
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549**

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934**

Date of Report (date of earliest event reported) – September 10, 2020

EXTENDED STAY AMERICA, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

001-36190
(Commission
File Number)

46-3140312
(I.R.S. Employer
Identification Number)

**11525 N. Community House Road, Suite 100
Charlotte
North Carolina
28277**

(Address of principal executive offices, zip code)

Registrant's telephone number, including area code (980) 345-1600

ESH HOSPITALITY, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

001-36191
(Commission
File Number)

27-3559821
(I.R.S. Employer
Identification Number)

**11525 N. Community House Road, Suite 100
Charlotte
North Carolina
28277**

(Address of principal executive offices, zip code)

Registrant's telephone number, including area code (980) 345-1600

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, par value \$0.01 per share, of Extended Stay America, Inc. and Class B Common Stock, par value \$0.01 per share, of ESH Hospitality, Inc., which are attached and trade together as a Paired Share.	STAY	Nasdaq Global Select Market

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

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

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

Emerging growth company

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

Item 5.02 Departure of Directors or Certain Officers; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

Item 5.02(b)

Resignation of Brian T. Nicholson as Chief Financial Officer

On September 10, 2020, Brian T. Nicholson entered into a separation letter agreement with each of Extended Stay America, Inc. (“Extended Stay”) and ESH Hospitality, Inc. (“ESH REIT”) dated September 10, 2020 (the “Separation Agreement”) pursuant to which Mr. Nicholson resigned as Chief Financial Officer (“CFO”), effective as of September 10, 2020. Mr. Nicholson’s resignations did not involve any disagreement with either of Extended Stay or ESH REIT.

Pursuant to the Separation Agreement, Mr. Nicholson will provide assistance and advisory services to the new CFO of Extended Stay and ESH REIT as an employee of ESA Management, LLC from September 11, 2020 through February 12, 2021 (the “Advisory Term”). Mr. Nicholson’s outstanding restricted stock unit (“RSUs”) awards will continue to vest in accordance with their terms during the Advisory Term. At the end of the Advisory Term, Mr. Nicholson’s employment with Extended Stay will be terminated, which will be treated as a “Qualifying Termination” for purposes of the Extended Stay Executive Severance Plan (the “Executive Severance Plan”) (with such term as defined in the Executive Severance Plan). Subject to the execution and non-revocation of a release of claims in favor of Extended Stay and its affiliates, Mr. Nicholson will be entitled to receive the benefits which include cash severance, health plan benefit continuation and outplacement services. However, pursuant to the Separation Agreement, the cash severance that Mr. Nicholson will receive will be 63% of his base salary rather than 100% as provided in the Severance Plan and a target bonus equal to 100% of his base salary. In the event Mr. Nicholson’s employment is terminated by ESA Management LLC without “Cause” (as defined in the Executive Severance Plan) prior to February 12, 2021, his cash severance will be increased by the amount of base salary he would have received for the period from the date of his termination through February 12, 2021, and the portion of his then-outstanding RSUs that would have vested through February 12, 2021 will vest as of the date of his termination.

The foregoing summary of the Separation Agreement does not purport to be complete and is subject to, and qualified by its entirety by, the full text of the Separation Agreement, a copy of which is filed as Exhibit 10.1 to this Current Report and is incorporated herein by reference.

Item 5.02(c), (e)

Appointment of David Clarkson as Chief Financial Officer

On September 10, 2020, the Boards of Directors of Extended Stay and ESH REIT appointed David Clarkson as Chief Financial Officer of each of Extended Stay and ESH REIT, effective as of September 11, 2020. Mr. Clarkson, (49) has served as Vice President of Financial Planning & Analysis and Treasurer of the Company since September 2015 and Treasurer since May 2013. Mr. Clarkson served as Interim Chief Financial Officer of the Company from January 2018 until May 2018. Mr. Clarkson served as Director of Corporate Finance from May 2011 until May 2013. Prior to joining the Company in 2011, Mr. Clarkson was Vice President of Finance and Development for The Clarkson Group, a real estate company focused primarily on limited service hotel development. Between 1996 and 2004, Mr. Clarkson held various positions in finance and revenue management for the Company’s predecessor, Extended Stay America, Inc. Mr. Clarkson is a graduate of Dartmouth College, holds an MBA from the University of Miami, and is a CFA charterholder.

In connection with Mr. Clarkson’s appointment as Chief Financial Officer, Extended Stay and ESH REIT and Mr. Clarkson entered into an offer letter, dated September 10, 2020 (the “Offer Letter”). The Offer Letter provides that Mr. Clarkson is entitled to an annual base salary in cash at the rate of \$350,000 per annum and receive a grant of RSUs in respect of 5,000 Paired Shares (as defined in the LTIP) under the terms of the Amended and Restated Extended Stay Long Term Incentive Plan (“LTIP”). The RSUs will vest pro-rata in respect of Paired Shares on each of the three anniversaries of the effective date of the Offer Letter, subject to Mr. Clarkson’s continued service to Extended Stay and ESH REIT on each vesting date.

Pursuant to the Offer Letter, commencing in 2021, Mr. Clarkson will be entitled to receive a grant of a number of RSUs having a grant date fair market value equal to base salary, fifty percent (50%) of which shall be time-vesting RSUs, and fifty percent (50%) of which shall be performance-vesting RSUs, provided that the form of equity award may be changed by the Compensation Committee consistent with the form of equity awards granted to other senior executives of Extended Stay and ESH REIT.

The foregoing summary of the Offer Letter does not purport to be complete and is subject to, and qualified in its entirety by, the full text of the Offer Letter, a copy of which is filed as Exhibit 10.2 to this Current Report and is incorporated herein by reference.

There are no arrangements or understandings between Mr. Clarkson and any other person pursuant to which Mr. Clarkson was appointed as Chief Financial Officer of Extended Stay and ESH REIT. Mr. Clarkson has not entered into any transactions with Extended Stay or ESH REIT that are required to be disclosed pursuant to Item 404(a) of Regulation S-K.

There are no family relationships between Mr. Clarkson and any of the Extended Stay's or ESH REIT's officers or directors that are required to be disclosed pursuant to Item 401(d) of Regulation S-K.

Item 7.01. Regulation FD Disclosure.

On September 11, 2020, Extended Stay and ESH REIT issued a press release announcing Mr. Nicholson's resignation and Mr. Clarkson's appointment as Chief Financial Officer of Extended Stay and ESH REIT. A copy of this press release is furnished as Exhibit 99.1 hereto and is incorporated herein by reference.

The information furnished in Item 7.01, including Exhibit 99.1, shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), is not subject to the liabilities of that section and is not deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act.

Item 9.01 Exhibits

(d) Exhibits

Exhibit 10.1	<u>Separation Agreement by and between Extended Stay America, Inc., ESH Hospitality, Inc. and Brian T. Nicholson dated as of September 10, 2020.</u>
Exhibit 10.2	<u>Offer Letter by and between Extended Stay America, Inc., ESH Hospitality, Inc. and David Clarkson dated as of September 10, 2020.</u>
Exhibit 99.1	<u>Press Release, dated September 11, 2020, issued by Extended Stay America, Inc. and ESH Hospitality, Inc.</u>
Exhibit 104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

SIGNATURE

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

EXTENDED STAY AMERICA, INC.

Date: September 11, 2020

By: /s/ Christopher N. Dekle
Name: Christopher N. Dekle
Title: General Counsel and Corporate Secretary

ESH HOSPITALITY, INC.

Date: September 11, 2020

By: /s/ Christopher N. Dekle
Name: Christopher N. Dekle
Title: General Counsel and Corporate Secretary

September 10, 2020

Brian Nicholson
 Chief Financial Officer
 Extended Stay America, Inc.
 11525 N. Community House Road, Suite 100
 Charlotte, NC 28277

Dear Brian:

Following up our previous discussion, this letter agreement confirms the terms of your continued employment during the transition period from your leadership to David Clarkson.

By counter-signing below, you hereby resign from your positions as Chief Financial Officer of Extended Stay America, Inc. (“ESA”) and ESH Hospitality, Inc. (“ESH”), and your officer positions in ESA and ESH’s various subsidiaries on September 10, 2020. As of September 11, 2020, the following terms will become effective:

New Title	Advisor, reporting to the Chief Financial Officer. You will be an employee of ESA Management, LLC and not an independent contractor.
Length of Assignment	September 11, 2020 through February 12, 2021. Your separation date shall be February 12, 2021.
Duties	Assistance and advice as needed and requested by Chief Financial Officer to support transition.
Support	You will work remotely.
Salary	You will continue to be paid your base salary at the annual rate of \$470,350. You will be paid bi-weekly through ESA normal payroll process. Ordinary tax, benefit and other required payroll deductions and withholdings will continue to be taken through your employment period.
Benefits	You will continue to be eligible to participate in ESA’s standard benefits program through your employment. Upon termination, you are eligible to continue benefits coverage through COBRA.
Annual Incentive	You are not eligible to participate in the Extended Stay America, Inc. Annual Incentive Plan.
Time and Performance RSUs	Restricted Stock Units will continue to vest as scheduled per the terms of the 2018, 2019, and 2020 Long Term Incentive Plan Restricted Stock Unit Agreement,.
Severance	At the end of your period of employment and subject to the Release Effective Date (as defined below) occurring, you will be entitled to the benefits under the Extended Stay America, Inc. Executive Severance Plan except the cash severance payment will be \$766,670.5 (representing an annual salary component equal to sixty three percent (63%) of your annual base salary, and a target annual bonus component equal to one hundred percent (100%) of your annual base salary). The cash severance payment will be paid promptly following the Release Effective Date but in any event on or before March 15, 2021. For the avoidance of doubt, you will be entitled to this payment if your employment

is terminated as a result of your death or disability or if you voluntarily terminate your employment prior to February 12, 2021. If your employment is terminated by ESA Management LLC without Cause (as defined in the Severance Plan) prior to February 12, 2021, (i) your cash severance payment will be increased by the salary you would have received for the period from the date of termination through February 12, 2021 and (ii) you will be entitled to immediate vesting of the portion of the Restricted Stock Units that would have vested through February 12, 2021.

Code Section 409A

You and Company acknowledge and agree that as of September 11, 2020 you will commence transition services as an employee of ESA at a rate that is less than 20% of the average level of bona fide services provided by you to ESA over the 36-month period immediately preceding such date. Consequently, it is intended that as of September 10, 2020 you shall incur a "separation from service" with ESA within the meaning of Section 409A of the Internal Revenue Code and the regulations promulgated thereunder (including for purposes of ESA's Deferred Compensation Plan).

Release

At the end of your period of employment and within 21 days after the date of your termination, you will execute a release as provided in Extended Stay America, Inc. Executive Severance Plan. The date that the release becomes irrevocable is herein referred to as the "Release Effective Date". If your employment ends by reason of your death, the date of your death will be deemed to be the Release Effective Date.

Restrictive Covenants

You will be subject to, and required to comply with, the covenants and other provisions contained in Section 6 of the Severance Plan provided that the Restricted Period (as defined in the Severance Plan) shall begin on September 11, 2020.

Brian, thank you for your contributions to ESA during your tenure and wish you the best going forward.

Please sign below to reflect your agreement to the terms outlined in this memorandum and return to my attention.

Sincerely,

/s/ Kevin Henry

Kevin Henry
Chief Human Resource Officer

Accepted and agreed

/s/ Brian Nicholson

Brian Nicholson

Date: September 10, 2020



September 10, 2020

David Clarkson
 Extended Stay America, Inc.
 11525 N. Community House Road, Suite 100
 Charlotte, NC 28277

Dear David:

We are pleased to offer you employment with Extended Stay of America, Inc. (the "Company") on the following terms:

Position:	Chief Financial Officer of Extended Stay America, Inc. and ESH Hospitality, Inc.
Effective Date:	September 11, 2020
Reporting to:	Bruce Haase, President and Chief Executive Officer
Work Location	Charlotte, North Carolina
Annual Salary:	\$350,000 to be paid in accordance with the Company's normal payroll practices.
Annual Bonus Eligibility:	Commencing with your effective date of September 11, 2020, you will participate in the Company's annual bonus plan with a target bonus of 100% of Annual Salary. Your actual payout will be based on Company performance and individual goals established by the Compensation Committee. Terms of the annual bonus plan are subject to change each year as determined by the Compensation Committee.
Sign-On Equity Grant:	As soon as reasonably practicable after the Effective Date, pursuant to the Company's Amended and Restated Long-Term Incentive Plan (the " <u>LTIP</u> "), the Company will grant to you time-vesting restricted stock units (" <u>RSUs</u> ") in respect of Paired Shares (as defined in the LTIP) in the amount of 5,000 shares, which shall vest pro-rata on each of the first three anniversaries of the Effective Date, subject to your continued service on each vesting date.
Annual Equity Grant:	Commencing in 2021, you will be granted a number of RSUs having a value of 100% of your base salary, 50% of which will be time-vesting and 50% of which will be performance-vesting; provided, that the form of equity award may be changed by the Compensation Committee consistent with the form of equity awards granted to other senior executives of the Company.
Benefits/Vacation:	You will be eligible to enroll Company offered benefit plan(s) on an annual basis and will be eligible for vacation in accordance with Company policy.

Severance: You will become a participant in the Company's Executive Severance Plan (the "Severance Plan") which provides for severance of 1.0 times your base salary and 1.0 times your target bonus should you be terminated in a Qualifying Termination (as defined in the Severance Plan). By execution of this offer letter, this offer letter shall constitute your Participation Agreement (as defined in the Severance Plan) effective as of the Effective Date by which you agree to be bound by and subject to all of the terms and conditions of the Severance Plan.

Restrictive Covenants: You will be subject to the covenants and other provisions contained in Section 6 of the Company's Executive Severance Plan.

Dispute Resolution/Governing Law This offer letter shall be governed by the laws of Delaware. Any dispute, controversy or claim between that arises out of or relates to this offer letter, your employment with the Company, or any termination of such employment, shall be determined by final, binding, and confidential arbitration held and conducted by JAMS, Inc. ("JAMS"), under its then-applicable JAMS Employment Arbitration Rules and Procedures.

By signing below in accepting this offer set forth in this offer letter, you represent, warrant and agree that (i) you are not subject to any contract, arrangement, policy or understanding, or to any statute, governmental rule or regulation, that in any way limits your ability to enter into and fully perform the your obligations under this offer letter, (ii) you are not otherwise unable to enter into and fully perform your obligations under this offer letter, (iii) you are not in default under, or in breach of, any agreement requiring you to preserve the confidentiality of any information, client lists, trade secrets or other confidential information or agreements not to compete or interfere with any prior employer including, but not limited to, any employment agreement, and (iv) neither the execution and delivery of this offer letter nor the performance by you of your obligations hereunder will conflict with, result in a breach of, or constitute a default under, any confidentiality or non-competition agreement or any employment agreement to which you are a party or to which you may be subject and during your employment with the Company you will preserve the confidentiality of all information with respect to which you have an obligation of confidentiality to any other person. In the event of a breach of any representation or covenant in this paragraph, the Company may terminate this offer letter and your employment with the Company without any liability to you and you shall indemnify the Company for any liability it may incur as a result of any such breach.

Your employment with the Company will be "at will" meaning that it can be terminated with or without cause, and with or without notice, at any time, at the option of either the Company or you, except as otherwise prohibited by law. The terms of this offer letter, therefore, do not and are not intended to create either an expressed and/or implied contract of employment with the Company.

If the terms set forth in this offer letter are acceptable to you, please sign below where indicated and return an executed version to me.

Please feel free to contact me if you have any questions.

Sincerely,

/s/ Kevin A. Henry

Kevin A. Henry, Chief Human Resources Officer

Agreed and Accepted this 10th day of September, 2020

/s/ David Clarkson

David Clarkson



**EXTENDED STAY AMERICA ANNOUNCES
CHIEF FINANCIAL OFFICER TRANSITION**

CHARLOTTE, N.C. – September 11, 2020 (Globe Newswire) — Extended Stay America, Inc. and its paired-share REIT, ESH Hospitality, Inc. (together, the “Company”) (NASDAQ:STAY), the largest mid-priced extended stay hotel brand, today announced that David Clarkson has been appointed Chief Financial Officer, effective September 11, 2020. Mr. Clarkson will succeed Brian Nicholson, who has resigned from the Chief Financial Officer role effective immediately to pursue other interests. Mr. Nicholson will continue with STAY in a consulting role until February 26, 2021 to assist with the transition. Mr. Nicholson’s resignation is not related to any issues involving the Company’s operations, financial statements, internal controls, policies or practices.

Mr. Clarkson brings more than 25 years of corporate finance experience to the Company. Mr. Clarkson, (49) has served as Vice President of Financial Planning & Analysis and Treasurer of the Company since September 2015 and Treasurer since May 2013. Mr. Clarkson served as Interim Chief Financial Officer of the Company from January 2018 until May 2018. Mr. Clarkson served as Director of Corporate Finance from May 2011 until May 2013. Prior to joining the Company in 2011, Mr. Clarkson was Vice President of Finance and Development for The Clarkson Group, a real estate company focused primarily on limited service hotel development. Between 1996 and 2004, Mr. Clarkson held various positions in finance and revenue management for the Company’s predecessor, Extended Stay America, Inc. Mr. Clarkson is a graduate of Dartmouth College, holds an MBA from the University of Miami, and is a CFA charterholder.

“I want to thank Brian for his contribution to Extended Stay America. He has built a strong finance leadership team, and we are fortunate to have a very deep bench to draw on to ensure a smooth transition,” said Bruce Haase, President and Chief Executive Officer. “Few if any persons have the depth of institutional knowledge about Extended Stay America that David Clarkson has amassed over his seventeen years of service with the Company, and I believe no one is more qualified to take over as its Chief Financial Officer. With David’s appointment, we have an executive team with exceptionally talented individuals with deep understanding of our extended stay business, dedication to improving the business, building the Extended Stay America brand, and growing shareholder value.”



Mr. Clarkson said, “I’d like to thank Bruce and the Boards of Directors for appointing me to succeed Brian as Chief Financial Officer. We will continue to successfully navigate the company through the pandemic, ensure that we emerge on solid financial footing, and position the company for growth in the recovery.”

Forward Looking Statements

This release contains forward-looking statements within the meaning of the federal securities laws. These statements include, but are not limited to, statements related to our expectations regarding our business performance, financial results, liquidity and capital resources, capital expenditures, distribution policy, plans, goals, beliefs, business trends and future events, as well as the impact of the COVID-19 pandemic, its effects on the foregoing, government actions taken in response to the pandemic and actions that we have or plan to take in response to the pandemic and other non-historical statements. Forward looking statements involve known and unknown risks, uncertainties and other factors that may cause the Company’s actual results or performance to differ from those projected in the forward-looking statements, possibly materially. For a description of factors that may cause the Company’s actual results or performance to differ from projected results or performance implied by forward-looking statements, please review the information under the headings “Cautionary Note Regarding Forward-Looking Statements” and “Risk Factors” included in the Company’s combined annual report on Form 10-K filed with the Securities and Exchange Commission (“SEC”) on February 26, 2020 and other documents of the Company on file with or furnished to the SEC, including the Company’s combined quarterly report on Form 10-Q filed on August 10, 2020. Any forward-looking statements made in this release are qualified by these cautionary statements, and there can be no assurance that the actual results or developments anticipated by the Company will be realized or, even if substantially realized, will have the expected consequences to, or effects on, the Company, its business or operations. Except as required by law, the Company undertakes no obligation to update publicly or revise any forward-looking statement, whether as a result of new information, future developments or otherwise. We caution you that actual results may differ materially from what is expressed, implied or forecasted by the Company’s forward-looking statements.



About Extended Stay America

Extended Stay America® is the leading brand in the mid-priced extended stay segment in the U.S. with 638 hotels. ESH Hospitality, Inc. (“ESH”), a subsidiary of Extended Stay America, Inc. (“ESA”), is the largest lodging REIT in North America by unit and room count, with 562 hotels and over 62,000 rooms in the U.S. ESA also manages or franchises an additional 76 Extended Stay America® hotels. Visit www.esa.com for more information.

Contacts

Investors and Media:

Rob Ballew
(980) 345-1546
investorrelations@esa.com