



CHATHAM
LODGING TRUST



Investor Presentation
March 2023

Safe Harbor Disclosure

We make forward-looking statements in this presentation that are subject to risks and uncertainties. These forward-looking statements include information about possible or assumed future results of our business, financial condition, liquidity, results of operations, cash flow and plans and objectives. When we use the words “believe,” “expect,” “anticipate,” “estimate,” “plan,” “continue,” “intend,” “should,” “may” or similar expressions, we intend to identify forward-looking statements.

Statements regarding the following subjects, among others, may be forward-looking: the terms of the proposed financing, market trends in our industry, interest rates, real estate values, the debt financing markets or the general economy or the demand for commercial real estate loans; our business and investment strategy; our projected operating results; actions and initiatives of the U.S. government and changes to U.S. government policies and the execution and impact of these actions, initiatives and policies; the state of the U.S. economy generally or in specific geographic regions; economic trends and economic recoveries; our ability to obtain and maintain financing arrangements; changes in the value of our hotel portfolio; the degree to which our hedging strategies may or may not protect us from interest rate volatility; impact of and changes in governmental regulations, tax law and rates, accounting guidance and similar matters; our ability to satisfy the REIT qualification requirements for U.S. federal income tax purposes; availability of qualified personnel; estimates relating to our ability to make distributions to our shareholders in the future; general volatility of the capital markets and the market price of our common shares; and degree and nature of our competition.

The forward-looking statements are based on our beliefs, assumptions and expectations of our future performance, taking into account all information currently available to us. Forward-looking statements are not predictions of future events. These beliefs, assumptions and expectations can change as a result of many possible events or factors, not all of which are known to us. If a change occurs, our business, financial condition, liquidity and results of operations may vary materially from those expressed in our forward-looking statements. Any forward-looking statement speaks only as of the date on which it is made. New risks and uncertainties arise over time, and it is not possible for us to predict those events or how they may affect us. Except as required by law, we are not obligated to, and do not intend to, update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Included in this presentation are certain “non-GAAP financial measures,” within the meaning of Securities and Exchange Commission (SEC) rules and regulations, that are different from measures calculated and presented in accordance with GAAP (generally accepted accounting principles). The company considers the following non-GAAP financial measures useful to investors as key supplemental measures of its operating performance: (1) FFO, (2) Adjusted FFO, (3) EBITDA, (4) Adjusted EBITDA and (5) Hotel EBITDA. These non-GAAP financial measures could be considered along with, but not as alternatives to, net income or loss, cash flows from operations or any other measures of the company’s operating performance prescribed by GAAP.

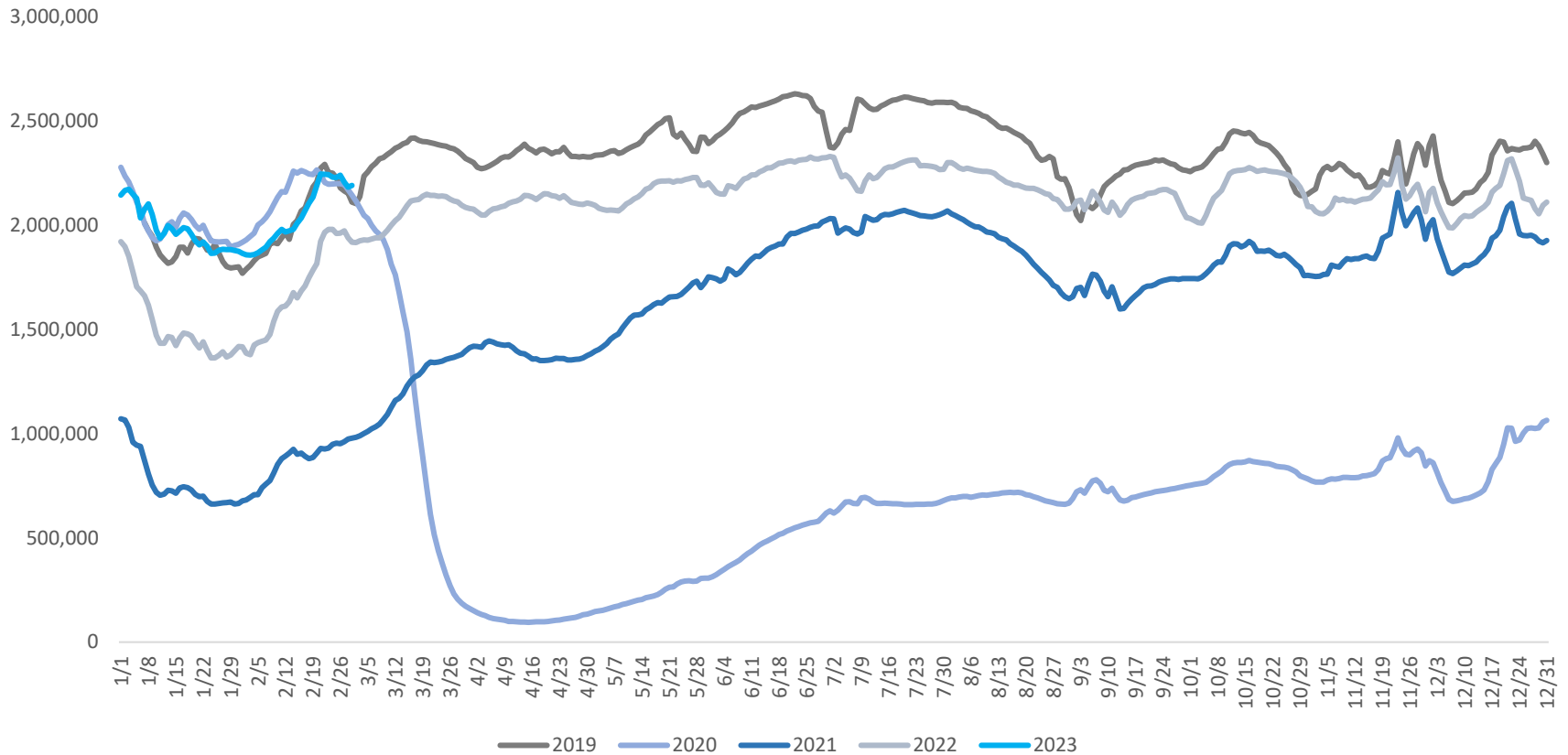
Business Highlights

- Operating performance is improving rapidly
- Intense cost control drives outstanding margins
- Significant upside as business travel recovers in tech focused markets
- Current share price / valuation provides meaningful upside opportunity
- Capital recycling has enhanced portfolio quality, increased returns and will drive future earnings growth
- Significant debt reduction and new \$350 million credit facility have strengthened balance sheet and provide capacity for future growth
- Superior portfolio of upscale extended stay and premium branded select service hotels in markets with strong long-term growth

Travel Is Recovering

Air travel has recovered to 2019 levels in early 2023 even though there is room for improvement in key segments (business / international)

TSA Checkpoint Traveler Numbers (7-Day Moving Average)



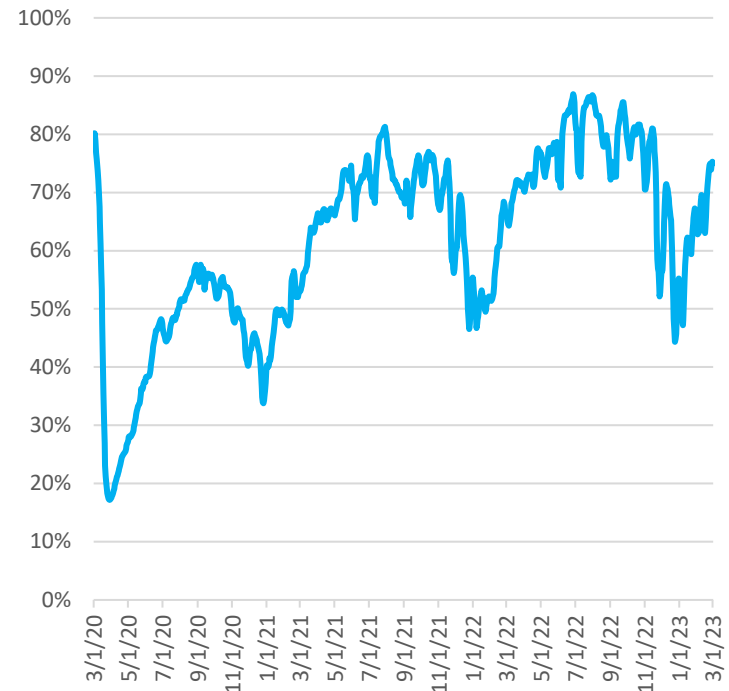
Operating Performance Is Improving

Chatham's RevPAR has started to increase significantly after the seasonally low period from December to mid-February

RevPAR (\$)



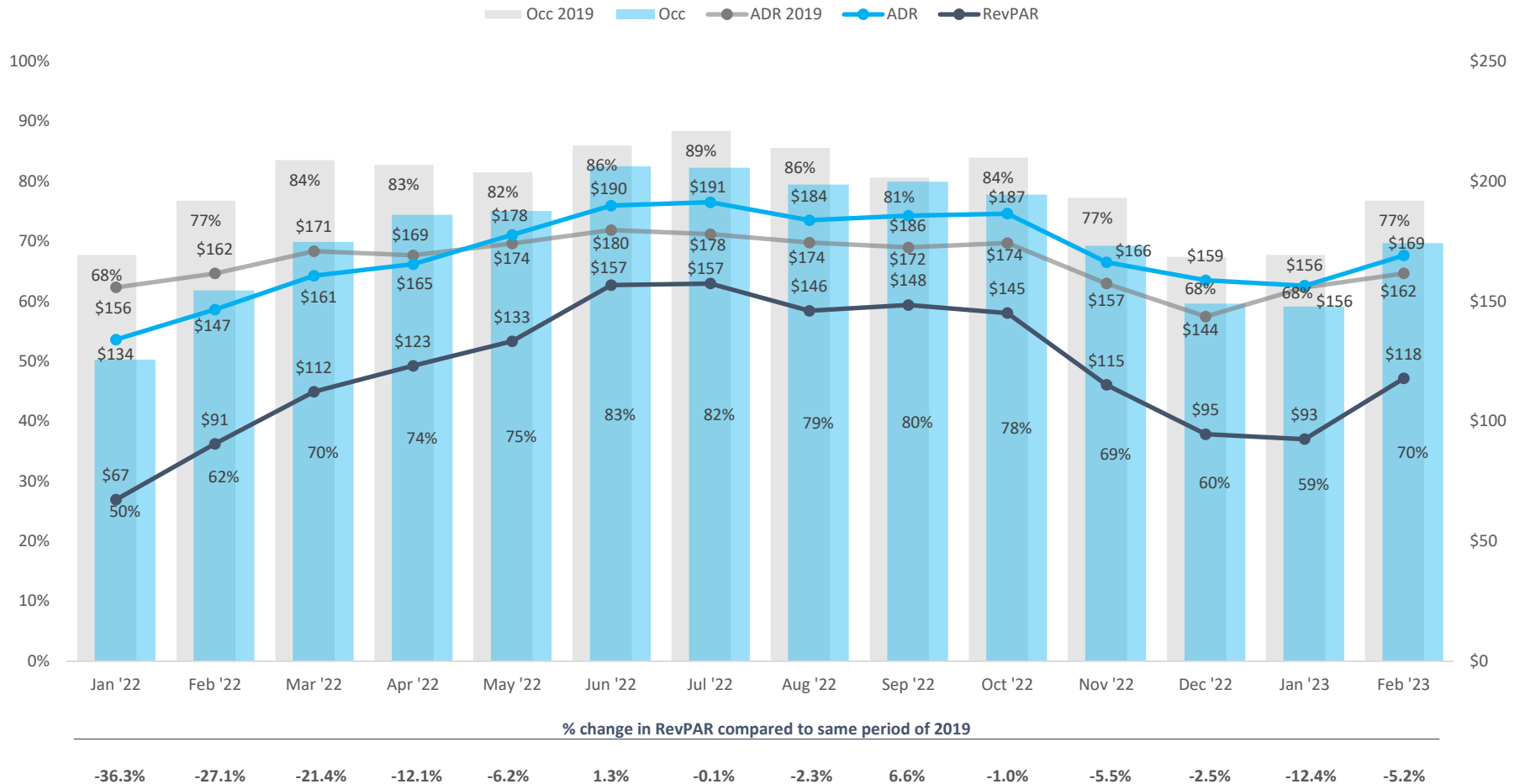
Occupancy %



RevPAR and occupancy data in charts reflect 7-day rolling average results, results through 3/1/23.

Operating Performance Is Improving

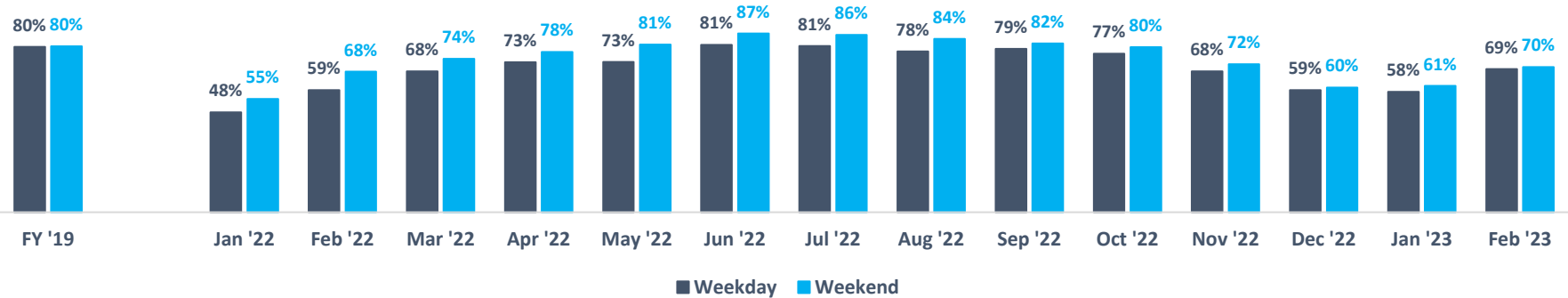
RevPAR has continued to improve although seasonal patterns are now more pronounced than before the pandemic given the increased contribution from leisure demand



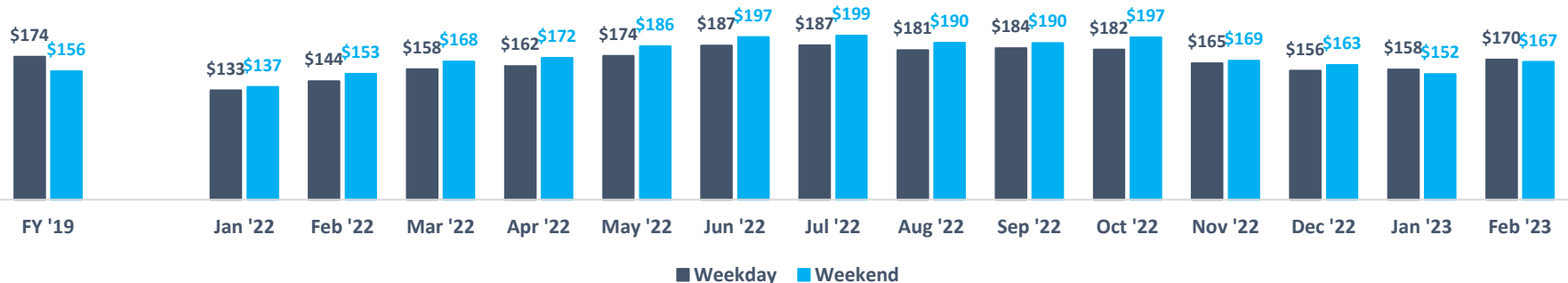
Weekday Performance Is Gaining Momentum

Improving midweek results demonstrate a continuing recovery in business travel

Occupancy %



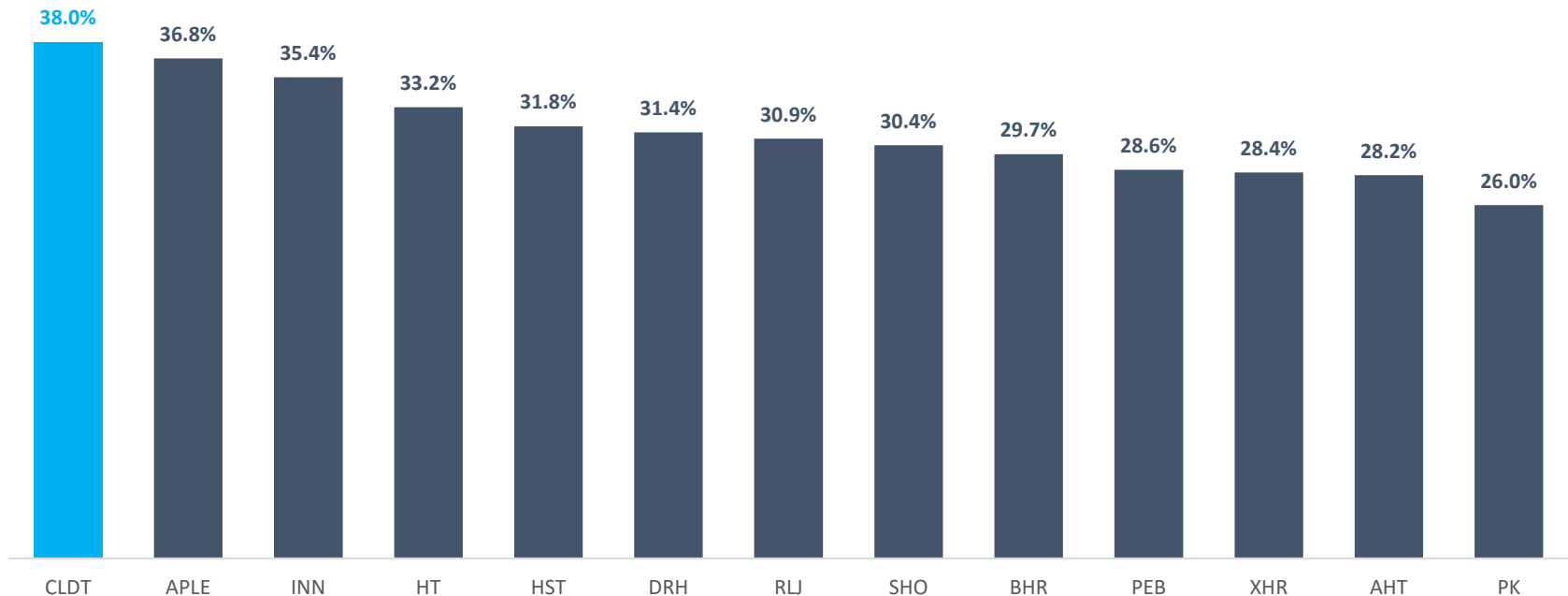
ADR



Industry Leading EBITDA Margins

Chatham's intense focus on cost control and superior portfolio of extended stay and upscale limited-service hotels in markets with high RevPAR generate industry leading EBITDA margins

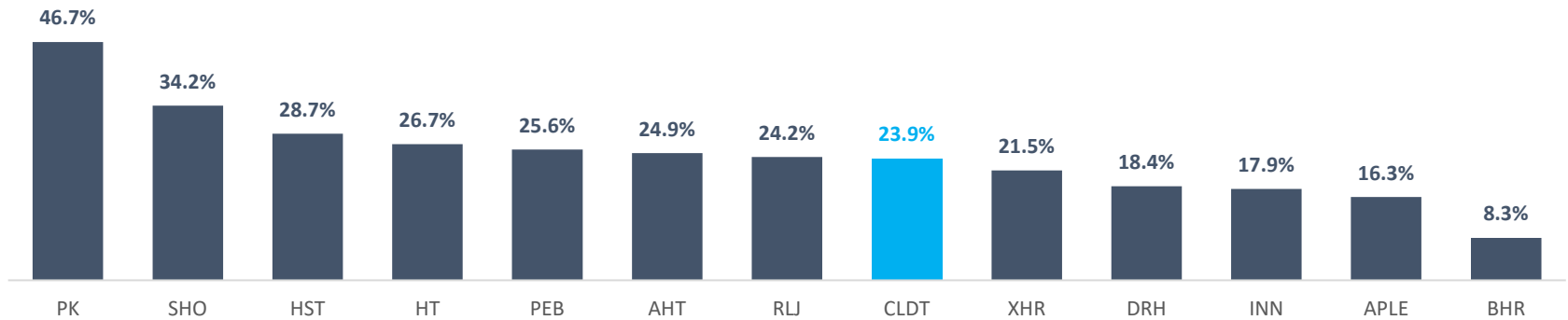
EBITDA Margin – 2022 Full Year



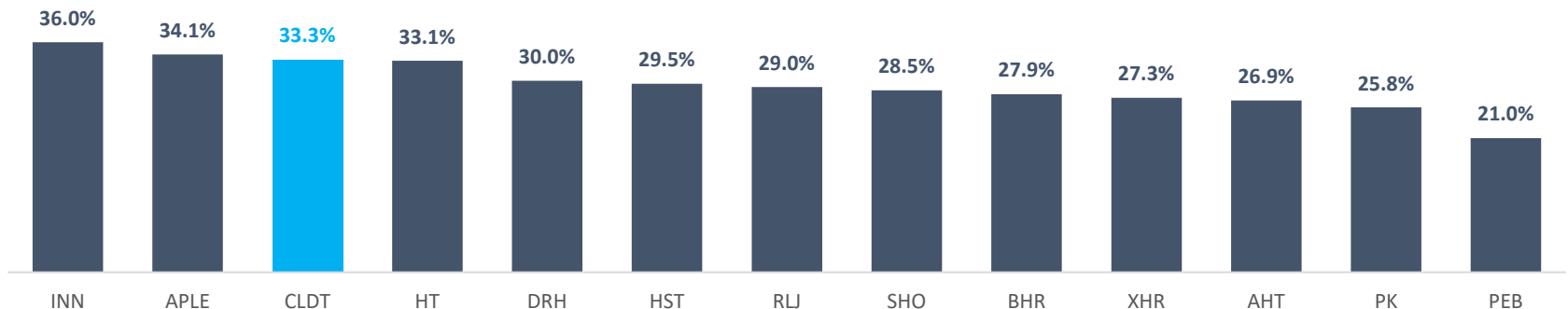
Solid Q4 Performance

Chatham generated solid RevPAR growth in Q4, especially relative to its peers focused on the limited-service segment, and strong EBITDA margins in a seasonally low period

Q4 RevPAR Growth vs Q4 2021



Q4 Hotel EBITDA Margin

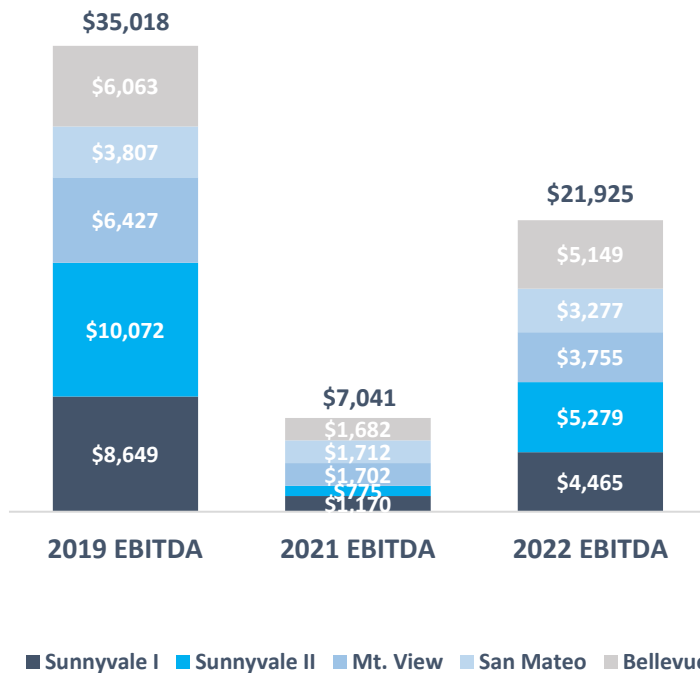


Significant Upside From Recovery in Business Travel

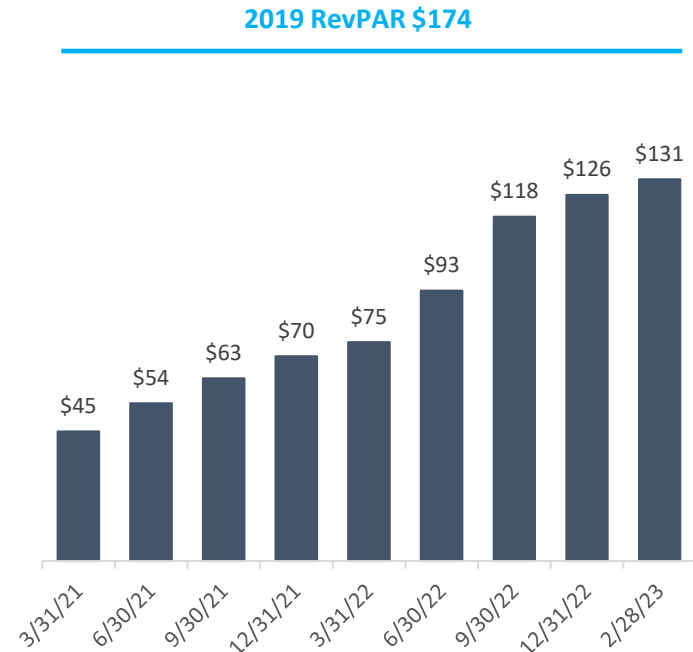
CLDT has significant upside at its largest hotels where demand is driven by business travel

- Chatham's five Residence Inns located in Silicon Valley and Bellevue generated \$22 million of EBITDA for the LTM ended 12/31/22 versus \$35 million in 2019
- Companies have slowly started returning to the office for at least several days a week, and we saw significant intern bookings at these hotels for Summer 2022

Hotel EBITDA in Selected Hotels (\$ in millions)

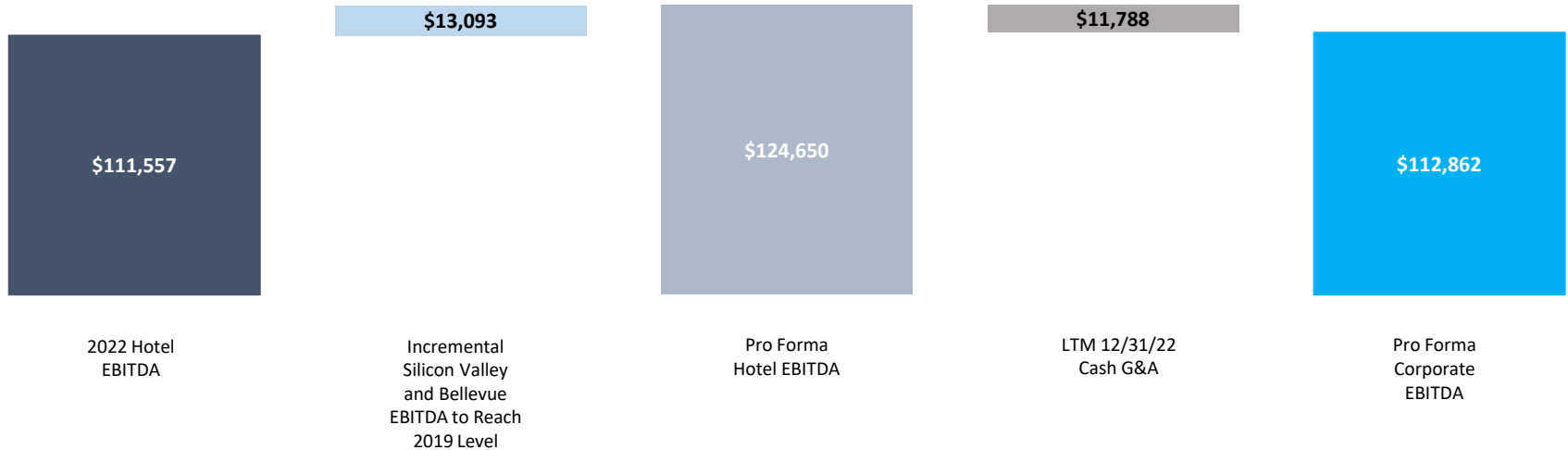


LTM RevPAR in Selected Hotels (\$)

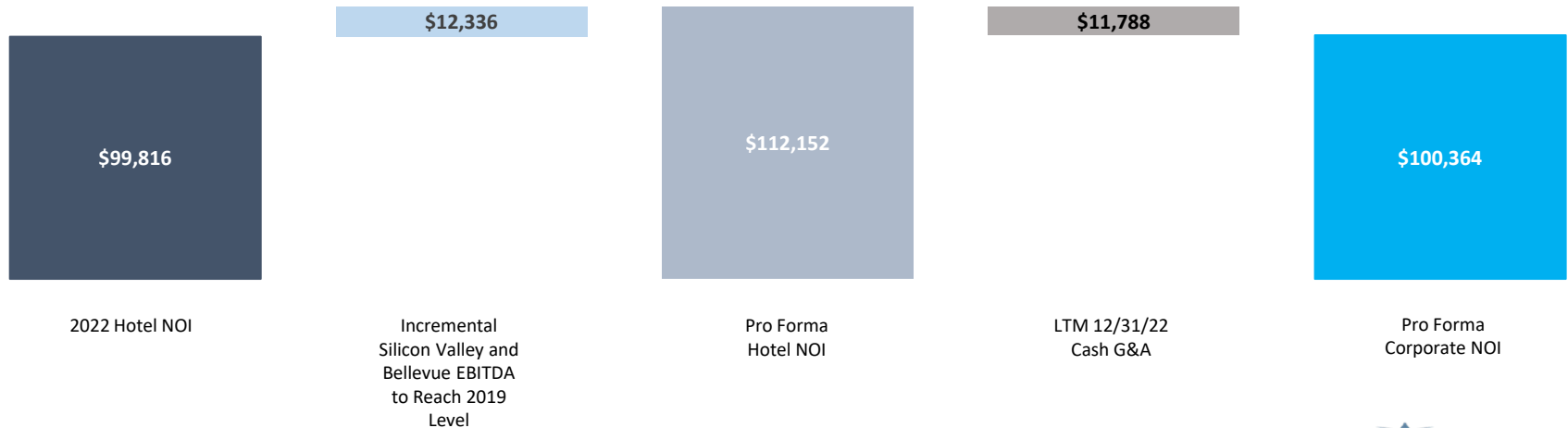


Significant Upside From Recovery in Business Travel

Pro Forma EBITDA Assuming Recovery of Silicon Valley and Bellevue to 2019 EBITDA (\$ in 1,000s)



Pro Forma NOI Assuming Recovery of Silicon Valley and Bellevue to 2019 EBITDA (\$ in 1,000s)



Capitalization / Enterprise Value

Common Shares	48,852
Vested Units	1,215
Total Shares and Units	<u>50,067</u>
Stock Price at 3/1/23	\$12.45
Equity Market Capitalization	\$623,334
Credit Facility	\$0
CMBS	430,926
Construction Loan	<u>39,331</u>
Total Debt @ 12/31/22	\$470,257
Preferred Equity	\$120,000
Less Unrestricted Cash	(\$26,274)
Net Debt and Preferred	\$563,983
Enterprise Value	\$1,187,317

Implied pro forma cap rate of 8.5% on corporate NOI and assuming full recovery of Silicon Valley and Bellevue hotels

Stock price as of 3/1/23, balance sheet data as of 12/31/22.

Successful Capital Recycling

Dispositions

Hilton Garden Inn Boston Burlington
Courtyard Houston West University
Residence Inn Houston West University
Homewood Dallas Market Center
Residence Inn Mission Valley



Proceeds: \$147 million and \$12 million of capital savings

Average Age: 26.1 years

Additions

Home2 Warner Center
Residence Inn Austin Domain
TownePlace Suites Austin Domain
Hilton Garden Inn Destin



Investment: \$173 million with minimal capital needs for years

Average Age: 1.6 years

Home2 Warner Center Development

- Chatham completed development of the 170-room Home2 Suites in the Warner Center submarket of Los Angeles on 1/24/22
 - Total project cost of \$71 million
- Performance is ramping quickly
 - Occ of 83% / ADR of \$189 over last half of 2022
 - Index reached 121 in January 2023 versus 98 in 2022
- Outstanding location in highly desirable Warner Center submarket
 - 10 million SF of office with 50k employees; 7.6 million SF of retail; 20k residents
 - Substantial future growth from Warner Center 2035 plan
 - Addition of 12.5 million SF of office, 2.3 million SF of retail and 23.5 million SF of residential
 - Convenient access via Metro Orange line and 101 freeway
- Very limited existing room base and projected supply of competing Hilton or Marriott branded limited-service hotels
 - Nearest Hilton branded limited-service hotel is 4.6 miles away in Calabasas and nearest Hilton branded extended stay hotel is 10.7 miles away in Agoura Hills
 - Courtyard by Marriott located 1.3 miles away is a 55-year old Holiday Inn conversion and nearest Marriott branded extended stay hotel is located 13.7 miles away in Westlake Village



Hilton Garden Inn Destin Miramar Beach Acquisition

- Chatham acquired the 111-room Hilton Garden Inn Destin for \$31.0 million on 3/8/21
 - Purchase price represents \$279k per room
 - Off market transaction sourced through relationship with developer
- Hotel opened in May 2020
- Outstanding location within a short walk to the beach and the Silver Sands Premium Outlet mall
- Acquisition will further diversify Chatham's portfolio by adding a drive-to leisure focused property in a market where demand is generated by other rapidly growing sunbelt population centers
- Major demand feeder markets include Atlanta, Nashville, Dallas and Houston
- Potential upside from adding sofa beds to some king rooms or converting some king rooms to double bedded rooms
- Improved RevPAR index 7% in 2022 to 132



Residence Inn and TownePlace Austin Acquisitions

- Chatham acquired the 132-room Residence Inn Austin Domain and the 137-room TownePlace Suites Austin Domain for \$71.2 million on 8/3/21
 - Purchase price represents \$265k per room
 - Off market transaction sourced through long term relationship with developer
- Residence Inn opened in July 2016 and TownePlace Suites opened in June 2021
- Performance is materially exceeding initial expectations
 - RI Austin RevPAR exceeded 2019 levels by 11.2% over last three quarters
- Austin is one of the strongest markets in the country
 - Named #1 real estate market by ULI, PwC and CBRE
 - Third fastest growing city in the US in last decade
 - Second home to a large cluster of tech companies
- Superior location at the Domain – Austin’s rapidly growing “second downtown”
 - 4.2 million SF of office with future plans for an additional 6.6 million SF; 1.8 million SF of retail
 - Major employers at the Domain include IBM, Amazon, Facebook, Indeed, Trend Micro and VRBO; Apple is constructing a \$1 billion / 2 million SF office campus 5 miles from the Domain
 - Recently opened Q2 soccer stadium



Residence Inn Austin Domain



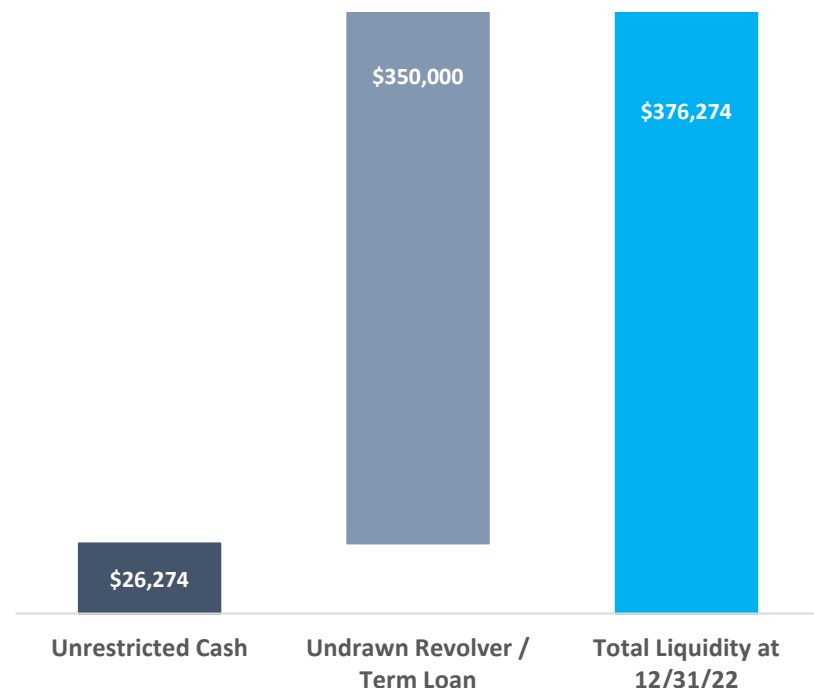
TownePlace Suites Austin Domain

Solid Liquidity and Manageable Maturities

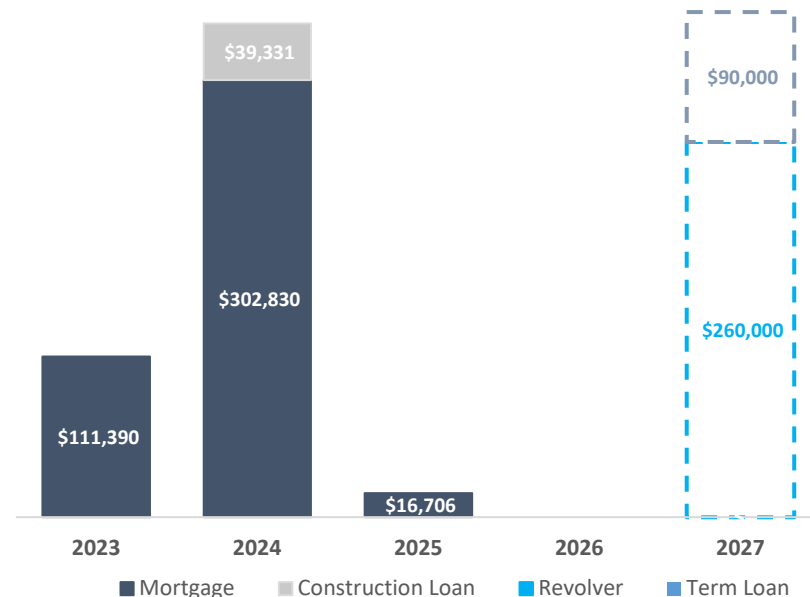
Chatham has \$376 million of total liquidity after its Q4 credit facility refinancing

- In October 2022, Chatham replaced its \$250 million revolving credit facility with a new \$260 million revolving credit facility and \$90 million delayed draw term loan
 - Term loan will address majority of 2023 debt maturities
- Liquidity will continue to improve with meaningful free cash flow generation

Chatham Liquidity at 12/31/22 (\$ in 1,000s)



Chatham Debt Maturities at 12/31/22 (\$ in 1,000s)



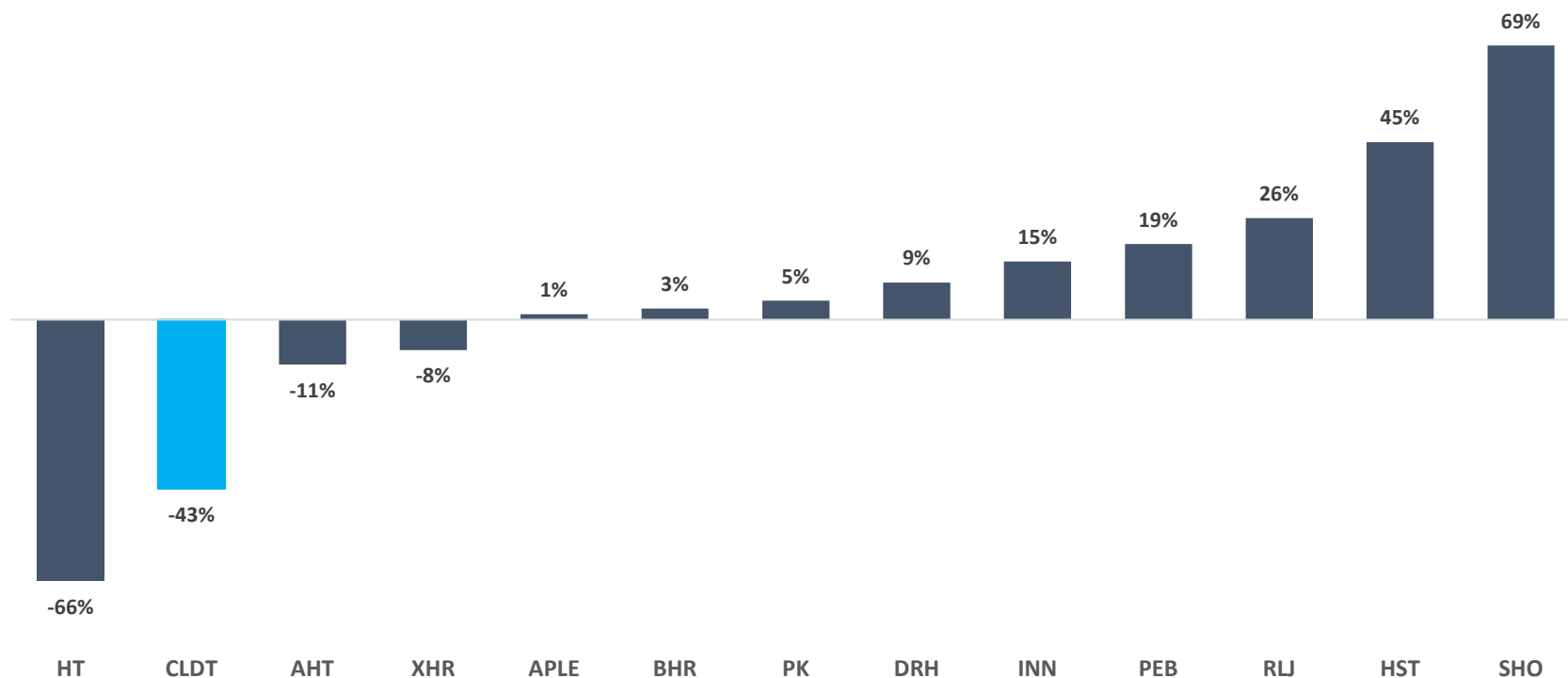
Charts pro forma for new \$260 million revolving credit facility and \$90 million delayed draw term loan facility executed on 10/28/22; maturities include all extension options.

Significant Debt Reduction

Chatham reduced its net debt by \$82 million in 2022 and by \$331 million since 3/31/20

- Chatham has a strong balance sheet that positions the company for future growth

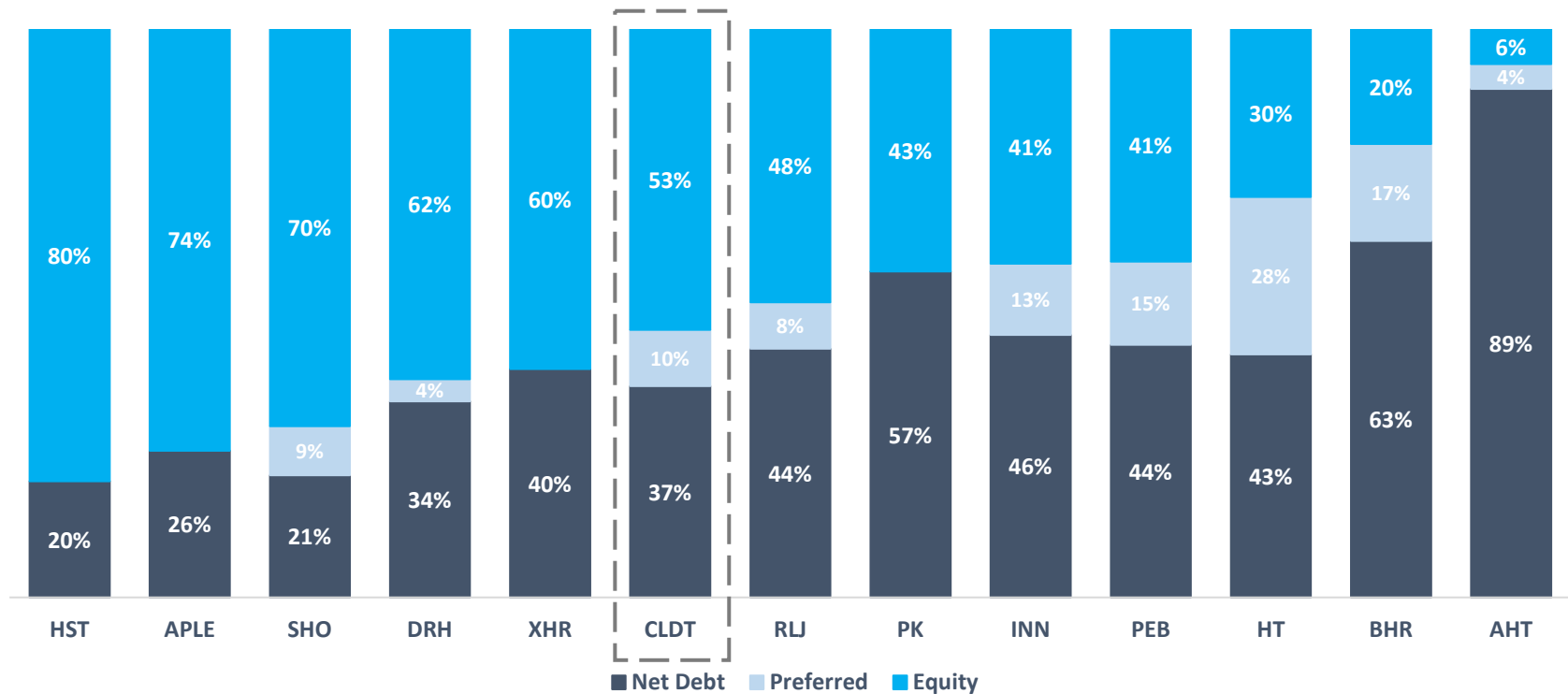
% Change in Net Debt (3/31/20 to 12/31/22)



Chatham Has Reasonable Leverage

Chatham has reasonable leverage which provides capacity to pursue future growth opportunities

Net Debt / Enterprise Value



Stock prices as of 3/1/23, balance sheet data as of 12/31/22.

Portfolio Overview



High Quality Hotels in Attractive Markets



High Quality Hotels in Attractive Markets



Recently Renovated Rooms

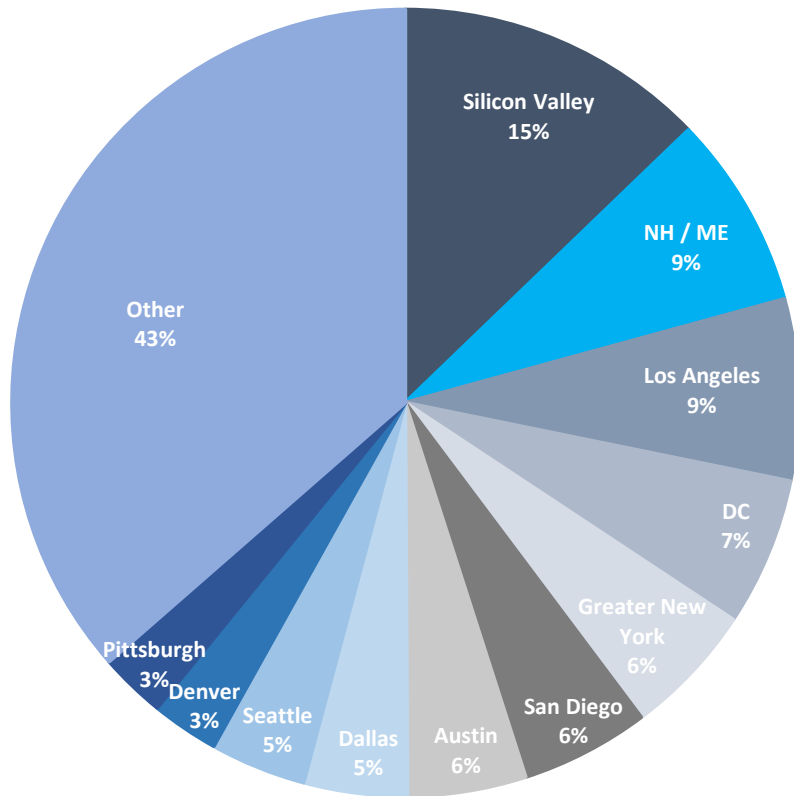


High Quality Hotels in High Quality Markets

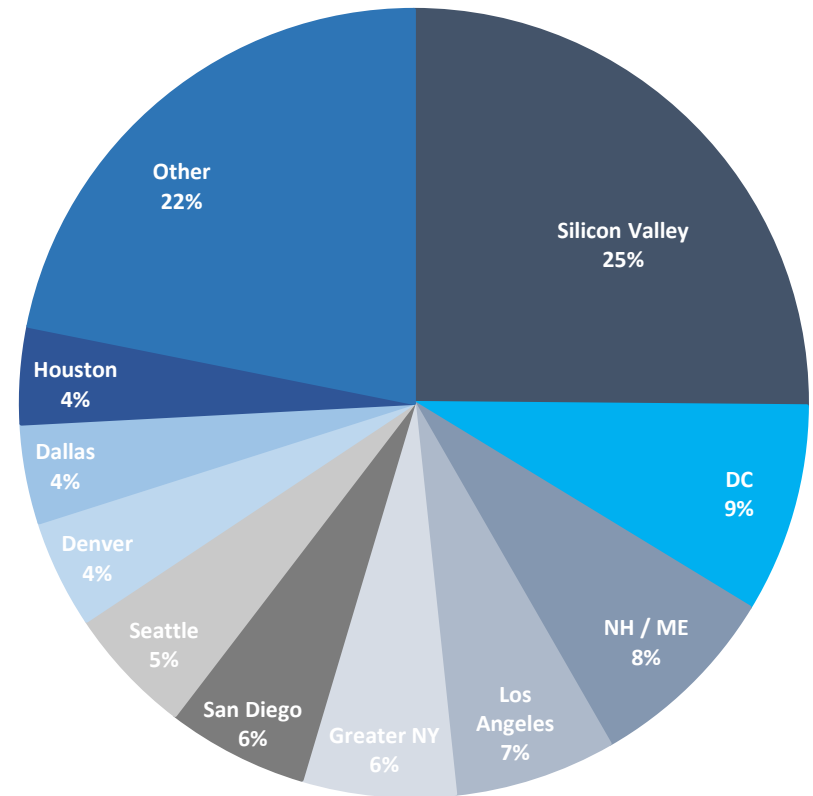
Chatham's superior portfolio is reflected by its top brands and attractive markets

- Significant upside as key markets (Silicon Valley, Washington DC, Bellevue) recover

Chatham Markets (% of LTM 12/31/22 Hotel EBITDA)



Chatham Markets (% of 2019 Hotel EBITDA)



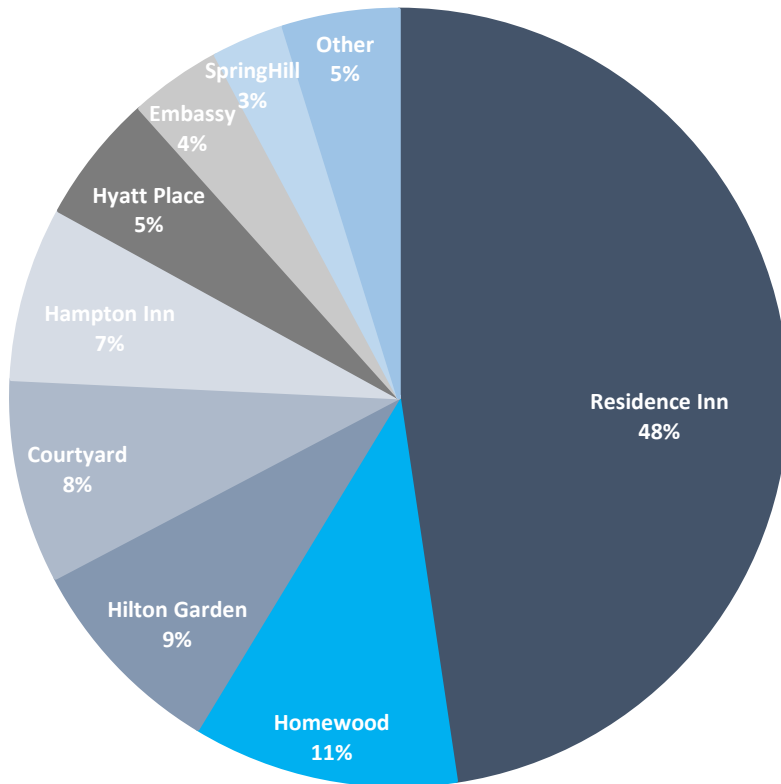
Figures reflect pro forma impact of asset sales.

High Quality Hotels in High Quality Markets

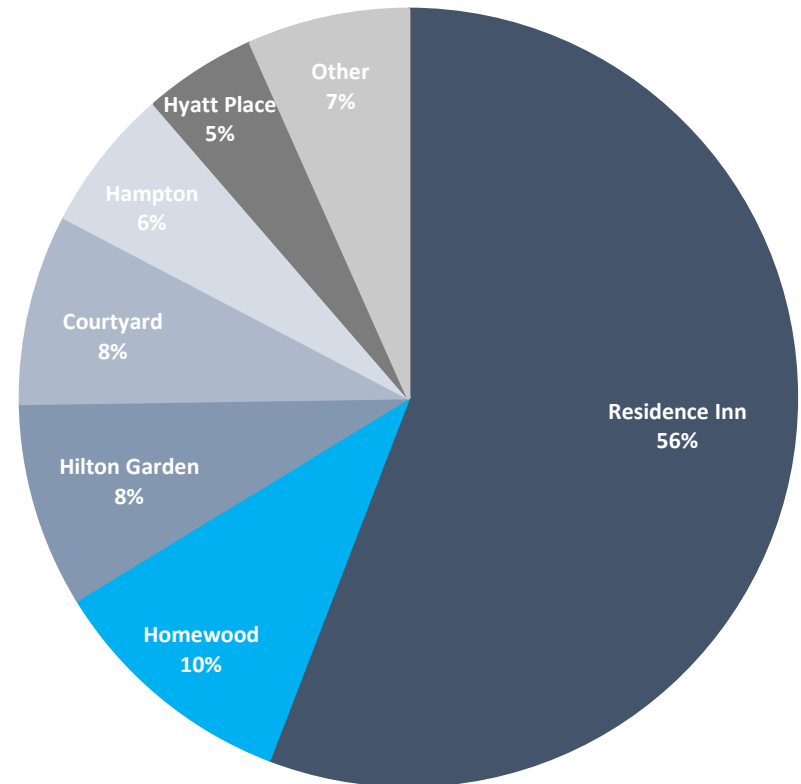
Chatham's superior portfolio is reflected by its top brands and attractive markets

- 63% of Chatham's LTM EBITDA was generated by extended stay hotels

Chatham Brands (% of LTM 12/31/22 Hotel EBITDA)



Chatham Brands (% of 2019 Hotel EBITDA)



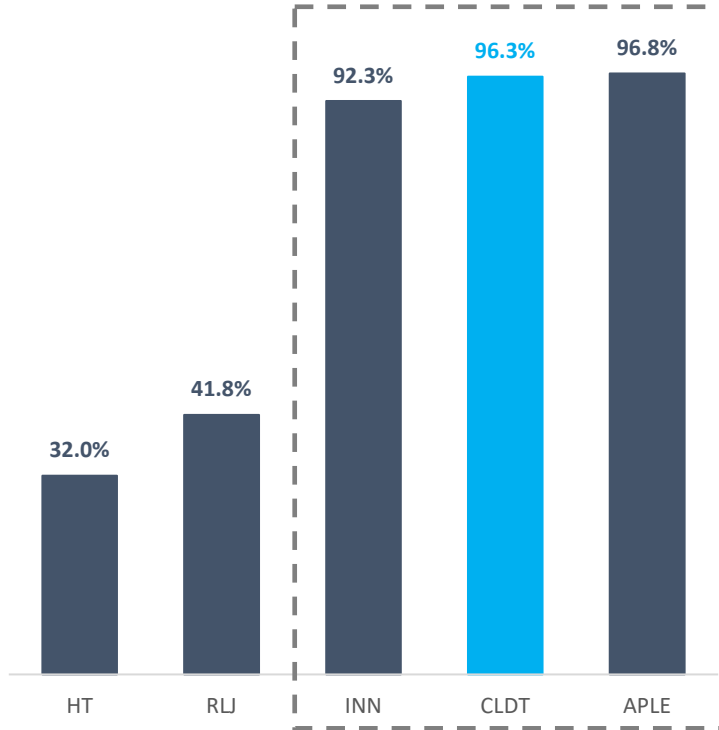
Figures reflect pro forma impact of asset sales.

Pure Play Limited-Service Portfolio with High RevPAR

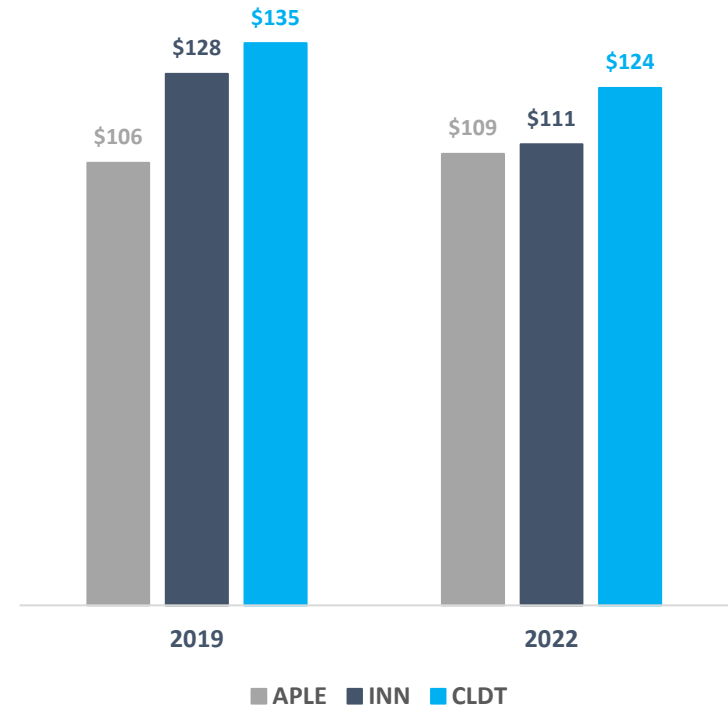
Chatham has the highest RevPAR of the three lodging REITs that are focused almost entirely on the limited-service segment and the most upside as business recovers

- High quality assets in top markets

Limited-Service Rooms as % of Total



RevPAR

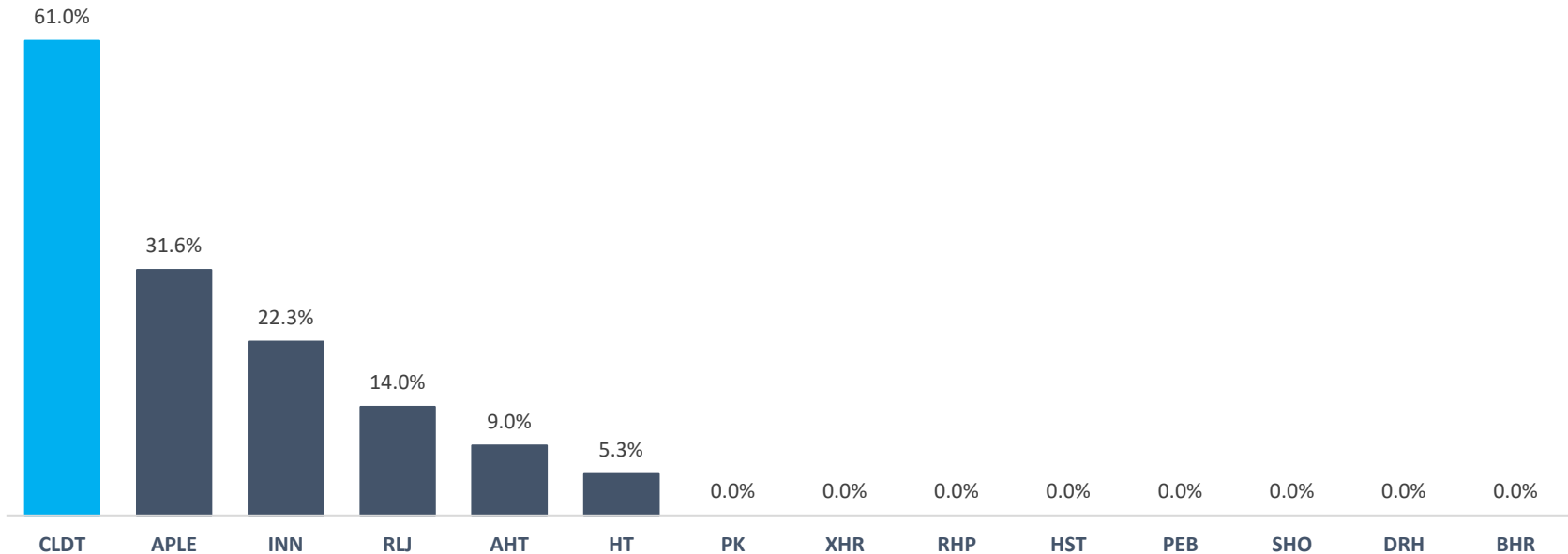


Most Extended Stay Rooms of All Lodging REITs

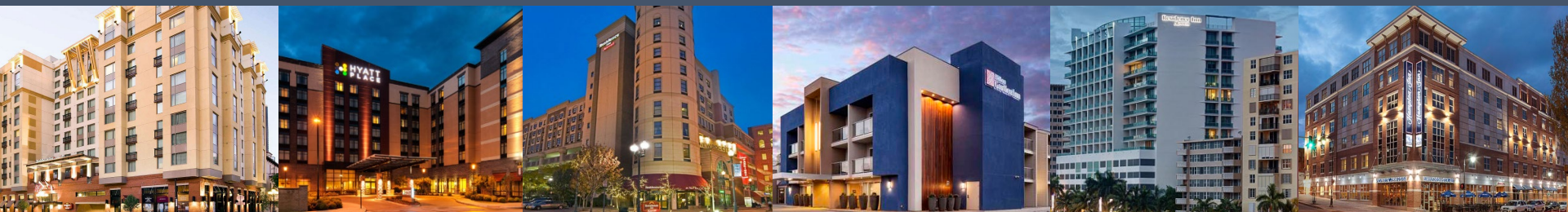
Chatham has a unique portfolio with a significantly larger concentration of extended stay rooms than other lodging REITs

- Extended stay room product performs well in all lodging environments and dramatically outperformed during the pandemic
- Extended stay and limited-service hotels have less exposure to labor cost increases than full-service hotels

Extended Stay Rooms as % of Total



ESG Commitment



Chatham's ESG Approach

Chatham is committed to integrating environmental, social and governance factors into the company's central value creation strategy

Environmental

- Developed conservation programs related to energy, water and waste, and supported third-party operators to implement property-level initiatives
- Identify properties with high - risk exposure to the physical impacts of climate change and develop best practices for withstanding extreme weather events
- Source suppliers and contractors pursuant to Supplier Code of Conduct which sets standards for supplier treatment of workers, ethical business practices and impact on environment

Social

- Implemented an 'open door' policy to encourage open communications between management and employees
- Provide opportunities for stakeholders to provide confidential feedback
- Monitor employment, labor and human rights regulations and be accountable for compliance
- Prioritize diversity, equity and inclusion in hiring
- Deliver ongoing associate ESG training
- Offer associate advancement and professional development opportunities
- Committed to AHHA's 5-Star Promise to enhance policies, training, and resources to strengthen safety and security

Governance

- Promote the following ESG policies:
 - Environmental Policy
 - Human Rights Policy
 - Anti-Harassment Policy
 - Supplier Code of Conduct
- Maintain a comprehensive Code of Business Conduct and Corporate Governance Guidelines
- Formed a Board-level ESG Committee

ESG – Recent Developments

- **Corporate Responsibility Report – In late May, we published our most recent report; this included the following disclosures:**
 - ▶ **Disclosures in compliance with the Task Force on Climate-related Financial Disclosures (TCFD)**
 - ▶ **Disclosures in compliance with Sustainability Accounting Standards Board (SASB)**
 - ▶ **Disclosures in compliance with Global Reporting Initiative (GRI)**
 - ▶ **Disclosure of waste data**
- **CEO and Chatham committed to the pledge for CEO Action for Diversity and Inclusion**
- **Recently refreshed Board of Trustees by adding two new trustees and enhanced Board diversity**
- **Formed ESG committee comprised of three trustees and members of management that will oversee ESG strategy and initiatives**
- **Chatham participated in GRESB (Global Real Estate Sustainability Benchmark) real estate assessment for first time in 2022**
 - ▶ **Achieved Green Star status**

Environmental Performance

Water

56% Of our hotels have over 90% of toilets that are low flush or dual flush

56% Of our hotels have low flow showerheads in over 90% of guestrooms

48% Of our hotels utilize native or drought tolerant landscaping to reduce irrigation needs

38% Of our hotels have smart irrigation systems and/or an automatic sprinkler system

Energy

80% Of our hotels have digital thermostats in at least 90% of rooms

77% Of our hotels have an environmental management system in place

81% Of our hotels have highly efficient boilers

92% Of our hotels have a preventative maintenance plan that checks building energy and water equipment at least quarterly

Waste

100% Of our hotels participate in recycling program in conjunction with mattress replacements

46% Of our hotels have eliminated single-use plastics or reduce them to an absolute minimum

58% Of our hotels have implemented a food waste prevention strategy over the last year

72% Of our hotels have eliminated plastic straws