
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

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

Date of Report (Date of earliest event reported): June 10, 2014 (June 9, 2014)

CHATHAM LODGING TRUST

(Exact name of Registrant as specified in its charter)

Maryland

(State or Other Jurisdiction
of Incorporation or Organization)

001-34693

(Commission File Number)

27-1200777

(I.R.S. Employer Identification No.)

50 Coconut Row, Suite 211
Palm Beach, Florida

(Address of principal executive offices)

33480

(Zip Code)

(561) 802-4477

(Registrant's telephone number, including area code)

Not Applicable

(Former name or former address, if changed from last report)

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

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 2.01 Completion of Acquisition or Disposition of Assets.

On June 9, 2014, Chatham Lodging Trust (the “Company”) completed the previously disclosed sale of its joint venture with Cerberus Capital Management (the “Innkeepers JV”), which owned a 51-hotel, 6,848-room portfolio, to NewINK LLC, a new joint venture between an affiliate of NorthStar Realty Finance Corp. (“NorthStar”) and an affiliate of the Company’s operating partnership (the “NewINK JV”) formed to facilitate the sale of the Innkeepers JV.

On June 9, 2014, in connection with the sale of the Innkeepers JV, the Company also completed the previously disclosed acquisition of four Residence Inn hotels from the Innkeepers JV (the “Four-Pack Acquisition”). The four hotels are located in Silicon Valley in California and comprise an aggregate of 751 rooms. The gross purchase price for the Four-Pack Acquisition was approximately \$341.5 million, less reserve credits of \$15.1 million, resulting in a net purchase price of \$326.4 million. The purchase price was funded with equity from the gain on sale of the Innkeepers JV (described below), borrowings under the Company’s senior secured revolving credit facility and with borrowings from the Company’s four new individual mortgage loans that are secured by the four hotels in the Four-Pack Acquisition and described in Item 2.03 below.

As part of the sale of the Innkeepers JV, NorthStar acquired Cerberus Capital Management’s 89.7% interest in the Innkeepers JV, which now owns 47 hotels, for a gross purchase price of \$958.5 million less reserve credits of \$24.6 million, resulting in a net cash purchase price of \$933.9 million, or \$153,000 per room. The Company retained its 10.3% interest in the Innkeepers JV. The Company will provide certain management services to the Innkeepers JV and will receive a promote interest based on the Innkeepers JV meeting certain return thresholds.

Based on the net purchase price for the sale of the Innkeepers JV, the Company recognized an economic gain of approximately \$80 million. The Company will roll most of this gain tax-free between the basis of its investment in the Innkeepers JV and the four hotels that comprise the Four-Pack Acquisition. The four hotels comprising the Four-Pack Acquisition acquired by the Company and all of the 47 hotels owned by the Innkeepers JV will continue to be managed by Island Hospitality Management, a hotel management company that is 90% owned by Jeffrey Fisher, Chatham’s Chief Executive Officer.

The Company is considering the redevelopment and expansion of all four hotels that comprise the Four-Pack Acquisition to increase the aggregate room count by 36% to a total of 1,023 rooms. The 272 room expansion, which would take approximately 12 months from commencement date at each location once all approvals are obtained, is expected to include a new lobby and public spaces in each location with an estimated aggregate cost of approximately \$59.0 million, or approximately \$217,000 per additional room.

Item 2.03. Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

In connection with the Four-Pack Acquisition, on June 9, 2014, wholly-owned subsidiaries of the Company closed on four separate mortgage loans totaling \$222.0 million. Each loan is individually secured by a hotel acquired as part of the Four-Pack Acquisition. The loans carry a fixed interest rate of 4.64% and mature in 2024. The loans will amortize based on a 30-year amortization period, but the first five years of the loans are interest only. The loans are secured by first mortgage liens on the hotels and their related equipment, fixtures, personal property and other assets. The loan agreements and related documents contain representations, warranties, covenants, conditions and events of default customary for single-property mortgage financings of this type.

Item 7.01. Regulation FD Disclosure.

The Company issued a press release on June 10, 2014 announcing that it had closed on the previously announced sale of the Innkeepers JV and the Four-Pack Acquisition. A copy of that press release is furnished as Exhibit 99.1 to this Current Report on Form 8-K.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

| <u>Exhibit No.</u> | <u>Description</u> |
|--------------------|-----------------------------------|
| 99.1 | Press Release dated June 10, 2014 |

Exhibit Index

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For Immediate Release

Exhibit 99.1

Contact:

Jerry Daly

Daly Gray Public Relations

(Media)

chris@dalygray.com

(703) 435-6293

Dennis Craven

Chief Financial Officer

(Company)

dcraven@cl-trust.com

(561) 227-1386

**Chatham Lodging Completes Largest Acquisitions in Company History:
Acquires Four Silicon Valley Residence Inns for \$326 Million,
Completes 47-Hotel Acquisition in Joint Venture**

To Hold Conference Call June 17 to Provide In-Depth Details/Plans/Guidance

PALM BEACH, Fla., June 10, 2014-Chatham Lodging Trust (NYSE: CLDT), a hotel real estate investment trust (REIT) focused on investing in upscale extended-stay hotels and premium-branded, select-service hotels, today announced that it completed the previously announced acquisition of a 51-hotel, 6,848-room portfolio from a joint venture comprised of Cerberus Capital Management LP and Chatham in two separate transactions. The combined total purchase price was \$1.3 billion, before capital expenditure reserves credited to the buyers of \$39.7 million. Barclays Capital served as exclusive financial advisor to Chatham. Wachtell, Lipton, Rosen & Katz and Hunton & Williams served as legal advisors to Chatham.

Chatham acquired four Residence Inns by Marriott® in Silicon Valley, comprising 751 rooms, as part of the sale of the 51-hotel portfolio for a net cash purchase price of \$272.6 million, or approximately \$363k per room. The transaction consists of the gross purchase price of \$341.5 million less reserve credits of \$15.1 million, resulting in a net purchase price of \$326.4 million.

Chatham is considering the redevelopment and expansion of all four Silicon Valley Residence Inn hotels to increase the room count by 36 percent to a total of 1,023 rooms. The 272-room expansion would include a new lobby and public spaces in each location with an estimated aggregate cost of approximately \$59.0 million, or approximately \$217k per additional room. On a pro-forma basis, the all-in cash cost for the four hotels would be approximately \$331.9 million, or approximately \$324k per room. The expansion/upgrade would take approximately 12 months in each location, but given the campus layout of the sites, disruption is expected to be minimal.

The remaining 47 hotels in the 51-hotel portfolio were purchased by a joint venture between NorthStar Realty Finance Corp (NYSE: NRF), a diversified commercial real estate investment and asset management company, and Chatham for a gross purchase price of \$958.5 million, a net cash purchase price of \$933.9 million after reserve credits, or \$153k per room. NorthStar acquired Cerberus' 89.7 percent interest in the prior joint venture, while Chatham retained its 10.3 percent interest.

Based on the net purchase price for the sale of the 51-hotel Innkeepers JV portfolio, Chatham experienced a non-GAAP economic gain of approximately \$80 million, or over \$3 per share. Chatham expects to recognize approximately \$54 million of the economic gain in the 2014 second quarter, net of its continued 10.3 percent interest in the Innkeepers JV. Chatham expects to roll most of this gain tax-free between the basis of Chatham's investments in the joint venture and the four Silicon Valley hotels.

Conference Call

Chatham will hold a conference call to discuss the transactions and planned expansions at 10 a.m. EST on Tuesday, June 17, 2014 to provide in-depth details of the acquisitions, discuss plans for the four-hotel portfolio and update prior guidance. Shareholders and other interested parties may listen to a simultaneous webcast of the conference call on the Internet by logging onto Chatham's Web site, www.chathamlodgingtrust.com, or www.streetevents.com, or may participate in the conference call by dialing 1-888-430-8705, reference number 7070032. A recording of the call will be available by telephone until 1 p.m. EST on June 24, 2014, by dialing 1-888-203-1112, reference number 7070032. A replay of the conference call will be posted on Chatham's website.

About Chatham Lodging Trust

Chatham Lodging Trust is a self-advised REIT that was organized to invest in upscale extended-stay hotels and premium-branded, select-service hotels. The company owns interests in 77 hotels totaling 10,688 rooms/suites, comprised of 29 hotels it wholly owns with an aggregate of 4,343 rooms/suites in 15 states and the District of Columbia and a minority investment in two joint ventures that own 48 hotels with an aggregate of 6,345 rooms/suites. Additional information about Chatham may be found at www.chathamlodgingtrust.com.

This press release may contain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 about Chatham Lodging Trust, including those statements regarding acquisitions, capital expenditures, future operating results and the timing and composition of revenues, among others, and statements containing words such as "expects," "believes" or "will," which indicate that those statements are forward-looking. Except for historical information, the matters discussed in this press release are forward-looking statements that are subject to certain risks and uncertainties that could cause the actual results or performance to differ materially from those discussed in such statements. Additional risks are discussed in the company's filings with the Securities and Exchange Commission.