

CHATHAM LODGING TRUST
CODE OF BUSINESS CONDUCT AND ETHICS

The following shall constitute the Code of Conduct (the “Code of Conduct” or the “Code”) of Chatham Lodging Trust (the “Company”):

I. INTRODUCTION

This Code of Conduct covers a wide range of business practices and procedures and is intended to supplement existing policies. It is important that you read and understand it. It does not cover every issue that may arise, but it sets out basic principles to guide all employees, officers and trustees of the Company.

The Code should be provided to and followed by the Company’s agents and representatives, including consultants. Accordingly, in the event that the Company retains Island Hospitality Management, Inc. (“Island Hospitality”) to manage the Company’s hotels, these principles will apply to all employees, officers and trustees of Island Hospitality in the same manner as if they were employees, officers or trustees of the Company.

All employees, officers and trustees of the Company, and all employees, officers and directors of Island Hospitality, as applicable, must conduct themselves consistently with this Code of Conduct and must seek to avoid even the appearance of improper behavior. Employees are expected to treat compliance with the ethical and business standards set forth in this Code and in other applicable policies as a critical part of their job responsibilities.

If a law conflicts with a policy in this Code, you must comply with the law; however, if a local custom or policy conflicts with this Code, you must comply with the Code. If you have any questions about these conflicts, you should ask your supervisor how to handle the situation.

Those who violate the standards in this Code will be subject to disciplinary action. If you are in a situation that you believe may violate or lead to a violation of this Code, follow the guidelines described in Section XIII of this Code. The Code cannot, and is not intended to, cover every applicable law or provide answers to all questions that might arise; for that we must ultimately rely on each employee’s good sense of what is right and when to seek guidance from others on the proper course of conduct.

This Code is not an express or implied contract of employment and does not create any contractual rights of any kind between the Company and its employees. In addition, all

employees should understand that this Code does not modify their employment relationship, whether at will or governed by contract.

II. COMPLIANCE WITH LAWS, RULES AND REGULATIONS

Obedying the law, both in letter and in spirit, is the foundation on which this Company's ethical standards are built. All employees and officers must respect and obey the laws of the municipalities, states and jurisdictions in which we operate, including applicable environmental laws, rules and regulations and insider trading laws. It does not matter whether others are acting ethically or complying with a law; an unethical or illegal act does not become legal just because others are doing it. All managers are expected to encourage legal and ethical behavior by their subordinates, to seek to understand how their subordinates are conducting themselves and to address immediately any illegal or unethical conduct that they observe. Each one of us is personally responsible for maintaining the highest level of integrity and honesty in our sphere of control at the Company.

We are committed to doing business in compliance with all environmental rules and regulations, and to quickly identifying and resolving environmental issues and risks as they may arise.

From time to time the Company holds information and training sessions to promote compliance with laws, rules and regulations.

Although not all employees, officers and trustees are expected to know the details of all applicable laws, it is important to know enough to determine when to seek advice from the Company's Legal Department, supervisors or managers.

III. CONFLICTS OF INTEREST

A "conflict of interest" exists when a person's private interest interferes, or appears to interfere, with the interests of the Company. A conflict situation can arise when an employee, officer or trustee takes actions or has interests that may make it difficult to perform his or her Company work objectively and effectively. Conflicts of interest also may arise when an employee, officer or trustee, or a member of his or her family, receives improper personal benefits as a result of his or her position in the Company.

Conflicts of interest are prohibited as a matter of Company policy, except under guidelines approved by the Board of Trustees. Conflicts of interest may not always be clear-cut, so if you have a question, you should consult with higher levels of management or the Company's Legal Department. Any employee, officer or trustee who becomes aware of a conflict or a potential or apparent conflict should bring it to the attention of a supervisor, manager or other appropriate personnel (and should consult the procedures described in Section XIII of this Code).

The Company may retain Island Hospitality to manage the Company's hotels. In addition, the Company and Island Hospitality share certain corporate office administrative functions. As a result, these guidelines have been developed which require that each transaction with Island Hospitality be approved by the Board of Trustees, who will consider whether the transaction is generally fair and is on terms that are similar to the terms of generally comparable transactions between unrelated parties. These guidelines cover any transaction, arrangement, event or series of events which involve or are expected to involve (1) the payment of money or other consideration or the guaranty or security of any repayment or other obligation (a) by Island Hospitality to or of the Company and (b) by the Company to or of Island Hospitality; or (2) an allocation of the cost of corporate office administrative functions between the Company and Island Hospitality.

IV. CORPORATE OPPORTUNITIES

Employees, officers and trustees are prohibited from taking for themselves personally opportunities that are discovered through the use of corporate property, information or position without the consent of the Board of Trustees. No employee, officer or trustee may use corporate property, information, or position for improper personal gain, and no employee may compete with the Company directly or indirectly. Employees, officers and trustees owe a duty to the Company to advance its legitimate interests when the opportunity to do so arises.

V. COMPETITION AND FAIR DEALING

We seek to outperform our competition fairly and honestly. We seek competitive advantages through superior performance, intelligence and creativity, never through unethical or illegal business practices. Stealing proprietary information, possessing trade secret information that was obtained without the owner's consent, or inducing such disclosures by past or present employees of other companies is prohibited. Each employee, officer and trustee should endeavor to respect the rights of and deal fairly with the Company's customers, suppliers, competitors and employees. No employee, officer or trustee should take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other intentional unfair-dealing practice.

Like all companies, we are subject to complex laws, known as "antitrust laws", designed to preserve competition among enterprises and to protect consumers from unfair business arrangements and practices. Antitrust law has many facets that may bear upon our business. For example, antitrust law prohibits competitors from price fixing. Any understanding (whether written or not) among competitors that causes them not to price their product independently may constitute price fixing. As a result, we must avoid proposals from competitors to share price or other competitive marketing information, and we must not engage in an attempt to allocate markets or customers with our competitors. Antitrust law also prohibits customers from demanding that we not do business with another customer. The law also prohibits predatory pricing which is designed to drive a competitor out of business. As noted above, antitrust law is

very complex and this Code of Conduct contains only a very brief summary of a few of its rules. There are exceptions to many of the antitrust rules, and the intent of the parties is often an important factor, so if you encounter a situation where you believe antitrust law may be implicated you should (i) immediately cease any conversation about the matter and (ii) consult the Legal Department.

We will observe all of the terms of our contractual arrangements, and we will also seek to comply with the spirit of all business arrangements. The use of licensed software must comply with the terms of the license agreements, including limitations on copies and payment of licensing fees.

The purpose of business entertainment and gifts in a commercial setting is to create good will and sound working relationships, not to gain unfair advantage with customers. No gift or entertainment should ever be offered, given or accepted unless it: (1) is not a cash gift; (2) is consistent with customary business practices; (3) supports the legitimate business interests of the Company; (4) is not excessive in value; (5) cannot be construed as a bribe or payoff; and (6) does not violate any laws or regulations or applicable Company policy (see Section X). Common sense should dictate in this area. Keep an arm's length relationship. Avoid lavish gifts that may appear to be an attempt at undue influence. Always clearly identify the Company (and not yourself personally) as the giver of any gift that you offer. Avoid personal financial transactions with persons that may influence your ability to perform your job. Discuss with your supervisor any gift or proposed gift that you are not certain is appropriate, before giving or receiving it.

VI. WORKPLACE RESPONSIBILITIES

The diversity of the Company's employees is an important asset. We are firmly committed to providing equal opportunity in all aspects of employment and will not tolerate any illegal discrimination or harassment of any kind by co-workers, supervisors, customers or vendors. This applies to recruiting, hiring, promotion, compensation, termination and other employment actions. Examples of prohibited conduct include making derogatory comments based on racial or ethnic characteristics or unwelcome sexual advances.

The Company strives to provide each employee with a safe and healthful work environment. Each employee has responsibility for maintaining a safe and healthy workplace for all employees by (i) following occupational safety and health rules, (ii) complying with loss prevention programs and (iii) immediately reporting to the employee's supervisor accidents, injuries and unsafe equipment, practices or conditions. Reasonable accommodations will be made for persons with disabilities as required under the American with Disabilities Act.

Violence and threatening behavior are not permitted. Employees should report to work in condition to perform their duties, free from the influence of illegal drugs or alcohol. The use of illegal drugs in the workplace will not be tolerated.

Managers should seek guidance from the Human Resources Department when they become aware of, but before responding to, any union activities.

In addition to these guidelines, the Company expects employees to comply with each and every policy and procedure set forth in the Employee Handbook, as the same may be amended and/or restated from time to time.

VII. RECORD-KEEPING

The Company requires honest and accurate recording and reporting of information in order to make responsible business decisions. For example, employees who are required to report the number of hours that they work must report only the true and actual number of hours worked.

Many employees regularly use business expense accounts, which must be documented and recorded accurately. If you are not sure whether a certain expense is legitimate, ask your supervisor or your controller. Rules and guidelines are available from the Accounting Department.

All of the Company's books, records, accounts and financial statements must be maintained in reasonable detail, must appropriately reflect the Company's transactions and must conform both to applicable legal requirements and to the Company's system of internal controls. No document should be falsified or distort the true nature of any transaction. All transactions must be supported by reasonable documentation and, in the case of estimates or accruals, must be based on good faith judgment. All reports to regulatory authorities must be full, fair, accurate and understandable. Unrecorded or "off the books" funds or assets should not be maintained unless permitted by applicable law or regulation.

Business records and communications often become public, and we should avoid exaggeration, derogatory remarks, guesswork, or inappropriate characterizations of people and companies that can be misunderstood. This applies equally to e-mail, internal memos and formal reports. Records should always be handled (e.g., produced, copied, faxed or e-mailed), retained (e.g., filed or stored) or discarded (e.g., shredded or erased) according to the Company's record retention policies and by means designed to minimize the risk that unauthorized persons might obtain access to proprietary or confidential information. In accordance with those policies, in the event of litigation or governmental investigation it is essential to follow the advice of the Company's Legal Department. Whenever litigation or an investigation is pending or threatened, every potentially relevant document must be preserved unless destruction has been approved by the Legal Department.

VIII. CONFIDENTIALITY

Employees, officers and trustees must maintain the confidentiality of confidential information entrusted to them by the Company or its customers, except when disclosure is authorized by the Legal Department or required by laws or regulations. Confidential information includes all non-public information that might be of use to competitors, or harmful to the Company or its customers, if disclosed. It also includes information that suppliers and customers have entrusted to us. Employee personnel and medical records must never be shared or discussed outside the Company, except as authorized by the employee or as required by law. Requests for such information from anyone outside the Company must be approved by the Human Resources Department. Employees and officers must also take all precautions to keep passwords confidential in order to protect the integrity of the Company's information systems. The obligation to preserve confidential information continues even after employment ends.

IX. PROTECTION AND PROPER USE OF COMPANY ASSETS

All employees, officers and trustees should endeavor to protect the Company's assets and ensure their efficient use. Company assets include its hotel properties of course, but also include its name and the names of its subsidiaries, office supplies, computers, telephones, customer and supplier lists or information, and software programs such as e-mail and internet browsers. Theft, carelessness, and waste of Company assets have a direct impact on the Company's profitability; misappropriation of Company assets is a breach of your duty to the Company and may constitute an act of fraud against the Company. Any suspected incident of fraud or theft should be immediately reported for investigation.

All Company assets should be used principally for legitimate business purposes. Company equipment should not be used to transmit or receive electronic images or text of a sexual nature or containing ethnic slurs, racial epithets or any other material of a harassing, offensive or lewd nature. Company equipment should not be used for non-Company business such as gambling, pornography or outside businesses, or in any other manner that could be harmful or embarrassing to the Company. Subject to the two immediately preceding sentences, incidental personal use - such as an occasional personal telephone call or e-mail - is permitted. In the absence of specific Company policy, common sense will dictate where the line is drawn between permissible and non-permissible use.

The obligation of employees and officers to protect the Company's assets includes its proprietary information. Proprietary information includes intellectual property such as trade secrets, as well as business, marketing and service plans and strategies, systems or databases, records, salary information and any unpublished financial or operating results, projections or reports. Unauthorized use or distribution of this information would violate Company policy. It could also be illegal and result in civil or criminal penalties.

You may not work on a political fundraiser or other campaign activity while at work or use Company property for these activities. Any overt, visible and partisan political activity that could cause someone to believe that your actions reflect the views or position of the Company requires the prior approval of the Legal Department.

X. PAYMENTS TO GOVERNMENT PERSONNEL

The U.S. Foreign Corrupt Practices Act prohibits giving anything of value (including entertainment), directly or indirectly, to officials of foreign governments or foreign political candidates in order to obtain or retain business. It is strictly prohibited to make illegal payments to government officials of any country. In addition, the U.S. government has a number of laws and regulations regarding business gratuities which may be accepted by U.S. government personnel. The promise, offer or delivery to an official or employee of the U.S. government of a gift, favor or other gratuity in violation of these rules would not only violate Company policy but could also be a criminal offense. State and local governments, as well as foreign governments, may have similar rules preventing or restricting their employees or officials from accepting anything of value from the public.

Do not assume without inquiry that giving anything of value (including entertainment) to employees or officials of any governmental entity does not constitute a bribe which is illegal and forbidden by Company policy. To ensure compliance with local laws and the Foreign Corrupt Practices Act, gifts to any government employee or official must be pre-cleared with the Legal Department.

XI. DISCLOSURE POLICY

It is the Company's policy to provide full, fair, accurate, timely and understandable disclosure in all documents required to be filed with or furnished or submitted to governments and regulators and in all other public communications. The Company expects all employees and officers to act in a manner that supports this policy. In addition, employees and officers are prohibited from directly or indirectly taking any action to fraudulently influence, coerce, manipulate or mislead the Company's independent auditors for the purpose of rendering the financial statements of the Company misleading.

Before making any speech or public appearance that is connected to the Company's business, you must get approval from your supervisor.

XII. MODIFICATIONS/WAIVERS OF THE CODE OF CONDUCT

Any waiver of this Code for executive officers or trustees may be made only by the Board or a Board committee.

XIII. REPORTING ANY ILLEGAL OR UNETHICAL BEHAVIOR

We must quickly identify and resolve ethical issues when they arise. Employees are encouraged to talk to supervisors, managers or other appropriate personnel about observed illegal or unethical behavior, and when in doubt about the best course of action in a particular situation. If you raise an issue with a supervisor and you do not believe the issue has been addressed, you should raise it with the Human Resources Department or the Legal Department. Officers and Department Heads who are aware of illegal or unethical behavior but fail to report it under this Code are themselves in violation of the Code. The Company will not allow retaliation for reports of misconduct by others made in good faith by employees, and any such retaliation could be a violation of law. The Company will strive to honor all requests for confidentiality. Employees and officers are expected to cooperate in internal investigations of misconduct.

XIV. COMPLIANCE PROCEDURES

We must all work to ensure prompt and consistent action against violations of this Code. However, in some situations it is difficult to know right from wrong. Since we cannot anticipate every situation that will arise, it is important that we have a way to approach a new question or problem. These are the steps to keep in mind:

- Make sure you have all the facts. In order to reach the right solutions, we must be as fully informed as possible.
- Ask yourself: What specifically am I being asked to do? Does it seem unethical or improper? This will enable you to focus on the specific question you are faced with, and the alternatives you have. Use your judgment and common sense; if something seems unethical or improper, it probably is.
- Clarify your responsibility and role. In most situations, there is shared responsibility. Are your colleagues informed? It may help to get others involved and discuss the problem.
- Discuss the problem with your supervisor. This is the basic guidance for all situations. In many cases, your supervisor will be more knowledgeable about the question, and will appreciate being brought into the decision-making process. Remember that it is your supervisor's responsibility to help solve problems.
- Seek help from Company resources. In the rare case where it may not be appropriate to discuss an issue with your supervisor, or where you do not feel comfortable approaching your supervisor with your question, discuss it with your

manager or the Human Resources Department. If you prefer to write, address your concerns to: General Counsel, Chatham Lodging Trust, 222 Lakeview Avenue, Suite 200, West Palm Beach, FL 33401.

- You may report ethical violations in confidence and without fear of retaliation. If your situation requires that your identity be kept secret, your anonymity will be protected. The Company does not permit retaliation of any kind against employees for good faith reports of ethical violations. The Company will strive to honor all requests for confidentiality.
- Always ask first, act later: If you are unsure of what to do in any situation, seek guidance before you act.

XV. ACCOUNTABILITY

You will be accountable for adherence to this Code of Conduct. Violations of this Code of Conduct may result in a variety of disciplinary actions, including termination of employment and civil or criminal penalties.

/s/ Eric Kentoff
Secretary