1.0	5.2	2.8	9.0	(5.2)	1985	2006
Minneapolis Airport / Bloomington	MN	2.0	—	7.0	4.1	11.1	(10.0)	1989	2006
Las Cruces - Organ Mountain	NM	1.2	2.6	1.6	(1.3)	2.9	(0.7)	1997	2006
El Paso - East	TX	1.5	1.3	4.9	1.8	8.0	(3.5)	1996	2006
El Paso - West Bartlett	TX	0.9	1.0	4.3	(1.8)	3.5	(0.8)	1992	2006
Lakeland - East	FL	1.8	5.3	3.8	(3.0)	6.1	(1.2)	1996	2006
Miami - Airport East	FL	3.9	2.6	6.1	6.5	15.2	(6.8)	1991	2006
Boston-Andover	MA	4.8	—	1.9	12.3	14.2	(4.4)	1981	2006
Denver - Englewood/Tech Center	CO	4.5	1.4	4.1	2.6	8.1	(1.6)	1972	2006
Bannockburn/Deerfield	IL	—	—	9.2	(4.0)	5.2	(2.2)	1999	2006

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Cincinnati - Sharonville	OH	3.4	2.8	8.6	(1.8)	9.6	(1.5)	1997	2006
San Antonio - Downtown	TX	7.1	2.5	13.0	6.6	22.1	(7.1)	1999	2006
Appleton - College Avenue	WI	1.6	1.6	5.1	2.2	8.9	(6.2)	1988	2006
Milwaukee Bayshore Area	WI	2.8	0.4	11.2	(5.1)	6.5	(1.6)	1994	2006
Madison - American Center	WI	1.9	1.1	8.0	(2.0)	7.1	(2.0)	1997	2006
Clifton/Rutherford	NJ	—	—	24.6	8.3	32.9	(19.0)	1973	2014
Fairfield	NJ	1.7	—	7.7	(6.1)	1.6	(0.3)	1974	2014
Armonk Westchester County Airport	NY	—	—	8.4	(8.4)	—	—	1973	2014
Coral Springs South	FL	3.3	2.1	7.7	1.0	10.8	(2.2)	1987	2014
Deerfield Beach I-95	FL	2.1	0.8	6.5	(1.2)	6.1	(0.7)	1986	2014
Sunrise	FL	3.9	3.0	9.3	0.7	13.0	(2.4)	1994	2014
Miami Lakes	FL	4.5	3.7	8.0	1.7	13.4	(2.8)	1989	2014
Naples - Downtown	FL	3.9	2.7	8.3	1.3	12.3	(2.3)	1989	2014
Plantation - SW 6th Street	FL	4.0	2.2	9.1	2.4	13.7	(2.8)	1990	2014
Sarasota Downtown	FL	5.0	2.1	9.5	(3.8)	7.8	(0.9)	1990	2014
West Palm Beach Airport	FL	4.1	2.0	7.5	0.5	10.0	(2.0)	1989	2014
Fort Lauderdale - Tamarac	FL	2.2	2.0	6.7	(1.2)	7.5	(0.8)	1987	2014
Unallocated (1)		(50.2)	—	—	—	—	—		
		$ 921.4	$ 701.6	$ 1,977.5	$ 433.9	$ 3,113.0	$ (1,216.0)		

Each of our hotels and improvements have depreciable lives of 5 to 40 years. Furniture, fixtures and other equipment ("FF&E") have depreciable lives ranging from 2 to 10 years.
Each of our hotels is under the La Quinta brand.

(1) The amount of encumbrances represents the lender allocated amount of our CMBS Facility. The "Unallocated" line represents paydowns of our CMBS Facility that were not allocated to a specific property.
(2) Includes adjustments to basis, such as impairment losses and casualty adjustments.
(3) The aggregate cost of real property for federal income tax purposes is approximately $2.5 billion at December 31, 2019 (unaudited).

A summary of activity for real estate and accumulated depreciation for the years ended December 31, 2019, 2018 and 2017 is as follows (in millions):

	For the Year Ended December 31,		
	2019	2018	2017
Real Estate:			
Balance at the beginning of the year	$ 3,643	$ 3,808	$ 3,697
Additions/improvements	95	188	186
Assets disposed/written-off/impaiments	(625)	(353)	(75)
Balance at the end of the year	$ 3,113	$ 3,643	$ 3,808
Accumulated Depreciation:			
Balance at the beginning of the year	$ 1,386	$ 1,425	$ 1,332
Depreciation expense	181	154	140
Deductions	(351)	(193)	(47)
Balance at the end of the year	$ 1,216	$ 1,386	$ 1,425

*****

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Disclosure Controls and Procedures

We maintain a set of disclosure controls and procedures as that term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act that are designed to ensure that information required to be disclosed in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms. The design of any disclosure controls and procedures is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Any controls and procedures, no matter how well designed and operated, can provide only reasonable, not absolute, assurance of achieving the desired control objectives. In accordance with Rule 13a-15(b) of the Exchange Act, as of the end of the period covered by this Annual Report on Form 10-K, an evaluation was carried out under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures. Based on that evaluation, the Company's Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures, as of the end of the period covered by this annual report, were effective to provide reasonable assurance that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms and is accumulated and communicated to our management, including the Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15 (f) under the Exchange Act) that occurred during the quarter ended December 31, 2019 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Management's Annual Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) of the Exchange Act). Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States. Internal control over financial reporting includes those policies and procedures that:

i. pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of our assets;
ii. provide reasonable assurance that the transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of management and our board of directors; and
iii. provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on our financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Therefore, even those systems determined to be effective can provide only reasonable assurance of achieving their control objectives. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate due to changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our internal control over financial reporting as of December 31, 2019. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control - Integrated Framework (2013)*. Based on this evaluation, management concluded that, as of December 31, 2019, our internal control over financial reporting was effective.

Item 9B. Other Information

As previously disclosed, CorePoint Borrower L.L.C. (the "CorePoint Revolver Borrower"), CorePoint Lodging Inc.'s indirect wholly owned subsidiary and the direct wholly owned subsidiary of CorePoint Operating Partnership L.P. ("CorePoint OP"), and CorePoint OP are party to a Credit Agreement, dated as of May 30, 2018, as amended by the First Amendment to Credit Agreement, dated as of November 13, 2019, providing for a $150 million revolving credit facility (the "Revolving Facility"). As of December 31, 2019, no amounts were outstanding under the Revolving Facility and $100 million of the $150 million were available to be drawn. The Revolving Facility is described under "Revolving Facility" in Note 5, "Debt" in our audited consolidated financial statements included elsewhere in this Annual Report on Form 10-K, which description is incorporated by reference herein. Such description does not purport to be complete and is qualified in its entity by reference to the Credit Agreement, dated as of May 30, 2018, as amended by the First Amendment to Credit Agreement, dated as of November 13, 2019, and the related Guaranty and Security Agreement, dated as of May 30, 2018, which are filed as Exhibits 10.12, 10.13 and 10.4, respectively, to this Annual Report on Form 10-K.

On March 12, 2020, we provided notice to the lenders to borrow substantially all of our current availability under the Revolving Facility. The current interest rate for the borrowings under the Revolving Facility is approximately 5.3%. The proceeds from the Revolving Facility borrowing will be held on balance sheet, resulting in total cash and cash equivalents pro forma for such borrowings of approximately $200 million as of March 12, 2020. CorePoint borrowed under the Revolving Facility as a precautionary measure in order to increase its cash position and preserve financial flexibility in light of current uncertainty in the global markets resulting from the COVID-19 outbreak. In accordance with the terms of the Revolving Facility, the proceeds from the Revolving Facility borrowing may in the future be used for working capital and general corporate purposes permitted by the Revolving Facility. The amount available under the Revolving Facility is subject to change from time to time and could be affected by subsequent operating results, including but not limited to hotel performance and sales of hotels. Such changes could result in additional availability that could provide for additional draws or requirements to repay outstanding amounts under the Revolving Facility.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

The information required by this item will be included in our definitive proxy statement for the 2020 Annual Meeting of Stockholders and is incorporated herein by reference. CorePoint Lodging Inc. will file such definitive proxy statement with the SEC pursuant to Regulation 14A within 120 days of the fiscal year ended December 31, 2019.

Item 11. Executive Compensation

The information required by this item will be included in our definitive proxy statement for the 2020 Annual Meeting of Stockholders and is incorporated herein by reference. CorePoint Lodging Inc. will file such definitive proxy statement with the SEC pursuant to Regulation 14A within 120 days of the fiscal year ended December 31, 2019.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

EQUITY COMPENSATION PLAN INFORMATION

The following table sets forth, as of December 31, 2019, certain information related to our compensation plans under which shares of our common stock may be issued.

	Number of securities to be issued upon exercise of outstanding options, warrants and rights (2)	Weighted-average exercise price of outstanding options, warrants and rights (2)	Number of securities remaining available for future issuance under equity compensation plans (3)
Equity compensation plans approved by stockholders (1):	5,072	—	6,434,733

(1) Includes our 2018 Omnibus Incentive Plan.
(2) Relates to restricted stock units granted to our non-employee directors under our 2018 Omnibus Incentive Plan.
(3) Relates to additional shares reserved for future awards under our 2018 Omnibus Incentive Plan. Our 2018 Omnibus Incentive Plan provides that the total number of shares that may be issued under such plan is 8,000,000 (the "Plan Share Reserve"); provided, however, that the Plan Share Reserve shall automatically be increased on the first day of each fiscal year following the 2018 fiscal year by a number of shares equal to the lesser of (i) the difference between (x) 10% of the total number of shares of our common stock outstanding on the last day of the immediately preceding fiscal year, and (y) the number of shares of our common stock remaining in the Plan Share Reserve on the last day of the immediately preceding fiscal year, and (ii) a lower number of shares as may be determined by our board of directors.

The remaining information required by this item will be included in our definitive proxy statement for the 2020 Annual Meeting of Stockholders and is incorporated herein by reference. CorePoint Lodging Inc. will file such definitive proxy statement with the SEC pursuant to Regulation 14A within 120 days of the fiscal year ended December 31, 2019.

Item 13. Certain Relationships and Related Transactions and Director Independence

The information required by this item will be included in our definitive proxy statement for the 2020 Annual Meeting of Stockholders and is incorporated herein by reference. CorePoint Lodging Inc. will file such definitive proxy statement with the SEC pursuant to Regulation 14A within 120 days of the fiscal year ended December 31, 2019.

Item 14. Principal Accounting Fees and Services

The information required by this item will be included in our definitive proxy statement for the 2020 Annual Meeting of Stockholders and is incorporated herein by reference. CorePoint Lodging Inc. will file such definitive proxy statement with the SEC pursuant to Regulation 14A within 120 days of the fiscal year ended December 31, 2019.

PART IV

Item 15. Exhibits, Financial Statement Schedules

The following documents are filed as part of this report.

(1) Financial Statements

We include this portion of Item 15 under Item 8 of this Annual Report on Form 10-K.

(2) Financial Statement Schedules

Schedule III - Real Estate and Accumulated Depreciation

We include this portion of Item 15 under Item 8 of this Annual Report on Form 10-K.

All other financial statement schedules have been omitted because the required information of such schedules is not present, is not present in amounts sufficient to require a schedule, or is included within the consolidated financial statements or notes thereto.

(3) Exhibits:

Exhibit Number	Exhibit Description
2.1	Separation and Distribution Agreement, dated as of January 17, 2018, by and between La Quinta Holdings Inc. and CorePoint Lodging Inc. (incorporated by reference to Exhibit 2.1 to Amendment No. 2 to the Registrant's Registration Statement on Form 10 filed on April 3, 2018 (File no. 001-38168)).
3.1	Articles of Amendment and Restatement of CorePoint Lodging Inc. (incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K filed on June 4, 2018 (File no. 001-38168)).
3.2	Articles Supplementary of CorePoint Lodging Inc. (incorporated by reference to Exhibit 3.2 to the Registrant's Current Report on Form 8-K filed on June 4, 2018 (File no. 001-38168)).
3.3	Articles of Amendment to Articles Supplementary of CorePoint Lodging Inc. (incorporated by reference to Exhibit 3.3 to the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2018 filed on August 14, 2018 (File no. 001-38168)).
3.4	Bylaws of CorePoint Lodging Inc. (incorporated by reference to Exhibit 3.3 to the Registrant's Current Report on Form 8-K filed on June 4, 2018 (File no. 001-38168)).
4.1	Description of CorePoint Lodging Inc.'s Securities
10.1	Employee Matters Agreement, dated as of January 17, 2018, by and between La Quinta Holdings Inc. and CorePoint Lodging Inc. (incorporated by reference to Exhibit 10.1 to the Registrant's Registration Statement on Form 10 filed on April 3, 2018 (File no. 001-38168)).
10.2	Tax Matters Agreement, dated as of May 30, 2018, by and between La Quinta Holdings Inc. and CorePoint Lodging Inc. (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed on June 4, 2018 (File no. 001-38168)).
10.3	Transition Services Agreement, dated as of May 30, 2018, by and between La Quinta Holdings Inc. and CorePoint Lodging Inc. (incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed on June 4, 2018 (File no. 001-38168)).
10.4*	CorePoint Lodging Inc. 2018 Omnibus Incentive Plan, dated as of May 30, 2018 (incorporated by reference to Exhibit 10.9 to the Registrant's Current Report on Form 8-K filed on June 4, 2018 (File no. 001-38168)).
10.5*	Form of Indemnification Agreement entered into between CorePoint Lodging Inc. and each of its directors and executive officers (incorporated by reference to Exhibit 10.5 to the Registrant's Registration Statement on Form 10 filed on April 25, 2018 (File no. 001-38168)).
10.6	Stockholders Agreement, dated as of May 30, 2018, by and among CorePoint Lodging Inc. and the other parties thereto (incorporated by reference to Exhibit 10.3 to the Registrant's Current Report on Form 8-K filed on June 4, 2018 (File no. 001-38168)).
10.7	Registration Rights Agreement, dated as of May 30, 2018, by and among CorePoint Lodging Inc. and certain of its stockholders (incorporated by reference to Exhibit 10.4 to the Registrant's Current Report on Form 8-K filed on June 4, 2018 (File no. 001-38168)).

Exhibit Number	Exhibit Description
10.8	Loan Agreement, dated as of May 30, 2018, by and among CPLG Properties L.L.C., CPLG FL Properties L.L.C., CPLG TX Properties L.L.C., CPLG Bloomington L.L.C., CPLG Santa Ana L.L.C., CPLG Ft. Meyers L.L.C., CPLG St. Albans L.L.C., CPLG Thousand Oaks L.L.C., CPLG West Palm Beach L.L.C., CPLG Charlotte L.L.C., CPLG Acquisition Properties L.L.C., CPLG Fort Lauderdale L.L.C., CPLG Chicago L.L.C., CPLG Garden City L.L.C., CPLG Charleston L.L.C., CPLG South Burlington L.L.C., CPLG Virginia Beach L.L.C., CPLG Islip L.L.C., CPLG Rancho Cordova L.L.C., CPLG Prime Mezz L.L.C., CPLG Wellesley Properties L.L.C., CPLG Portfolio East L.L.C. and CPLG MD Business L.L.C., CorePoint TRS L.L.C., CorePoint Operating Partnership L.P. and JPMorgan Chase Bank, National Association, as lender (incorporated by reference to Exhibit 10.5 to the Registrant's Current Report on Form 8-K filed on June 4, 2018 (File no. 001-38168)).
10.9	First Amendment to Loan Agreement and Omnibus Amendment to Other Loan Documents, dated as of June 12, 2018, by and among JPMorgan Chase Bank, National Association and Parlex 4 Finance, LLC, as co-lenders, and CPLG Properties L.L.C., CPLG FL Properties L.L.C., CPLG TX Properties L.L.C., CPLG Bloomington L.L.C., CPLG Santa Ana L.L.C., CPLG Ft. Meyers L.L.C., CPLG St. Albans L.L.C., CPLG Thousand Oaks L.L.C., CPLG West Palm Beach L.L.C., CPLG Charlotte L.L.C., CPLG Acquisition Properties L.L.C., CPLG Fort Lauderdale L.L.C., CPLG Chicago L.L.C., CPLG Garden City L.L.C., CPLG Charleston L.L.C., CPLG South Burlington L.L.C., CPLG Virginia Beach L.L.C., CPLG Islip L.L.C., CPLG Rancho Cordova L.L.C., CPLG Prime Mezz L.L.C., CPLG Wellesley Properties L.L.C., CPLG Portfolio East L.L.C., CPLG MD Business L.L.C., CorePoint TRS L.L.C. and CorePoint Operating Partnership L.P. (incorporated by reference to Exhibit 10.6 to the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2018 filed on August 14, 2018 (File no. 001-38168)).
10.10	Second Amendment to Loan Agreement and Omnibus Amendment to Other Loan Documents, dated as of July 6, 2018, by and among JPMorgan Chase Bank, National Association and Parlex 4 Finance, LLC, as co-lenders, and CPLG Properties L.L.C., CPLG FL Properties L.L.C., CPLG TX Properties L.L.C., CPLG Bloomington L.L.C., CPLG Santa Ana L.L.C., CPLG Ft. Meyers L.L.C., CPLG St. Albans L.L.C., CPLG Thousand Oaks L.L.C., CPLG West Palm Beach L.L.C., CPLG Charlotte L.L.C., CPLG Acquisition Properties L.L.C., CPLG Fort Lauderdale L.L.C., CPLG Chicago L.L.C., CPLG Garden City L.L.C., CPLG Charleston L.L.C., CPLG South Burlington L.L.C., CPLG Virginia Beach L.L.C., CPLG Islip L.L.C., CPLG Rancho Cordova L.L.C., CPLG Prime Mezz L.L.C., CPLG Wellesley Properties L.L.C., CPLG Portfolio East L.L.C., CPLG MD Business L.L.C., CorePoint TRS L.L.C. and CorePoint Operating Partnership L.P. (incorporated by reference to Exhibit 10.7 to the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2018 filed on August 14, 2018 (File no. 001-38168)).
10.11	Guaranty Agreement, dated as of May 30, 2018, by CorePoint Operating Partnership L.P. in favor of JPMorgan Chase Bank, National Association, as lender (incorporated by reference to Exhibit 10.6 to the Registrant's Current Report on Form 8-K filed on June 4, 2018 (File no. 001-38168)).
10.12	Credit Agreement, dated as of May 30, 2018, by and among CorePoint Borrower L.L.C., CorePoint Operating Partnership L.P., JPMorgan Chase Bank N.A., as administrative agent, and the other parties party thereto (incorporated by reference to Exhibit 10.7 to the Registrant's Current Report on Form 8-K filed on June 4, 2018 (File no. 001-38168)).
10.13	First Amendment to the Credit Agreement, dated as of November 13,2019, by and among CorePoint Borrower L.L.C., CorePoint Operating Partnership L.P., JPMorgan Chase Bank N.A., as administrative agent, and the other parties party thereto (filed herewith).
10.14	Guaranty and Security Agreement, dated as of May 30, 2018, by and among CorePoint Borrower, L.L.C., CorePoint Operating Partnership L.P., the subsidiary guarantors party thereto and JPMorgan Chase Bank, N.A., as administrative agent (incorporated by reference to Exhibit 10.8 to the Registrant's Current Report on Form 8-K filed on June 4, 2018 (File no. 001-38168)).
10.15*	CorePoint Lodging Inc. Executive Severance Plan (incorporated by reference to Exhibit 10.12 to the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2018 filed on August 14, 2018 (File no. 001-38168)).
10.16*	Form of Restricted Stock Grant Notice under the CorePoint Lodging Inc. 2018 Omnibus Incentive Plan (Time-Based Vesting Award—Four-Year First Issue Grant) (incorporated by reference to Exhibit 10.13 to the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2018 filed on August 14, 2018 (File no. 001-38168)).
10.17*	Form of Restricted Stock Grant Notice under the CorePoint Lodging Inc. 2018 Omnibus Incentive Plan (Time-Based Vesting Award—Three-Year First Issue Grant) (incorporated by reference to Exhibit 10.14 to the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2018 filed on August 14, 2018 (File no. 001-38168)).

Exhibit Number	Exhibit Description
10.18*	Form of Restricted Stock Grant Notice under the CorePoint Lodging Inc. 2018 Omnibus Incentive Plan (Time-Based Vesting Award—Employees) (incorporated by reference to Exhibit 10.15 to the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2018 filed on August 14, 2018 (File no. 001-38168)).
10.19*	Form of Restricted Stock Grant Notice under the CorePoint Lodging Inc. 2018 Omnibus Incentive Plan (Time-Based Vesting Award—Non-Employee Directors) (incorporated by reference to Exhibit 10.16 to the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2018 filed on August 14, 2018 (File no. 001-38168)).
10.20*	Form of Restricted Stock Grant Notice under the CorePoint Lodging Inc. 2018 Omnibus Incentive Plan (Time-Based Vesting Award—Substitute Award–La Quinta Restricted Stock Awards) (incorporated by reference to Exhibit 10.17 to the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2018 filed on August 14, 2018 (File no. 001-38168)).
10.21*	Form of Restricted Stock Grant Notice under the CorePoint Lodging Inc. 2018 Omnibus Incentive Plan (Time-Based Vesting Award—Substitute Award—La Quinta Performance Share Unit Awards) (incorporated by reference to Exhibit 10.18 to the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2018 filed on August 14, 2018 (File no. 001-38168)).
10.22*	Form of Restricted Stock Grant Notice under the CorePoint Lodging Inc. 2018 Omnibus Incentive Plan (Time-Based Vesting Award—Substitute Award—La Quinta Retention Award) (incorporated by reference to Exhibit 10.19 to the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2018 filed on August 14, 2018 (File no. 001-38168)).
10.23*	Form of Restricted Stock Unit Grant Notice under the CorePoint Lodging Inc. 2018 Omnibus Incentive Plan (Non-Employee Directors—Substitute Award) (incorporated by reference to Exhibit 10.20 to the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2018 filed on August 14, 2018 (File no. 001-38168)).
10.24*	Amended and Restated Executive Employment Agreement, dated as of August 20, 2003, by and between Wyndham International, Inc. and Mark Chloupek (incorporated by reference to Exhibit 10.21 to the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2018 filed on August 14, 2018 (File no. 001-38168)).
10.25*	Assumption of Employment Agreement, dated as of October 31, 2013, by LQ Management L.L.C. (incorporated by reference to Exhibit 10.22 to the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2018 filed on August 14, 2018 (File no. 001-38168)).
10.26*	Offer Letter, dated April 13, 2018, between CorePoint Lodging Inc. and Keith A. Cline (incorporated by reference to Exhibit 10.13 to the Registrant's Registration Statement on Form 10 filed on April 25, 2018 (File no. 001-38168)).
10.27*	Separation and Release Agreement, effective as of May 15, 2019, between CorePoint Lodging Inc. and John W. Cantele (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on May 14, 2019 (File no. 001-38168)).
10.28*	Offer Letter, dated May 5, 2018, between CorePoint Lodging Inc. and Daniel E. Swanstrom II (incorporated by reference to Exhibit 10.15 to the Registrant's Registration Statement on Form 10 filed on May 7, 2018 (File no. 001-38168)).
10.29*	Offer Letter, dated June 21, 2018, by and between CorePoint Lodging Inc. and Howard S. Garfield (incorporated by reference to Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2018 (File no. 001-38168)).
10.30*	Consulting Agreement, dated September 11, 2018, by and between CorePoint Lodging Inc. and Glenn Alba (incorporated by reference to Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2018 (File no. 001-38168)).
10.31*	CorePoint Lodging Inc. Short Term Incentive Plan for Section 16 Officers (incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended March 30, 2019 (File no. 001-38168)).
10.32*	Form of Restricted Stock Grant Notice under the CorePoint Lodging Inc. 2018 Omnibus Incentive Plan (2019 Time-Based Vesting Award) (incorporated by reference to Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended March 30, 2019 (File no. 001-38168)).

Exhibit Number	Exhibit Description
10.33*	Form of Restricted Stock Unit Grant Notice under the CorePoint Lodging Inc. 2018 Omnibus Incentive Plan (2019 Performance-Based Vesting award) (incorporated by reference to Exhibit 10.3 to the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended March 30, 2019 (File no. 001-38168)).
21.1	List of Subsidiaries
23.1	Consent of Deloitte & Touche LLP
31.1	Certificate of President and Chief Executive Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certificate of Executive Vice President and Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certificate of President and Chief Executive Officer, pursuant to Section 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith)
32.2	Certificate of Executive Vice President and Chief Financial Officer pursuant to Section 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith)
101	The following materials from the Company's Annual Report on Form 10-K for the year ended December 31, 2019 formatted in Inline Extensible Business Reporting Language (iXBRL): (i) the Consolidated Statements of Operations, (ii) the Consolidated Statements of Comprehensive Income, (iii) the Consolidated Balance Sheets, (iv) the Consolidated Statements of Cash Flows, (v) the Consolidated Statements of Equity and (vi) related notes.
104	Cover Page Interactive Data file (formatted as Inline XBRL and contained in Exhibit 101)

* This document has been identified as a management contract or compensatory plan or arrangement.

The agreements and other documents filed as exhibits to this report are not intended to provide factual information or other disclosure other than with respect to the terms of the agreements or other documents themselves, and you should not rely on them for that purpose. In particular, any representations and warranties made by us in these agreements or other documents were made solely within the specific context of the relevant agreement or document and may not describe the actual state of affairs as of the date they were made or at any other time.

Item 16. Form 10-K Summary

None.

Signatures

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on the 12th day of March, 2020.

COREPOINT LODGING INC.

By:	/s/ Keith A. Cline
Name:	Keith A. Cline
Title:	President and Chief Executive Officer

Pursuant to the requirements of the Securities Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated on the 12th day of March 2020.

Signature	**Title**
/s/ Keith A. Cline Keith A. Cline	President, Chief Executive Officer and Director (Principal Executive Officer)
/s/ Daniel E. Swanstrom II Daniel E. Swanstrom II	Executive Vice President and Chief Financial Officer (Principal Financial Officer)
/s/ Howard S. Garfield Howard S. Garfield	Senior Vice President, Chief Accounting Officer & Treasurer (Principal Accounting Officer)
/s/ James R. Abrahamson James R. Abrahamson	Director
/s/ Glenn Alba Glenn Alba	Director
/s/ Jean M. Birch Jean M. Birch	Director
/s/ Alan J. Bowers Alan J. Bowers	Director
/s/ Giovanni Cutaia Giovanni Cutaia	Director
/s/ Alice E. Gould Alice E. Gould	Director
/s/ B. Anthony Isaac B. Anthony Isaac	Director
/s/ Brian Kim Brian Kim	Director
/s/ David Loeb David Loeb	Director
/s/ Mitesh B. Shah Mitesh B. Shah	Director

Board of Directors

Mitesh B. Shah
Chairman of the Board of Directors
CorePoint Lodging Inc.

Chief Executive Officer and
Senior Managing Principal
Noble Investment Group, LLC

James R. Abrahamson
Former Chairman
Interstate Hotels & Resorts

Glenn Alba
Founder and President
Opterra Capital

Jean M. Birch
Former President &
Chief Executive Officer
Papa Murphy's Holdings, Inc.

Alan J. Bowers
Former President,
Chief Executive Officer and Director
Cape Success

Keith A. Cline
President & Chief Executive Officer
CorePoint Lodging Inc.

Giovanni Cutaia
Senior Managing Director and
Global Head of Asset Management
Real Estate, The Blackstone Group Inc.

Alice E. Gould
Former Investment Manager
Private Investments, DUMAC, Inc.

B. Anthony Isaac
Managing Director
TMI Shore Partnership L.P.

Brian Kim
Managing Director
Real Estate, The Blackstone Group Inc.

David Loeb
Founder and Managing Director
Dirigo Consulting LLC

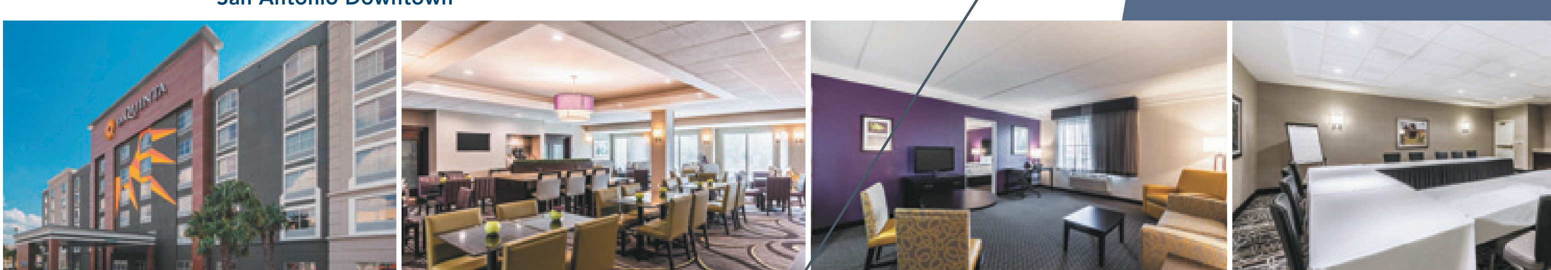
Executive Officers

Keith A. Cline
President & Chief Executive Officer

Mark M. Chloupek
Executive Vice President, Secretary &
General Counsel

Daniel E. Swanstrom II
Executive Vice President,
Chief Financial Officer

San Antonio Downtown



CorePoint Lodging

125 E. John Carpenter Freeway
Suite 1650
Irving, TX 75062
corepoint.com

Corporate Information

Stock Listing
NYSE: CLPG

Annual Meeting [(1)]
10:00 a.m. Central Time
Thursday, May 21, 2020
La Quinta Inn & Suites by
Wyndham DFW Airport
South/Irving
4105 W. Airport Freeway
Irving, TX 75062

Independent Registered Public Accounting Firm
Deloitte & Touche LLP
2200 Ross Avenue
Suite 1600
Dallas, TX 75201

Transfer Agent, Registrar
Computershare
c/o Shareholder Services
P.O. Box 505000
Louisville, KY 40233-5000
Toll-free: (800) 962-4284 (U.S.)
Toll: (781) 575-4247
computershare.com/investor

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Forward Looking Statement
This annual report contains forward-looking statements within the meaning of federal securities laws, and the words and phrases “looking ahead,” “outlook,” “opportunity,” “continue,” “intend,” “plan,” “believe,” “should,” and other similar expressions are intended to identify such statements. There are important factors that could cause actual results to differ materially from those in the forward-looking statements, including factors disclosed under “Forward-Looking Statements” and in “Part I – Item 1A. Risk Factors”.

(1) Due to the emerging public health impact of coronavirus disease 2019 (COVID-19), we are planning for the possibility that the Annual Meeting may become a virtual meeting, held solely by means of remote communication. If we take this step, we will announce the decision to do so in advance, and details on how to participate in a live audio webcast will be set forth in a press release issued by CorePoint Lodging Inc. and available at www.corepoint.com in the “News” section.

Virginia Beach