



CHATHAM  
LODGING TRUST

Lender Presentation  
September 2021

# 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.



# Amendment Overview

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- Recent RCF Developments & Credit Enhancements:

- ▶ Improved liquidity position by selling Residence Inn Mission Valley for \$67 million and two highly leveraged joint ventures, issuing \$25 million of equity and issuing \$120 million of preferred equity
  - ▶ Reduced credit facility borrowings down to \$70 million today (from \$173 million at 3/31/2020)
  - ▶ Added \$541 million of asset value to the credit facility borrowing base since 3/31/2020, including most recently three properties in 2021 (Residence Inn Austin, TownePlace Suites Austin and Residence Inn New Rochelle) – bringing total pledged asset value to \$782 million
- *Extending the maturity of our revolving credit facility is the natural next step to further strengthen our balance sheet*


- Proposed RCF Amendments:

- ▶ We are seeking to extend the initial maturity date of the revolving credit facility from March 8, 2022 to March 8, 2023, with the ability to extend maturity by an additional year to March 8, 2024 with two 6-month extension options
- ▶ We are also seeking to extend our covenant waiver period by one quarter (through Q1 2022), so that covenants would begin being tested in Q2 2022

# Amendment Calendar & Timeline

September 2021						
S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30		

October 2021						
S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

 Key Transaction Date

Date	Event
<b>Wednesday, September 29, 2021</b>	Lender Conference Call
<b>Monday, October 4, 2021</b>	Post Legal Documentation to SyndTrak
<b>Monday, October 18, 2021</b>	Lender Consents Due
<b>Friday, October 22, 2021</b>	Estimated Closing Date

# Business Update

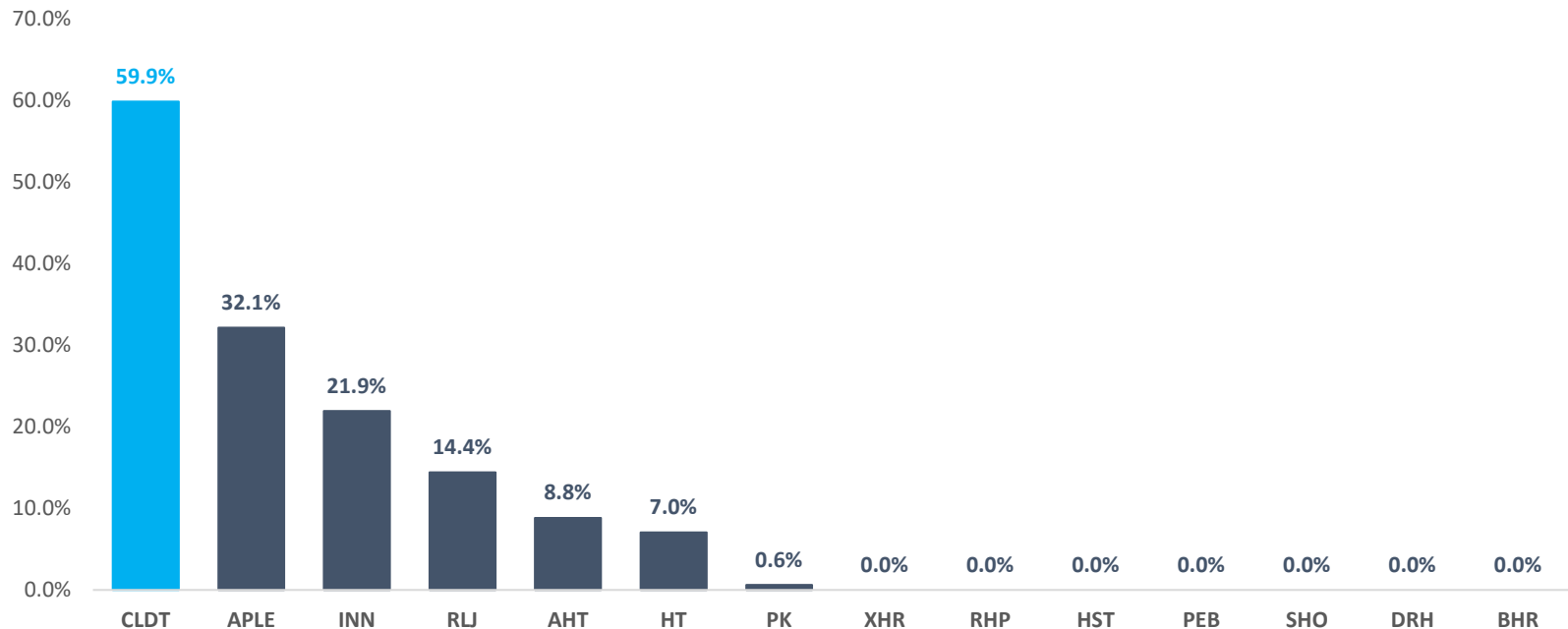
- Chatham has a unique portfolio with key advantages which have helped it weather the pandemic better than peers
  - ▶ 59% of Chatham's rooms are extended stay versus 15-30% extended stay for our limited-service REIT peers
  - ▶ Relationship with Island Hospitality has enabled extremely effective cost control and strong focus on hotel sales efforts / revenue generation
  - ▶ Highest EBITDA margins of any lodging REIT / profit and cash flow breakeven at lower RevPAR levels than peers
- Chatham has significantly outperformed peers during the pandemic
  - ▶ Industry leading RevPAR during worst quarters of the pandemic
  - ▶ Third highest hotel EBITDA per room over the last 18 months
  - ▶ Second lodging REIT to reach fee cash flow breakeven
- Chatham's RevPAR performance has improved dramatically in 2021
  - ▶ Monthly RevPAR increased from \$48 in January to \$113 in July when leisure travel reached a peak
  - ▶ RevPAR has remained strong at \$104 in August and \$104 MTD in September with declines relative to July in line with historical seasonal trends
- Chatham has maintained an intense focus on cost control at our hotels throughout the pandemic
  - ▶ Expense reductions as a % of revenue declines have generally been in the range of 80-85%
  - ▶ Chatham's hotel GOP margin reached 45.8% in July 2021 when RevPAR was \$113
    - Full year 2019 GOP margin of 46.0% at a RevPAR of \$132
- Strong momentum in 2021 with significant EBITDA growth and positive free cash flow
  - ▶ Positive free cash flow since May 2021 driven by steady RevPAR improvements and cost management

# 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 has 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

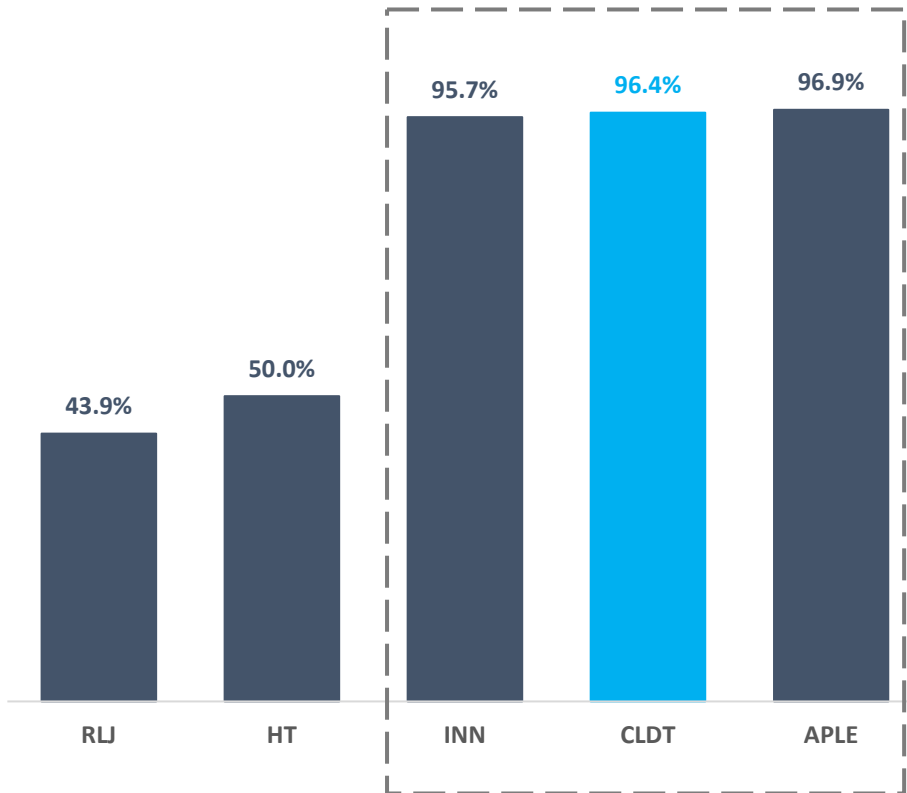


# Pure Play Limited-Service Portfolio with High RevPAR

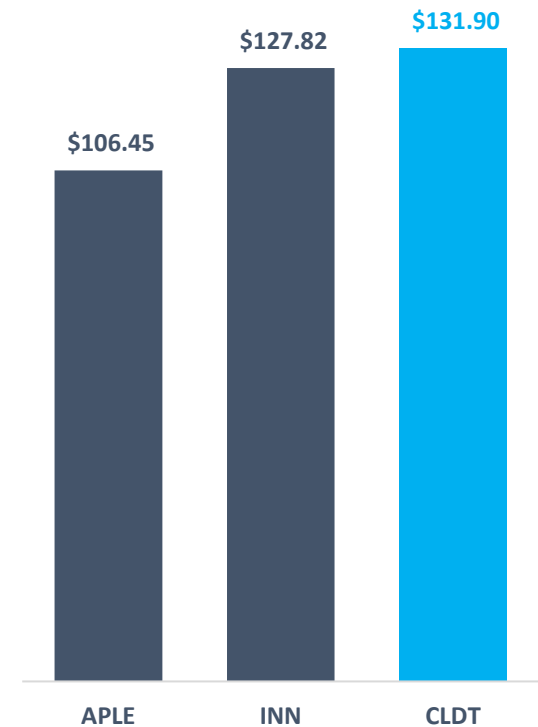
Chatham has the highest RevPAR of the three lodging REITs that are focused almost entirely on the limited-service segment

- High quality assets in top markets

Limited-Service Rooms as % of Total



2019 RevPAR

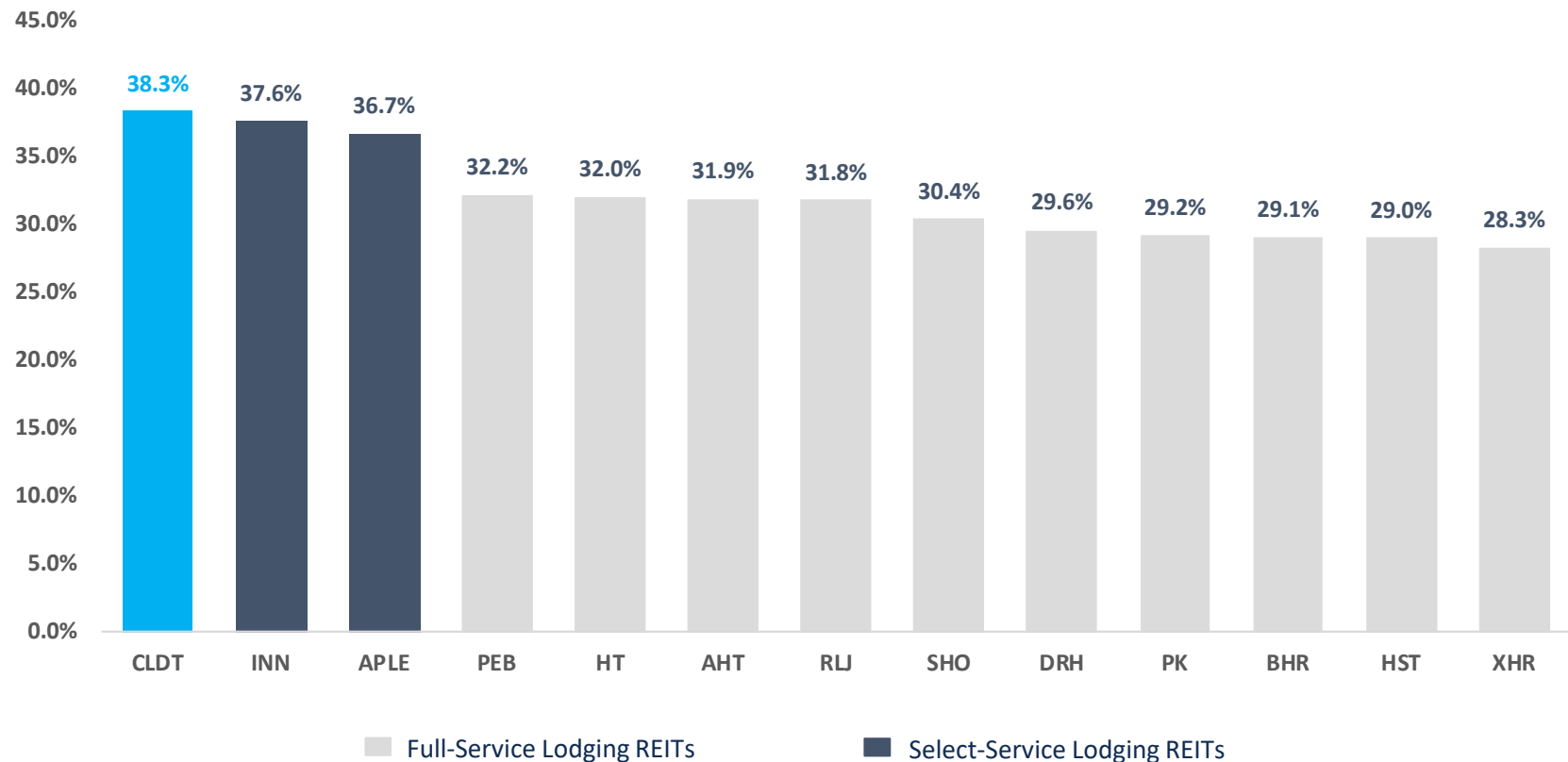


# Superior Margins

Chatham's superior EBITDA margins and ability to control costs provide it with a significant advantage in the current environment

- Positive EBITDA / cash flow at lower revenue levels than peers

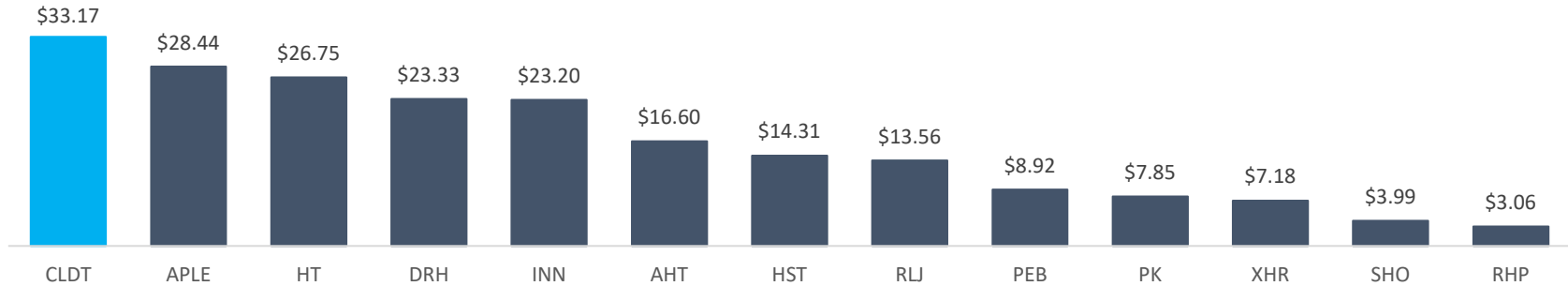
## Hotel EBITDA Margin (Year Ended 12/31/19)



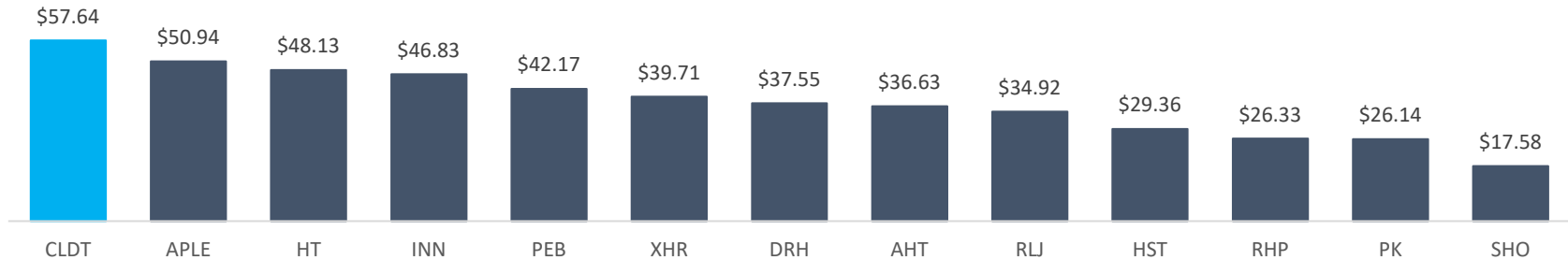


# Superior RevPAR During Worst Quarters of Pandemic

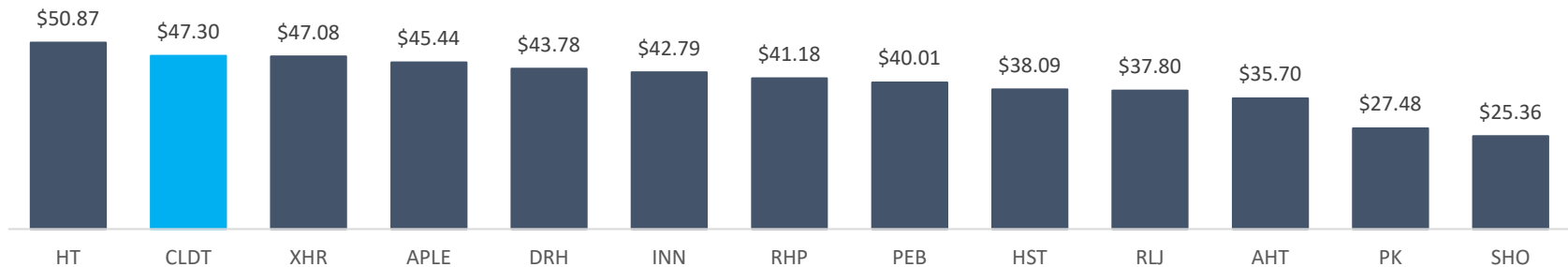
## RevPAR – Q2 2020



## RevPAR – Q3 2020



## RevPAR – Q4 2020

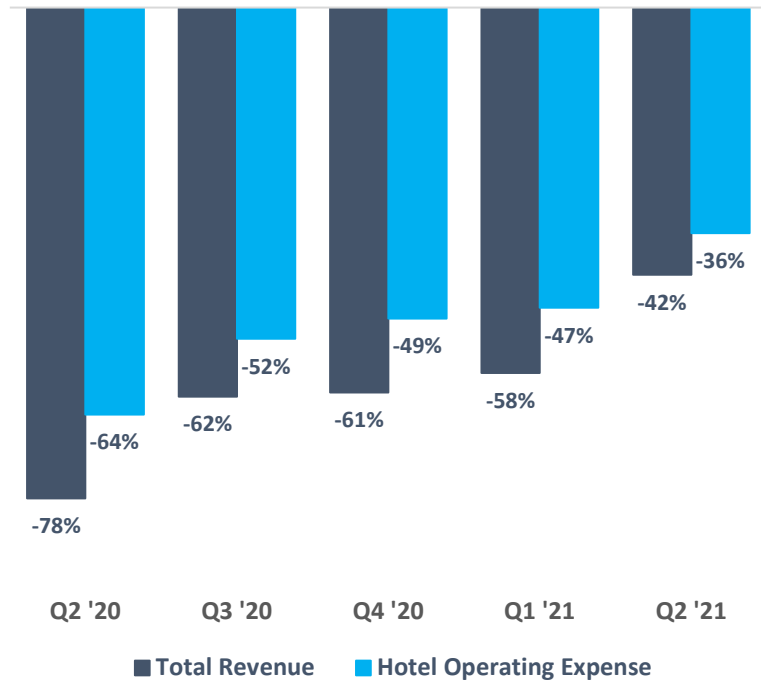


# Significant Cost Reductions During the Pandemic

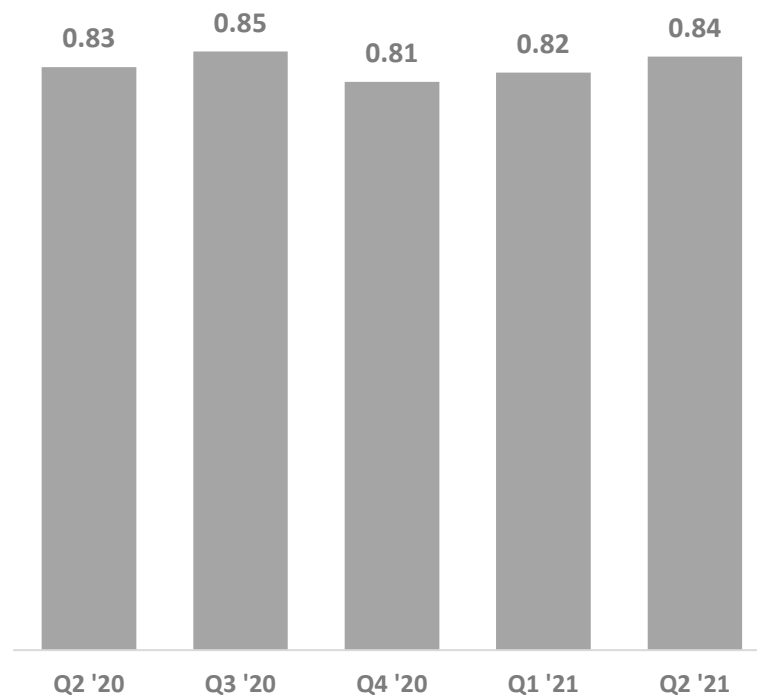
Chatham quickly reduced operating costs during the pandemic which maximized hotel EBITDA and minimized cash burn

- Expense reduction as a % of revenue decreases has been 0.80 to 0.85

Change in Revenue / Operating Expense (%)



Expense Reduction Ratio



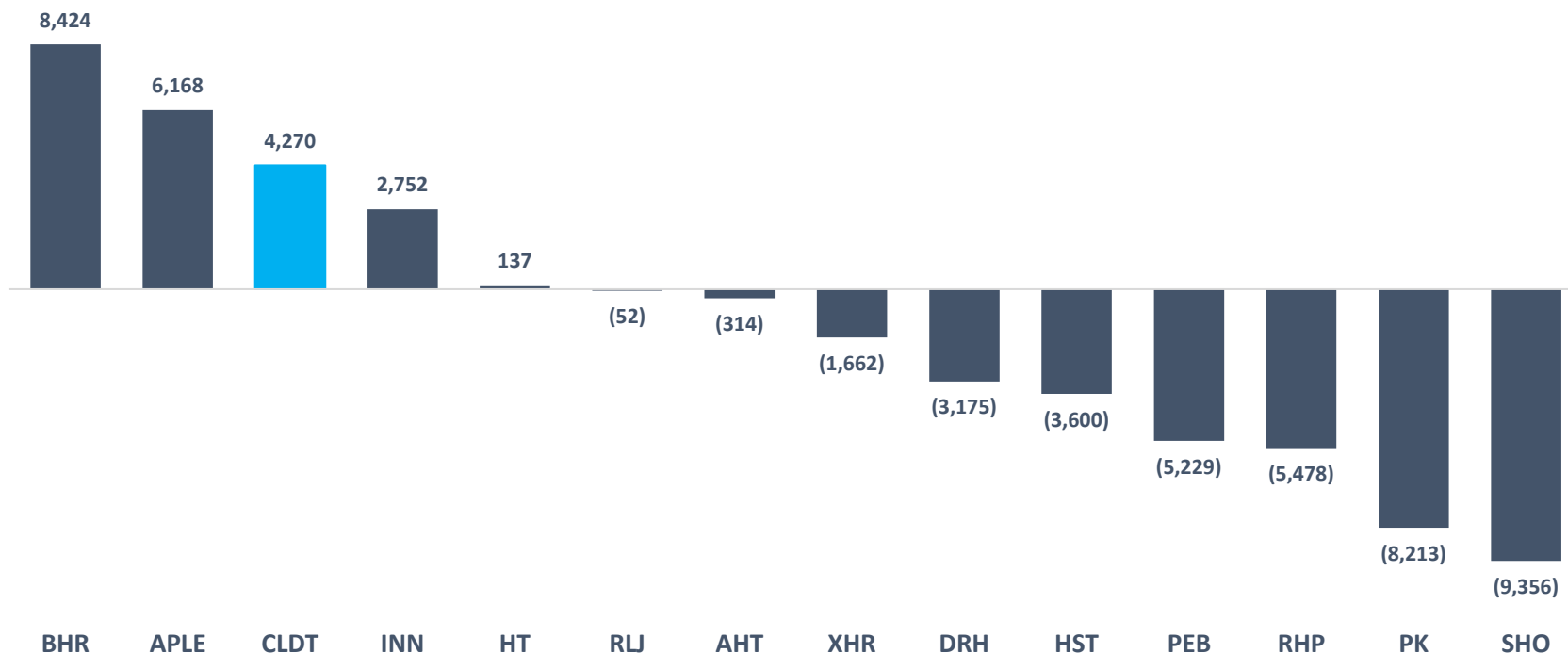
Hotel operating expense includes all hotel level expenses but excludes ownership expenses including property tax, ground rent and insurance.

# Superior Performance During the Pandemic

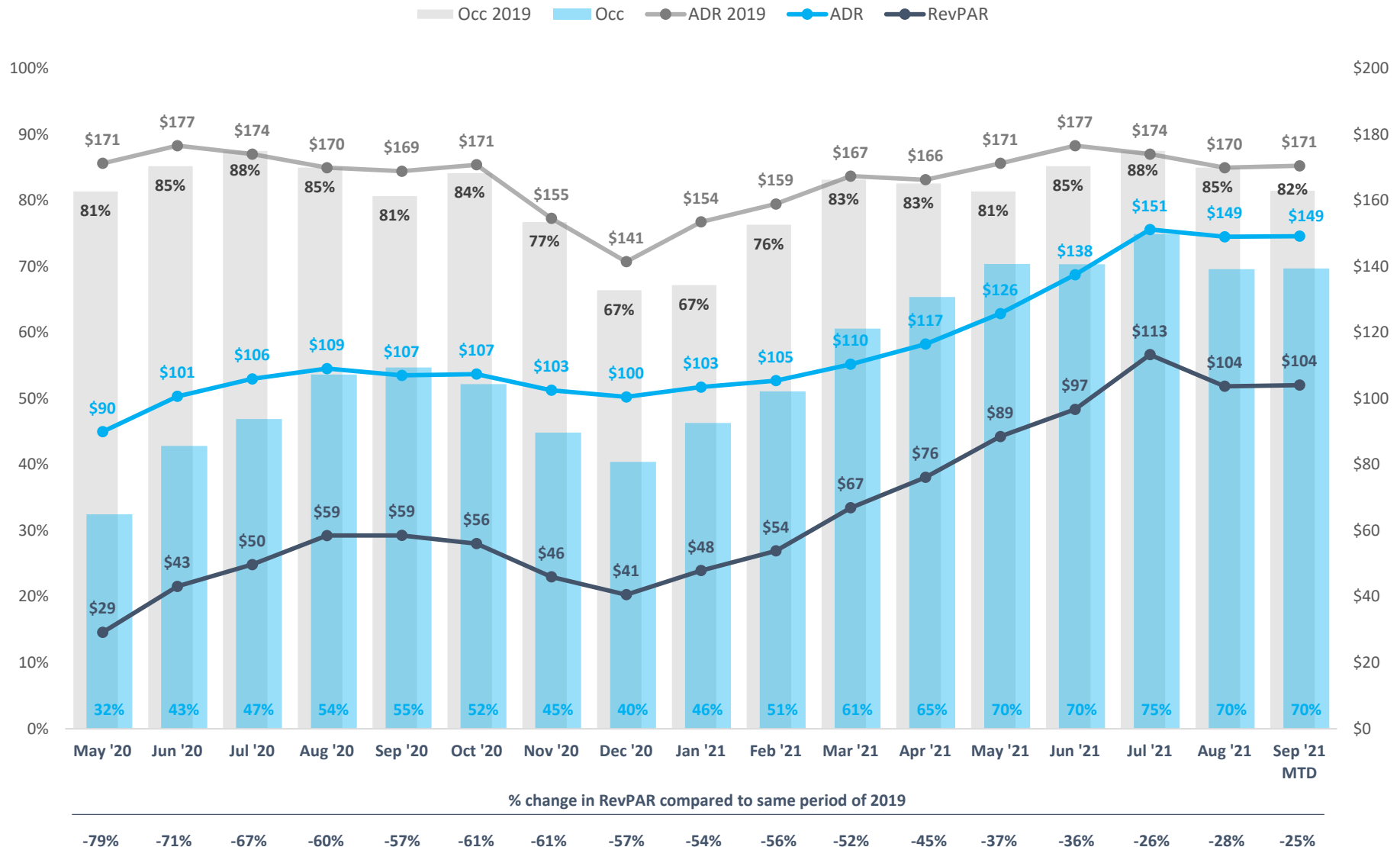
Chatham generated one of the highest levels of hotel EBITDA / room of all lodging REITs over the eighteen months ended 6/30/21

- Chatham's superior performance during the pandemic drove significantly lower cash burn than peers / less value lost due to pandemic
- Chatham eliminated cash burn in April 2021

Hotel EBITDA per Room – 18 Months Ended 6/30/21 (\$)



# Operating Performance Has Improved Significantly



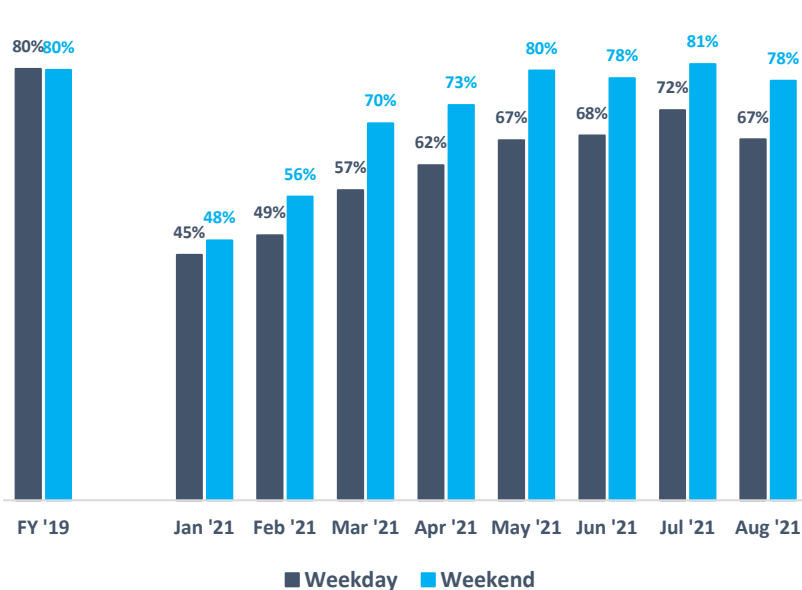
September MTD through 9/27/21.

# Operating Performance Has Improved Significantly

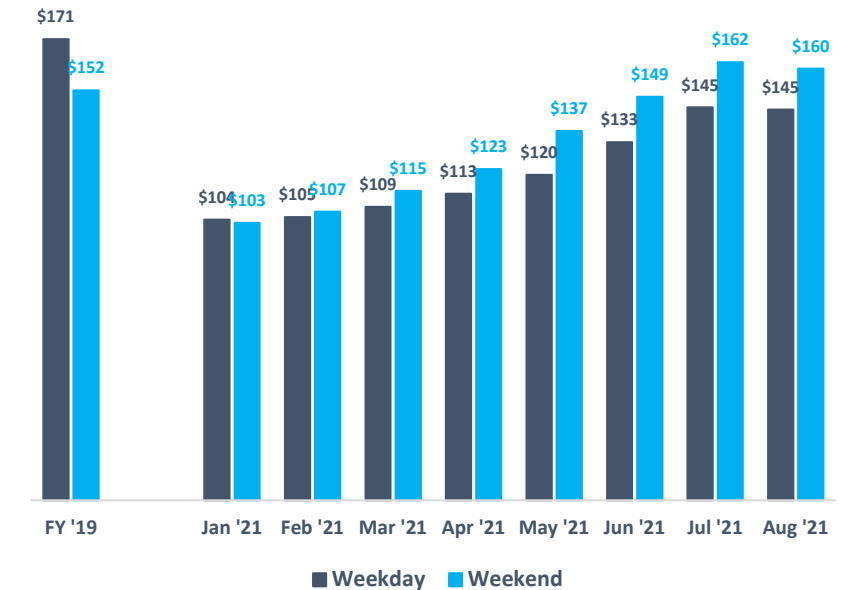
Strong weekend performance has been driven by a recovery in leisure travel

- During the summer months weekday travel also benefitted from leisure demand; we expect that weekday performance will likely drop off starting in the fall until there is a more robust recovery in business travel

Occupancy %



ADR





# Operating Performance Has Improved Significantly

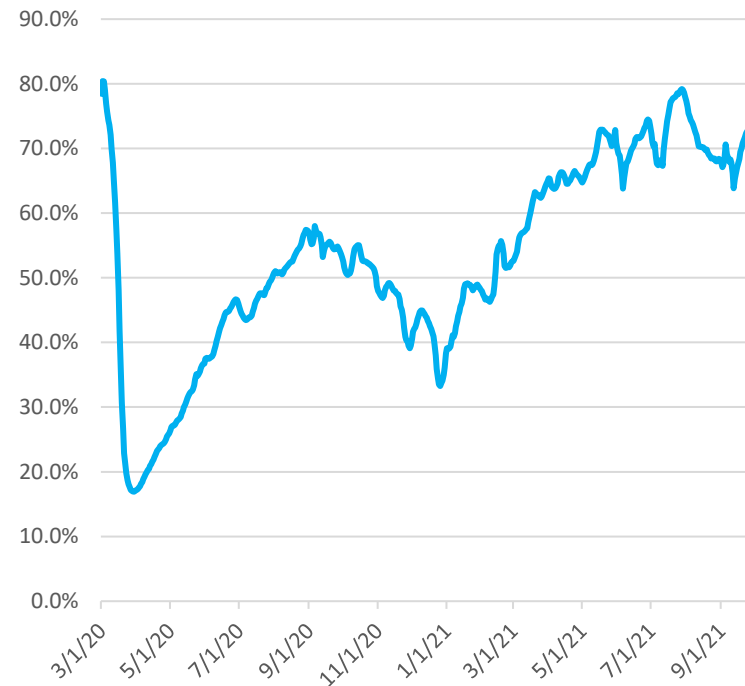
## Operating performance has improved significantly

- Leisure demand has been a significant driver of the performance recovery to date; RevPAR is down a little from peak summer levels as leisure travel has dropped off as expected
- Over the last week, occupancy was 73.3% and RevPAR was \$110.2

RevPAR (\$)



Occupancy %

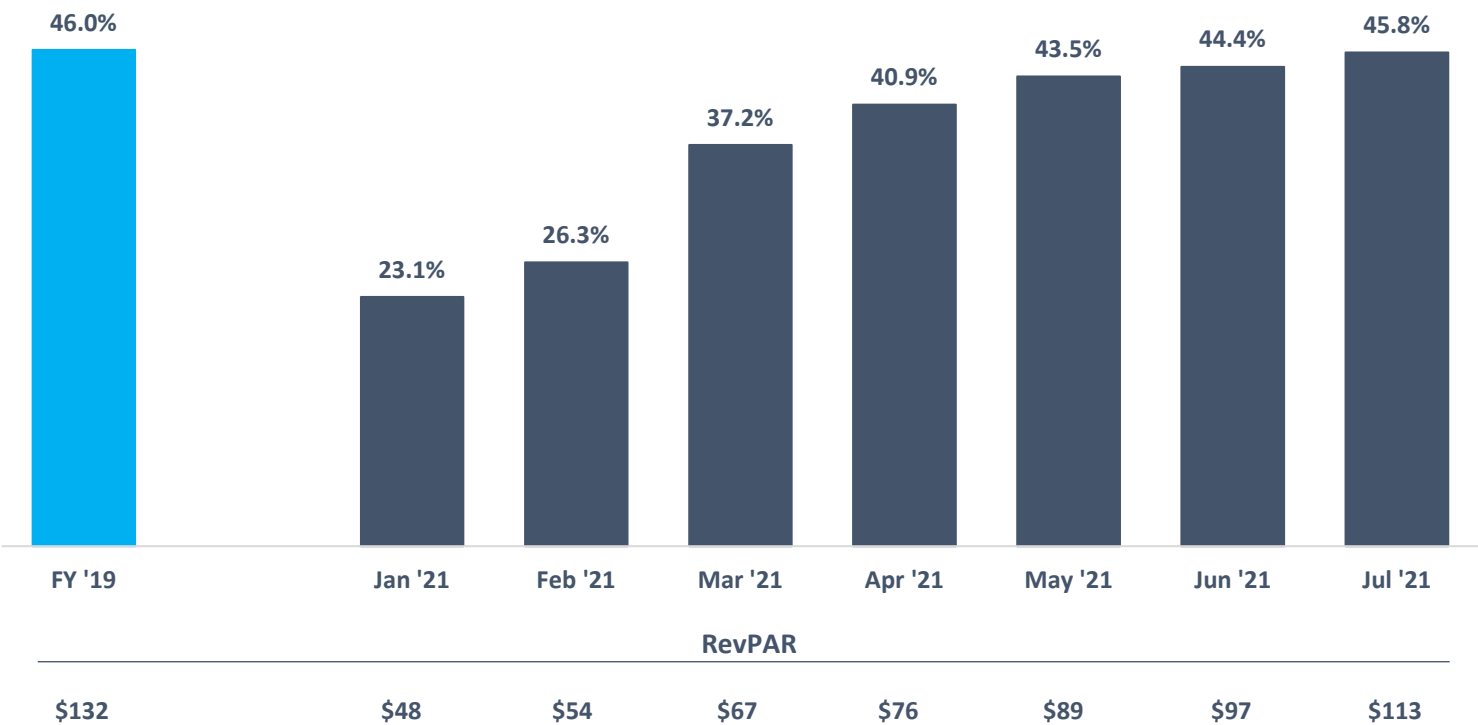


RevPAR and occupancy data in charts reflect 7-day rolling average results.

# Operating Performance Has Improved Significantly

GOP margins have improved significantly even though RevPAR remains well below 2019 levels

GOP Margin %

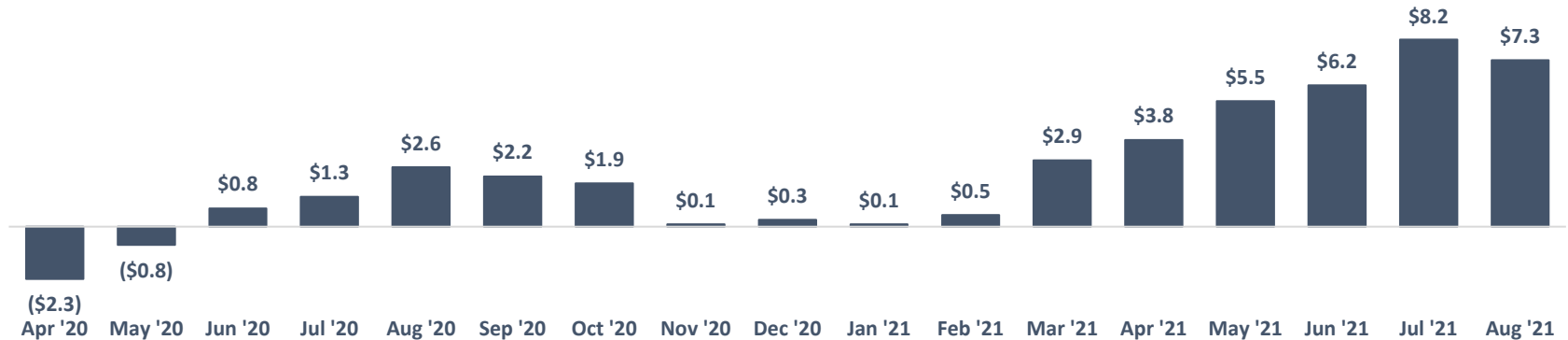


# Operating Performance Has Improved Significantly

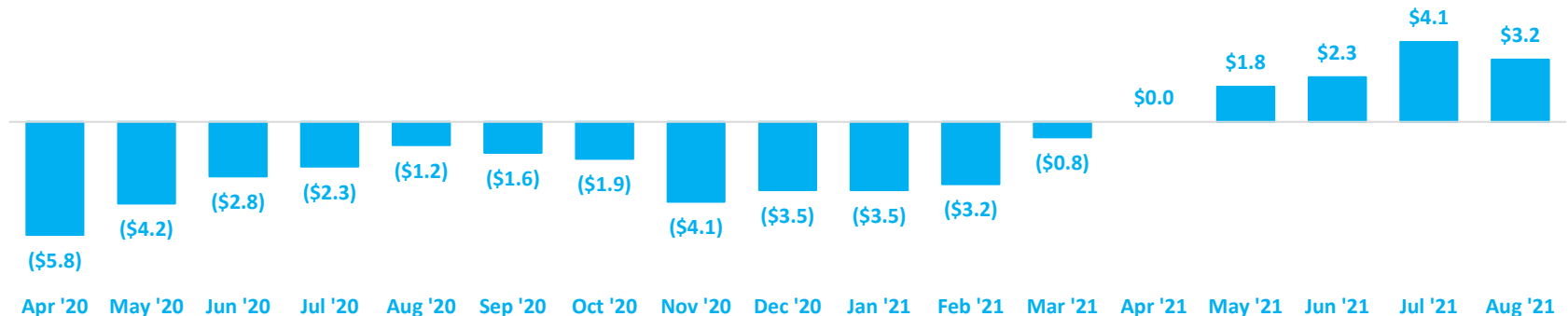
## Operating performance has improved significantly

- Chatham achieved breakeven corporate cash flow in April and generated \$11.3 million of cash flow from May to August

### Hotel EBITDA (\$ in mm)

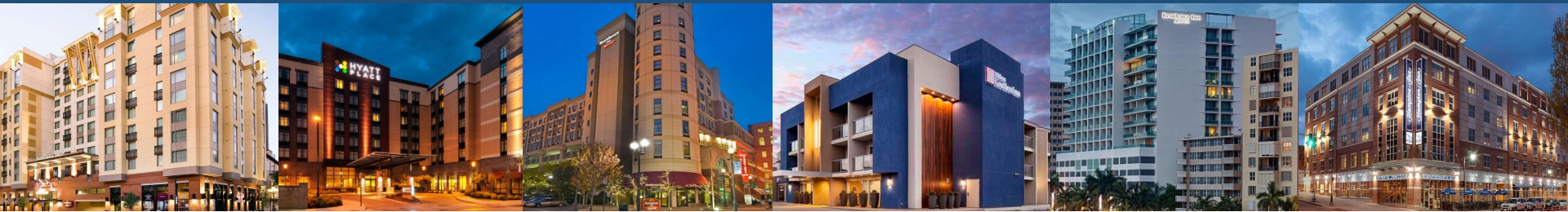


### Cash Flow Before Capital (\$ in mm)



Cash burn defined as hotel EBITDA less corporate G&A, cash interest, and principal amortization.

# Liquidity / Capitalization / Leverage



# Significantly Strengthened Balance Sheet

Chatham has taken a number of actions during the pandemic to strengthen its credit profile and improve its liquidity

- Obtained construction loan for Home2 Warner Center development on 8/4/20 (added \$40 million of liquidity); hotel will open in November
- Sold Residence Inn Mission Valley for \$67 million (6.5% cap rate on 2019 NOI)
- Sale of highly leveraged Innkeepers and Inland joint ventures (\$2.8 million of proceeds, but eliminated our share of JV debt and non-recourse carve-out guarantees)
  - ▶ INK JV sold on 3/19/21 and IHP JV sold on 9/23/21
  - ▶ Chatham's 10.3% share of INK's debt was \$87.9 million; INK 2019 debt / EBITDA of 9.9x
  - ▶ Chatham's 10.0% share of IHP's debt was \$78.0 million; IHP 2019 debt / EBITDA of 9.8x
- Issued \$24.6 million of common equity under its ATM / DRSP programs in Q1 and Q2 2021 at an average price of \$14.10
- Issued \$120 million of perpetual preferred equity on 6/30/21

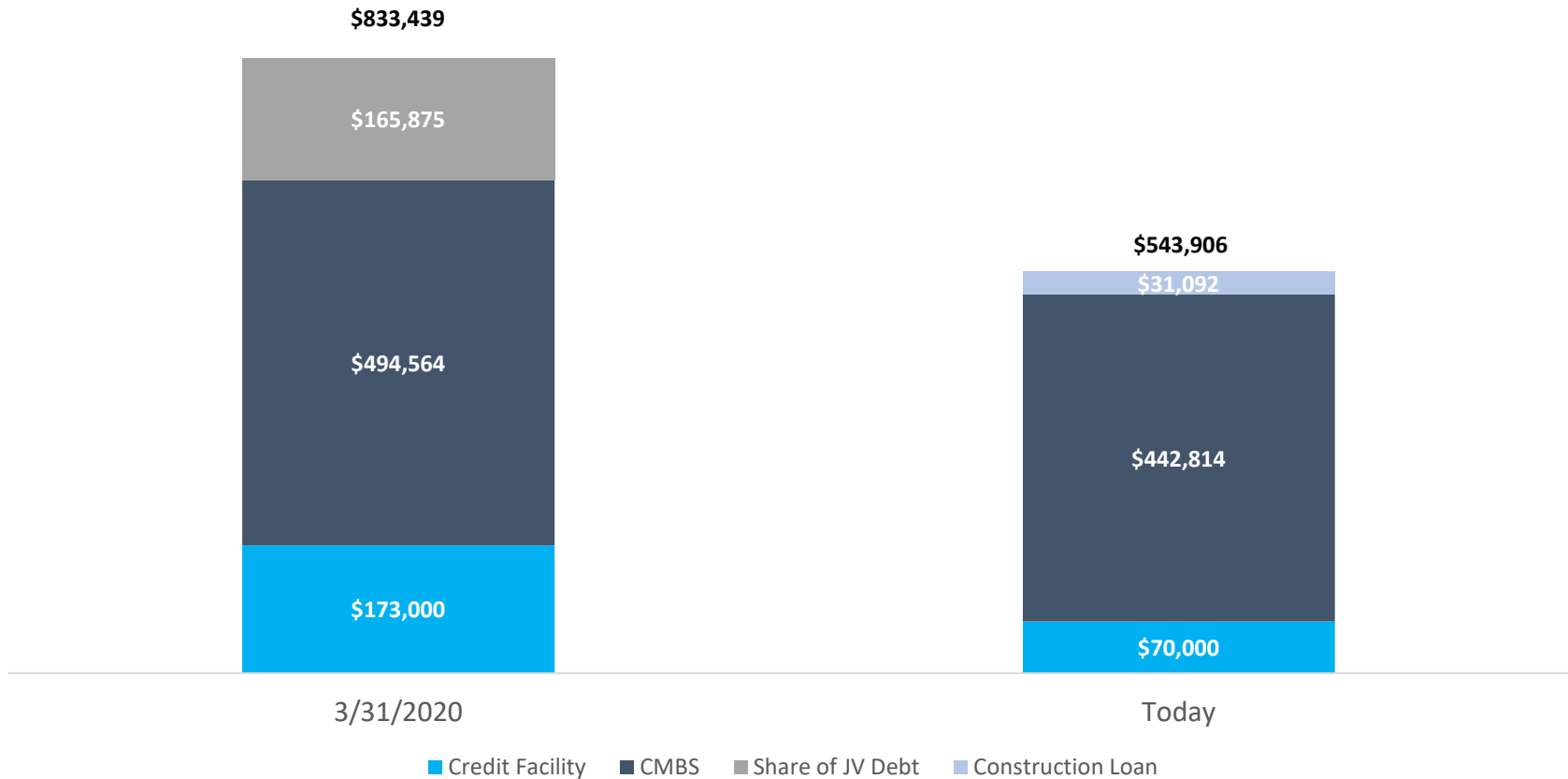
These actions taken during the pandemic have added \$254 million of liquidity and significantly reduced Chatham's debt



# Significantly Reduced Debt

Chatham has reduced its debt by \$289.5 million / 34.7% since 3/31/20

## Chatham Debt Balances

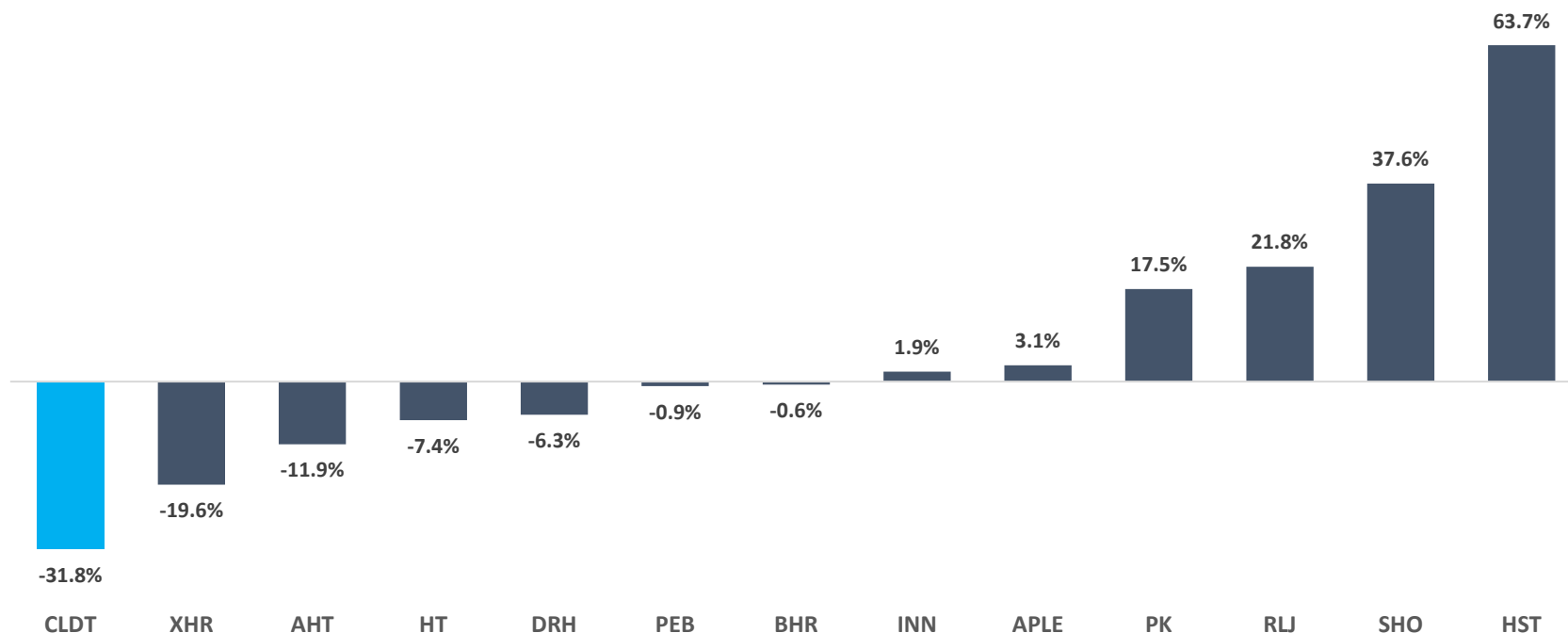


# Debt Reduction Versus Peers

**Chatham has reduced its net debt by more than any of its peers**

- While some peers have reduced bank debt, it has generally been achieved through the issuance of other debt which has frequently been parri passu to bank debt and shared in equity pledges with bank debt

**% Change in Net Debt (3/31/20 to 6/30/21)**

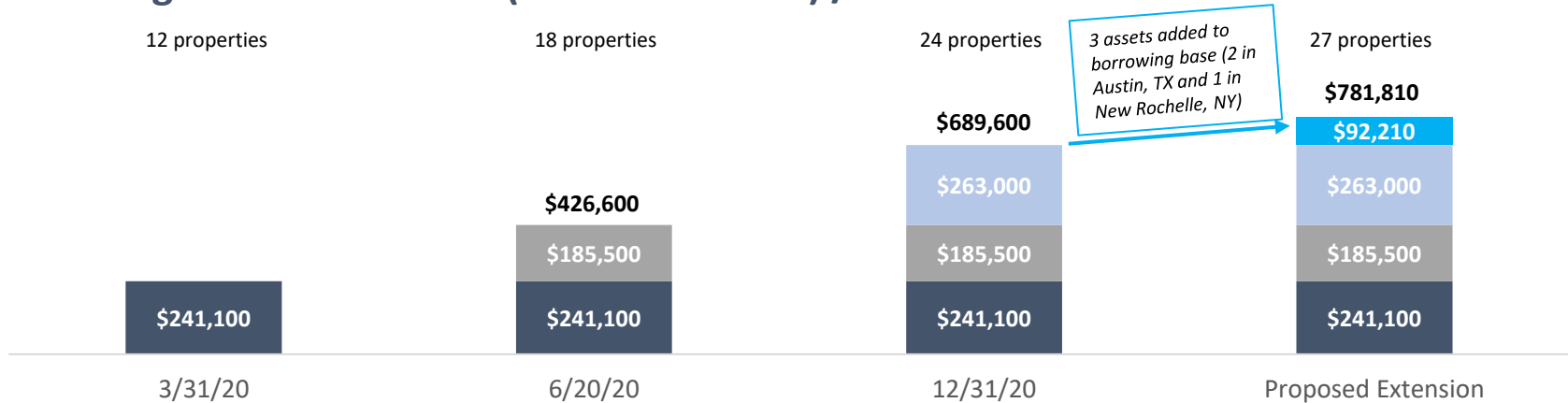


Peer net debt change between 3/31/20 and 6/30/21 and CLDT net debt change between 3/31/20 and 8/30/21.

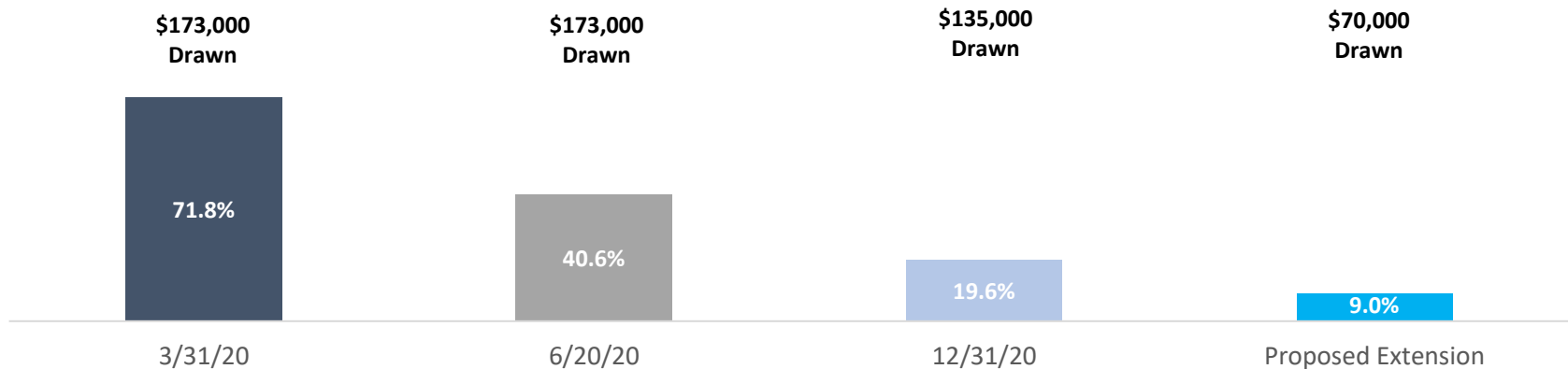
# Significantly Improved Facility Borrowing Base

Chatham has added to the facility borrowing base while decreasing facility borrowings

## Borrowing Base Asset Value (Purchase Prices) / # of Hotels



## Credit Facility Leverage (Amount Drawn as % of Borrowing Base Asset Value)

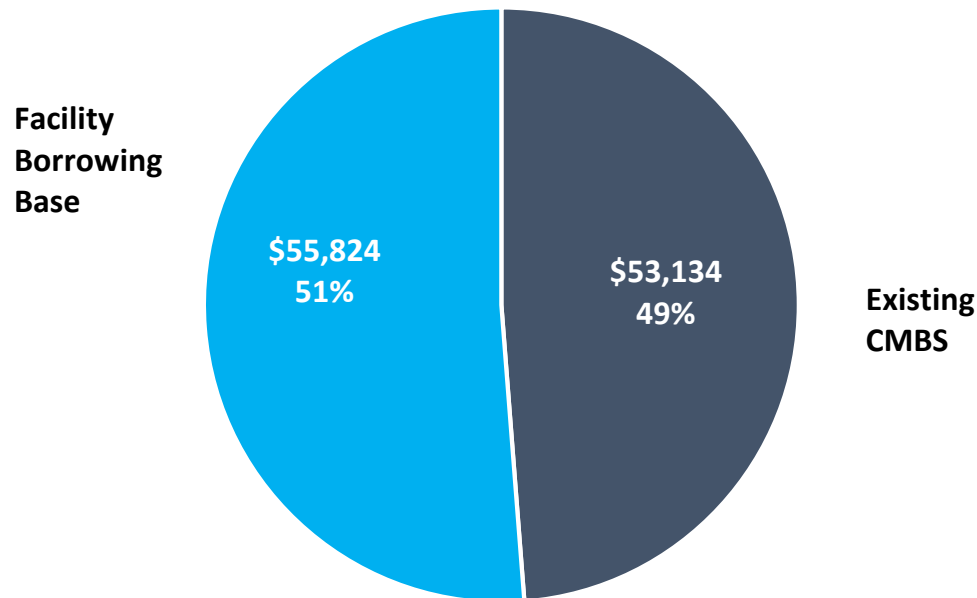


# Property NOI

Chatham owns 41 hotels that generated \$109.0 million of NOI in 2019

- 14 properties encumbered by mortgage debt: \$53.1 million of NOI
- 27 properties supporting borrowing base for credit facility: \$55.8 million of NOI

2019 NOI by Encumbrance



# Strong Credit Support for Credit Facility Lenders

## Post crisis leverage is low even if NOI remains 20% below 2019 levels

- Credit facility lenders have a massive amount of collateral relative to the loan balance
- CMBS debt is non-recourse to Chatham

	<u>Credit Facility</u>	<u>Mortgage Debt</u>	<u>Total</u>
Debt	\$70,000	\$442,814	\$512,814
2019 NOI	55,824	53,134	108,958
Illustrative Property Value			
Purchase Price	781,810	697,500	1,479,310
7.5% Cap of 2019 NOI	744,321	708,457	1,452,778
20% Discount to 7.5% Cap of 2019 NOI	595,457	566,766	1,162,223
Illustrative Leverage			
Purchase Price	9.0%	63.5%	34.7%
7.5% Cap of 2019 NOI	9.4%	62.5%	35.3%
20% Discount to 7.5% Cap of 2019 NOI	11.8%	78.1%	44.1%
Illustrative Equity			
Purchase Price	\$711,810	\$254,686	966,496
7.5% Cap of 2019 NOI	\$674,321	\$265,643	939,964
20% Discount to 7.5% Cap of 2019 NOI	\$525,457	\$123,952	649,409

Analysis excludes the Warner Center development.

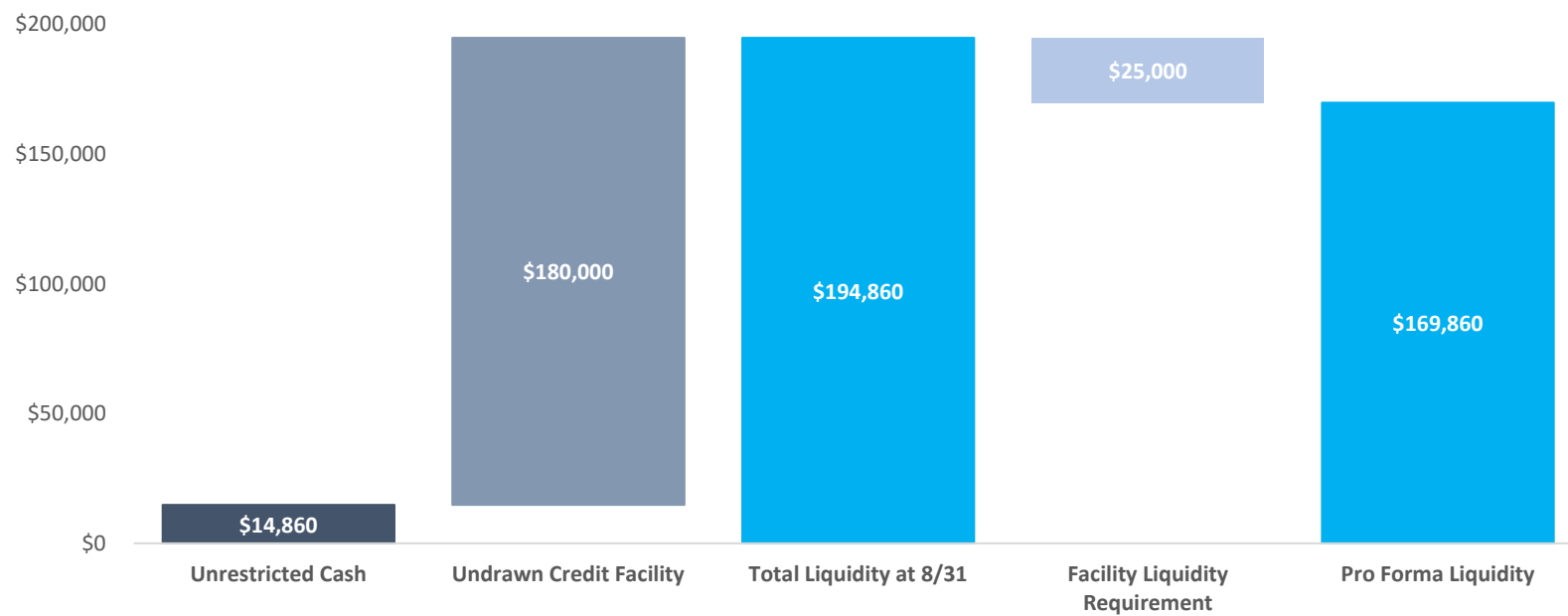


# Chatham Liquidity Position

## Chatham had \$195 million of total liquidity at 8/31/21

- Chatham achieved cash flow breakeven in April and generated \$11.3 million of cash flow from May to August
- Expected continued free cash flow should further enhance liquidity

## Chatham Liquidity at 8/31/21 (\$ in 1,000s)



# Chatham Debt Capitalization

Chatham has a balanced mix of unsecured bank debt and mortgage debt secured by individual properties and has limited near term debt maturities

## Debt Capitalization (8/31/21)

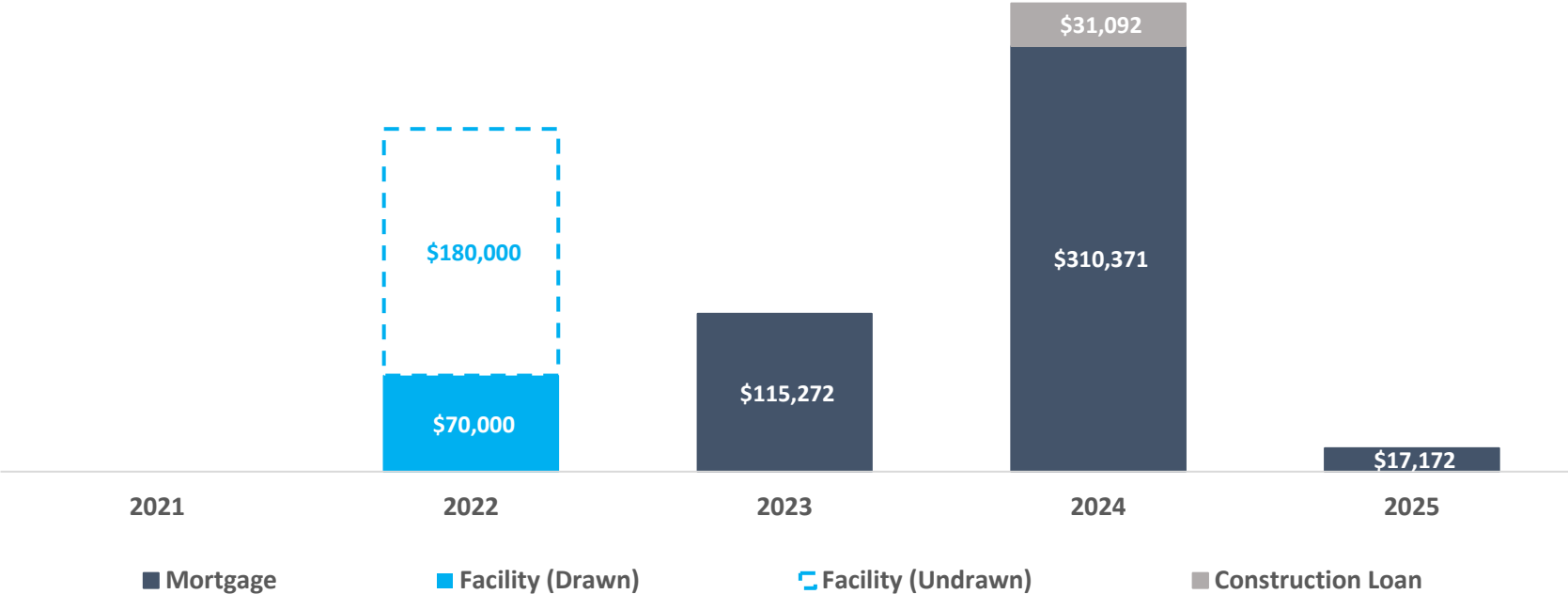
Loan	Collateral	Rate	8/31 Balance	Maturity
Line of Credit	Equity Pledges	L+250	70,000	3/8/2022
Homewood San Antonio	Mortgage	4.59%	14,938	2/6/2023
Residence Inn Tysons	Mortgage	4.49%	20,424	2/6/2023
Courtyard Houston Medical	Mortgage	4.19%	16,825	5/6/2023
Hyatt Place Pittsburgh	Mortgage	4.65%	20,689	6/6/2023
Residence Inn Bellevue	Mortgage	4.97%	42,396	12/6/2023
Residence Inn Garden Grove	Mortgage	4.79%	31,049	4/6/2024
Residence Inn Silicon Valley I	Mortgage	4.64%	62,725	7/1/2024
Residence Inn Silicon Valley II	Mortgage	4.64%	68,436	7/1/2024
Residence Inn San Mateo	Mortgage	4.64%	47,044	7/1/2024
Residence Inn Mountain View	Mortgage	4.64%	36,686	7/1/2024
SpringHill Savannah	Mortgage	4.62%	29,036	7/6/2024
Hilton Garden Marina del Rey	Mortgage	4.68%	20,181	7/6/2024
Homewood Billerica	Mortgage	4.32%	15,214	12/6/2024
Hampton Houston Medical	Mortgage	4.25%	17,172	1/6/2025
Warner Center Construction Loan	Mortgage	L+750	31,092	8/4/20024
<b>Total / Weighted Average</b>		<b>4.60%</b>	<b>543,907</b>	

Credit facility has two 6-month extension options that can be used to extend final maturity to 3/8/23.

# Chatham Debt Maturity Profile

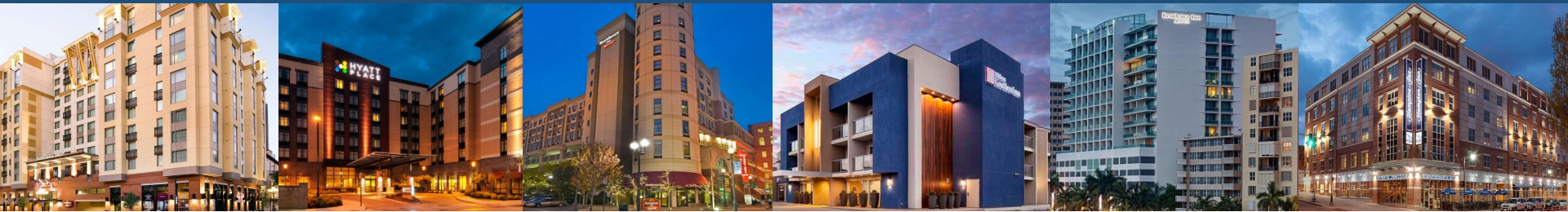
Chatham’s credit facility is its only near-term debt maturity

Chatham Debt Maturity Profile at 8/31/21 (\$ in 1,000s)



Credit facility has two 6-month extension options that can be used to extend final maturity to 3/8/23.

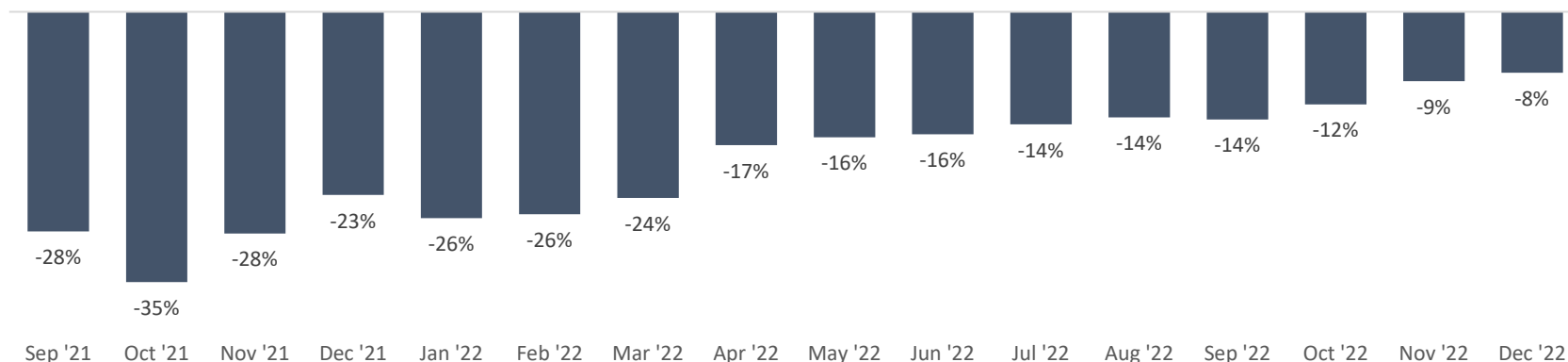
# Current Forecast



# Current Forecast Assumptions

Chatham has utilized the following assumptions in generating its current monthly cash flow forecast

## Forecasted RevPAR Relative to 2019



## Other key forecast assumptions:

- Property expenses reflect recent actual performance and expected increases as occupancies return to normal levels
- Capex returns to normal levels starting in 2022 (six property renovations / \$25 million)
- No additional asset sales or equity issuance
- No cash dividends through end of 2022
- CMBS servicers enforce cash management provisions starting in September 2021, although none have to date
- CMBS maturing in 2023 assumed to be refinanced at maturity with new CMBS at same rates (average of 4.7%), amortized loan balances, and amortization schedules



# 2021 Monthly Cash Flow Forecast

	Jan '21	Feb '21	Mar '21	Apr '21	May '21	Jun '21	Jul '21	Aug '21	Sep '21	Oct '21	Nov '21	Dec '21	FY 2021
2019 RevPAR	\$103.35	\$121.52	\$139.38	\$137.49	\$139.56	\$150.70	\$152.49	\$144.65	\$136.42	\$143.91	\$118.78	\$94.10	\$131.90
2021 RevPAR	\$47.92	\$53.89	\$66.91	\$76.17	\$88.54	\$96.78	\$113.31	\$103.72	\$98.03	\$94.06	\$85.04	\$72.01	\$83.20
% Change	-53.6%	-55.7%	-52.0%	-44.6%	-36.6%	-35.8%	-25.7%	-28.3%	-28.1%	-34.6%	-28.4%	-23.5%	-36.9%
2021 Room Revenue	\$8,612	\$8,718	\$12,060	\$13,351	\$16,091	\$17,072	\$20,705	\$19,609	\$17,976	\$17,857	\$16,030	\$14,158	\$182,239
2021 Other Revenue	525	557	855	940	1,183	1,280	1,555	1,427	1,512	1,568	1,468	1,397	14,267
2021 Total Revenue	\$9,137	\$9,275	\$12,915	\$14,291	\$17,274	\$18,352	\$22,260	\$21,036	\$19,488	\$19,425	\$17,498	\$15,555	\$196,506
Hotel EBITDA	132	470	2,919	3,845	5,495	6,232	8,207	7,323	5,954	5,843	4,384	2,951	53,755
G&A Excluding Stock Comp	(738)	(809)	(830)	(976)	(993)	(1,151)	(996)	(1,011)	(1,011)	(1,028)	(1,021)	(1,052)	(11,616)
Corporate EBITDA	(606)	(339)	2,089	2,869	4,502	5,081	7,211	6,311	4,943	4,815	3,363	1,899	42,139
Cash Interest	(2,186)	(2,171)	(2,044)	(2,143)	(2,006)	(2,146)	(1,747)	(1,782)	(1,986)	(1,934)	(2,212)	(2,196)	(24,552)
Preferred Dividends	0	0	0	0	0	0	(663)	(663)	(663)	(663)	(663)	(663)	(3,975)
Mortgage Amortization	(704)	(707)	(888)	(713)	(735)	(681)	(741)	(687)	(689)	(749)	(695)	(755)	(8,743)
<b>Corporate Cash Flow Before Capex</b>	<b>(3,496)</b>	<b>(3,216)</b>	<b>(843)</b>	<b>14</b>	<b>1,760</b>	<b>2,254</b>	<b>4,061</b>	<b>3,180</b>	<b>1,605</b>	<b>1,470</b>	<b>(207)</b>	<b>(1,714)</b>	<b>4,868</b>
Change in Working Capital / Other	(683)	(1,938)	(2,664)	(550)	1,980	535	3,008	2,533	(555)	(555)	(555)	(555)	0
Cash Used for Maintenance / Renovation Capital:													
Capital Spend (Renovation / Maintenance)	(951)	(381)	(319)	(437)	(1,052)	(1,298)	(653)	(671)	(300)	(300)	(300)	(300)	(6,313)
Capital Escrow Contributions	(352)	(348)	(348)	(326)	(310)	(252)	(269)	(262)	(300)	(300)	(300)	(300)	(3,666)
Capital Escrow Reimbursement	176	229	179	1	352	1,060	154	173	150	150	150	150	2,925
Net Maintenance / Renovation Capital Funding Outflow	(1,126)	(500)	(488)	(761)	(1,009)	(490)	(768)	(761)	(450)	(450)	(450)	(450)	(7,704)
Common Dividends	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Free Cash Flow Before Warner Center Project Spend</b>	<b>(5,305)</b>	<b>(5,654)</b>	<b>(3,995)</b>	<b>(1,298)</b>	<b>2,731</b>	<b>2,299</b>	<b>6,301</b>	<b>4,952</b>	<b>600</b>	<b>465</b>	<b>(1,213)</b>	<b>(2,719)</b>	<b>(2,836)</b>
Asset Sales / Acquisitions	0	0	2,800	0	0	(2,000)	0	(69,760)	0	0	0	0	(68,960)
Equity Issuance - Net Proceeds	0	0	20,968	1,341	0	1,884	0	0	0	0	0	0	24,193
Preferred Issuance - Net Proceeds	0	0	0	0	0	116,220	0	0	0	0	0	0	116,220
CMBS Principal Repayment at Maturity	0	0	0	(12,706)	0	0	0	0	0	0	0	0	(12,706)
CMBS Cash Trap	0	0	0	0	0	0	0	0	(7,183)	(596)	544	703	(6,531)
Capital Spend (Warner Center Development)	(3,528)	(2,702)	(1,825)	(2,609)	(1,470)	(1,284)	(2,159)	(929)	(2,421)	(2,444)	0	0	(21,370)
<b>Unrestricted Cash Balance</b>	<b>15,819</b>	<b>10,165</b>	<b>14,638</b>	<b>12,233</b>	<b>14,964</b>	<b>131,367</b>	<b>14,668</b>	<b>14,860</b>	<b>8,277</b>	<b>8,146</b>	<b>7,478</b>	<b>15,462</b>	<b>15,462</b>
Credit Facility Drawn Balance	135,300	135,300	120,000	130,000	130,000	128,000	5,000	70,000	70,000	70,000	70,000	80,000	80,000
CMBS Debt	460,414	459,707	458,819	445,658	444,923	444,242	443,501	442,814	442,125	441,376	440,681	439,926	439,926
Warner Center Construction Loan	17,009	19,818	21,757	24,449	26,069	27,573	29,852	31,092	33,514	35,958	38,411	38,411	38,411
Net Debt	596,903	604,660	585,938	587,875	586,028	468,448	463,685	529,047	537,362	539,188	541,614	542,875	542,875

# 2022 Monthly Cash Flow Forecast

	Jan '22	Feb '22	Mar '22	Apr '22	May '22	Jun '22	Jul '22	Aug '22	Sep '22	Oct '22	Nov '22	Dec '22	FY 2022
2019 RevPAR	\$103.35	\$121.52	\$139.38	\$137.49	\$139.56	\$150.70	\$152.49	\$144.65	\$136.42	\$143.91	\$118.78	\$94.10	\$131.90
2022 RevPAR	\$76.03	\$90.00	\$106.12	\$114.02	\$117.12	\$127.06	\$130.53	\$125.07	\$117.62	\$126.86	\$108.21	\$86.74	\$110.54
% Change	-26.4%	-25.9%	-23.9%	-17.1%	-16.1%	-15.7%	-14.4%	-13.5%	-13.8%	-11.8%	-8.9%	-7.8%	-16.2%
2022 Room Revenue	\$15,145	\$16,155	\$21,019	\$21,749	\$23,074	\$24,161	\$25,564	\$24,466	\$22,408	\$25,046	\$20,736	\$17,194	\$256,718
2022 Other Revenue	1,613	1,599	1,991	1,943	1,961	2,001	2,159	2,091	1,904	2,088	1,924	1,806	23,080
2022 Total Revenue	\$16,758	\$17,754	\$23,011	\$23,692	\$25,036	\$26,162	\$27,723	\$26,557	\$24,312	\$27,134	\$22,660	\$19,000	\$279,798
Hotel EBITDA	3,662	4,445	7,748	8,035	9,016	9,659	10,451	9,761	8,445	10,262	7,402	4,838	93,725
G&A Excluding Stock Comp	(997)	(997)	(997)	(997)	(997)	(997)	(997)	(997)	(997)	(997)	(997)	(997)	(11,965)
Corporate EBITDA	2,665	3,448	6,751	7,038	8,018	8,662	9,454	8,764	7,448	9,265	6,405	3,841	81,760
Cash Interest	(2,261)	(2,209)	(2,086)	(2,236)	(2,193)	(2,230)	(2,112)	(2,165)	(2,148)	(2,103)	(2,142)	(2,097)	(25,982)
Preferred Dividends	(663)	(663)	(663)	(663)	(663)	(663)	(663)	(663)	(663)	(663)	(663)	(663)	(7,950)
Mortgage Amortization	(701)	(704)	(876)	(710)	(769)	(716)	(775)	(722)	(725)	(783)	(731)	(789)	(9,000)
<b>Corporate Cash Flow Before Capex</b>	<b>(959)</b>	<b>(127)</b>	<b>3,126</b>	<b>3,430</b>	<b>4,394</b>	<b>5,053</b>	<b>5,905</b>	<b>5,215</b>	<b>3,913</b>	<b>5,716</b>	<b>2,870</b>	<b>293</b>	<b>38,829</b>
Change in Working Capital / Other	0	0	0	0	0	0	0	0	0	0	0	0	0
Cash Used for Maintenance / Renovation Capital:													
Capital Spend (Renovation / Maintenance)	(2,083)	(2,083)	(2,083)	(2,083)	(2,083)	(2,083)	(2,083)	(2,083)	(2,083)	(2,083)	(2,083)	(2,083)	(25,000)
Capital Escrow Contributions	(310)	(323)	(427)	(411)	(443)	(461)	(497)	(481)	(416)	(464)	(402)	(334)	(4,969)
Capital Escrow Reimbursement	217	226	299	287	310	322	348	336	291	325	282	234	3,478
Net Maintenance / Renovation Capital Funding Outflow	(2,176)	(2,180)	(2,211)	(2,207)	(2,216)	(2,222)	(2,233)	(2,228)	(2,208)	(2,223)	(2,204)	(2,183)	(26,491)
Common Dividends	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Free Cash Flow Before Warner Center Project Spend</b>	<b>(3,136)</b>	<b>(2,307)</b>	<b>915</b>	<b>1,223</b>	<b>2,178</b>	<b>2,832</b>	<b>3,673</b>	<b>2,988</b>	<b>1,705</b>	<b>3,493</b>	<b>666</b>	<b>(1,891)</b>	<b>12,338</b>
Asset Sales / Acquisitions	0	0	0	0	0	0	0	0	0	0	0	0	0
Equity Issuance - Net Proceeds	0	0	0	0	0	0	0	0	0	0	0	0	0
Preferred Issuance - Net Proceeds	0	0	0	0	0	0	0	0	0	0	0	0	0
CMBS Principal Repayment at Maturity	0	0	0	0	0	0	0	0	0	0	0	0	0
CMBS Cash Trap	90	(715)	(2,841)	(791)	(2,532)	(2,194)	(2,698)	(2,208)	3,120	(1,768)	262	1,351	(10,924)
Capital Spend (Warner Center Development)	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Unrestricted Cash Balance</b>	<b>12,416</b>	<b>9,393</b>	<b>7,467</b>	<b>7,899</b>	<b>7,545</b>	<b>8,183</b>	<b>9,157</b>	<b>9,937</b>	<b>14,762</b>	<b>16,488</b>	<b>17,416</b>	<b>16,876</b>	<b>16,876</b>
Credit Facility Drawn Balance	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000
CMBS Debt	439,225	438,521	437,646	436,936	436,167	435,451	434,676	433,954	433,230	432,446	431,716	430,926	430,926
Warner Center Construction Loan	38,411	38,411	38,411	38,411	38,411	38,411	38,411	38,411	38,411	38,411	38,411	38,411	38,411
Net Debt	545,220	547,539	548,589	547,447	547,033	545,679	543,929	542,428	536,878	534,369	532,710	532,461	532,461

# 2023 Monthly Cash Flow Forecast

	Jan '23	Feb '23	Mar '23	Apr '23	May '23	Jun '23	Jul '23	Aug '23	Sep '23	Oct '23	Nov '23	Dec '23	FY 2023
2019 RevPAR	\$103.35	\$121.52	\$139.38	\$137.49	\$139.56	\$150.70	\$152.49	\$144.65	\$136.42	\$143.91	\$118.78	\$94.10	\$131.90
2023 RevPAR	\$103.70	\$122.11	\$140.37	\$137.77	\$140.47	\$151.33	\$152.94	\$144.87	\$136.69	\$144.37	\$119.15	\$94.12	\$132.36
% Change	0.3%	0.5%	0.7%	0.2%	0.6%	0.4%	0.3%	0.2%	0.2%	0.3%	0.3%	0.0%	0.3%
2023 Room Revenue	\$20,798	\$22,003	\$27,862	\$26,445	\$27,782	\$28,870	\$30,081	\$28,481	\$26,123	\$28,618	\$22,988	\$18,815	\$308,865
2023 Other Revenue	2,070	2,031	2,554	2,364	2,288	2,396	2,558	2,531	2,552	2,720	2,373	2,442	28,879
2023 Total Revenue	\$22,868	\$24,034	\$30,416	\$28,808	\$30,070	\$31,267	\$32,639	\$31,011	\$28,675	\$31,337	\$25,360	\$21,257	\$337,744
Hotel EBITDA	7,327	8,335	12,281	11,274	12,199	12,907	13,638	12,627	11,031	12,716	8,916	5,926	129,177
G&A Excluding Stock Comp	(1,027)	(1,027)	(1,027)	(1,027)	(1,027)	(1,027)	(1,027)	(1,027)	(1,027)	(1,027)	(1,027)	(1,027)	(12,324)
Corporate EBITDA	6,300	7,308	11,254	10,247	11,172	11,880	12,611	11,600	10,004	11,689	7,889	4,899	116,853
Cash Interest	(2,143)	(2,092)	(1,957)	(2,100)	(2,055)	(2,087)	(2,035)	(2,086)	(2,071)	(2,019)	(2,051)	(1,898)	(24,593)
Preferred Dividends	(663)	(663)	(663)	(663)	(663)	(663)	(663)	(663)	(663)	(663)	(663)	(663)	(7,950)
Mortgage Amortization	(737)	(740)	(908)	(746)	(804)	(752)	(810)	(759)	(762)	(819)	(768)	(825)	(9,431)
<b>Corporate Cash Flow Before Capex</b>	<b>2,758</b>	<b>3,813</b>	<b>7,726</b>	<b>6,739</b>	<b>7,651</b>	<b>8,379</b>	<b>9,104</b>	<b>8,092</b>	<b>6,509</b>	<b>8,188</b>	<b>4,408</b>	<b>1,513</b>	<b>74,879</b>
Change in Working Capital / Other	0	0	0	0	0	0	0	0	0	0	0	0	0
Cash Used for Maintenance / Renovation Capital:													
Capital Spend (Renovation / Maintenance)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(30,000)
Capital Escrow Contributions	(421)	(435)	(568)	(497)	(528)	(550)	(587)	(563)	(487)	(529)	(450)	(374)	(5,991)
Capital Escrow Reimbursement	295	305	398	348	370	385	411	394	341	371	315	262	4,194
Net Maintenance / Renovation Capital Funding Outflow	(2,626)	(2,631)	(2,670)	(2,649)	(2,659)	(2,665)	(2,676)	(2,669)	(2,646)	(2,659)	(2,635)	(2,612)	(31,797)
Common Dividends	(4,973)	0	0	(4,973)	0	0	(4,973)	0	0	(4,973)	0	0	(19,893)
<b>Free Cash Flow Before Warner Center Project Spend</b>	<b>(4,842)</b>	<b>1,183</b>	<b>5,055</b>	<b>(883)</b>	<b>4,992</b>	<b>5,714</b>	<b>1,454</b>	<b>5,423</b>	<b>3,862</b>	<b>556</b>	<b>1,773</b>	<b>(1,099)</b>	<b>23,188</b>
Asset Sales / Acquisitions	0	0	0	0	0	0	0	0	0	0	0	0	0
Equity Issuance - Net Proceeds	0	0	0	0	0	0	0	0	0	0	0	0	0
Preferred Issuance - Net Proceeds	0	0	0	0	0	0	0	0	0	0	0	0	0
CMBS Principal Repayment at Maturity	0	0	0	0	0	0	0	0	0	0	0	0	0
CMBS Cash Trap	17,456	0	0	0	0	0	0	0	0	0	0	0	17,456
Capital Spend (Warner Center Development)	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Unrestricted Cash Balance</b>	<b>19,489</b>	<b>20,672</b>	<b>15,727</b>	<b>14,844</b>	<b>19,836</b>	<b>15,550</b>	<b>17,004</b>	<b>22,428</b>	<b>26,290</b>	<b>16,846</b>	<b>18,619</b>	<b>17,519</b>	<b>17,519</b>
Credit Facility Drawn Balance	70,000	70,000	60,000	60,000	60,000	50,000	50,000	50,000	50,000	40,000	40,000	40,000	40,000
CMBS Debt	430,190	429,450	428,542	427,795	426,991	426,239	425,428	424,670	423,908	423,089	422,321	421,495	421,495
Warner Center Construction Loan	38,411	38,411	38,411	38,411	38,411	38,411	38,411	38,411	38,411	38,411	38,411	38,411	38,411
Net Debt	519,111	517,189	511,225	511,362	505,566	499,099	496,835	490,653	486,029	484,653	482,113	482,387	482,387

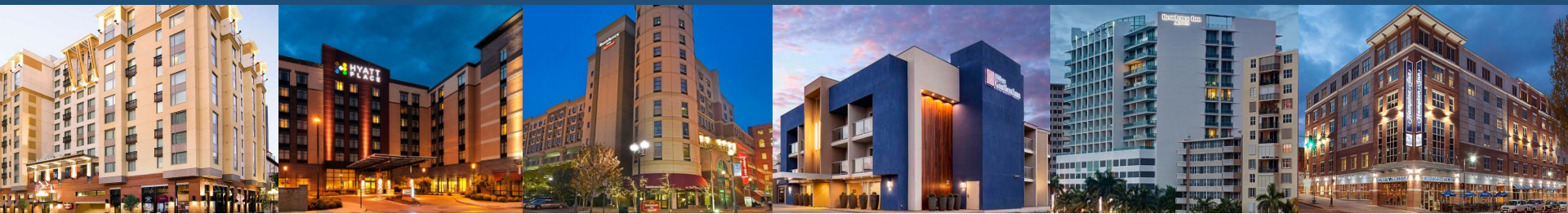
# Forecasted Covenant Levels

## Projected Covenant Levels

	Covenant Levels Calculated with Annualized NOI						Regular LTM Covenant Calculations			
	<u>Q3' 21</u>	<u>Q4' 21</u>	<u>Q1' 22</u>	<u>Q2' 22</u>	<u>Q3' 22</u>	<u>Q4' 22</u>	<u>Q1' 23</u>	<u>Q2' 23</u>	<u>Q3' 23</u>	<u>Q4' 23</u>
Fixed Charge Coverage	1.92x	1.02x	1.25x	2.24x	2.31x	2.14x	2.20x	2.44x	2.65x	2.78x
Covenant Level	Waived	Waived	Waived	1.50x	1.50x	1.50x	1.50x	1.50x	1.50x	1.50x
Total Leverage	48.4%	79.2%	71.9%	42.5%	40.5%	43.1%	41.6%	37.1%	34.1%	32.1%
Covenant Level	Waived	Waived	Waived	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%
Secured Leverage	42.2%	67.8%	61.6%	36.3%	34.6%	36.8%	36.9%	33.5%	30.8%	29.6%
Covenant Level	Waived	Waived	Waived	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%
Tangible Net Worth	1,159,062	1,150,696	1,144,262	1,148,799	1,158,464	1,158,583	1,161,275	1,174,719	1,190,346	1,199,900
Covenant Level	Waived	Waived	Waived	865,058	865,058	865,058	865,058	865,058	865,058	865,058
Borrowing Base Availability	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
Credit Facility Debt Outstanding	70,000	80,000	80,000	80,000	80,000	80,000	60,000	50,000	50,000	40,000

Annualized NOI calculated as 4x quarterly NOI for Q3 '21 through Q1 '21 for illustrative purposes. Annualized NOI for Q2 '22 calculated as 4x Q1 NOI, for Q3 calculated as 2x (Q1 + Q2 NOI), for Q4 calculated as 4/3x (Q1 + Q2 + Q3 NOI) per proposed covenant definition. Table reflects proposed one quarter extension of waiver period.

# Appendix – NOI by Property



# Property NOI – Borrowing Base Properties

Chatham's 27 borrowing base properties generated \$55.8 million of NOI in 2019

## 2016-2023E NOI by Property

	2016A	2017A	2018A	2019A	2020A	TTM 8/2021	2021F	2022F	2023F
Homewood Suites Mall of America	1,641	1,636	2,230	2,145	51	319	594	1,417	2,078
Hampton Inn & Suites Exeter	1,573	1,446	1,877	1,589	577	1,170	1,465	853	1,284
Hampton inn Portland Maine	3,126	3,277	3,285	3,330	520	2,286	2,872	2,100	2,726
Hilton Garden Inn Boston Burlington	3,054	3,008	2,774	2,156	(573)	(726)	(665)	(727)	1,014
Homewood Suites Brentwood Nashville	1,620	1,291	1,733	1,576	(108)	354	717	882	1,422
Homewood Suites Farmington	1,694	1,850	1,843	1,741	661	1,049	1,236	1,124	1,700
Homewood Suites Maitland Orlando	1,601	1,866	1,735	1,690	322	404	617	671	1,259
Homewood Suites Market Center Dallas	1,743	1,527	860	1,365	456	931	951	878	1,296
Hyatt Place Cherry Creek	3,403	3,141	2,360	2,408	35	554	1,308	1,078	1,842
Residence Inn Long Island Holtsville	1,997	1,989	1,870	2,032	983	1,704	2,011	1,473	1,961
Residence Inn Washington DC Foggy Bottom	2,393	2,655	2,283	2,316	(69)	(193)	16	2,230	2,896
Residence Inn Charleston Summerville	0	0	30	1,092	789	810	947	356	693
Courtyard Charleston Summerville	0	1,502	1,102	1,136	383	807	1,032	537	808
Courtyard Dallas Downtown Reunion District	0	0	(31)	2,154	700	1,569	1,284	2,268	2,490
Courtyard Dallas Addison Quorum Drive	1,881	2,018	1,951	1,989	(70)	32	254	534	1,493
Hilton Garden Inn Denver Tech	2,387	2,349	2,114	2,045	(600)	(285)	405	538	1,422
Hilton Garden Inn Portsmouth Downtown	0	3,144	3,262	3,375	518	1,527	2,363	2,755	2,977
Residence Inn Dedham	1,499	1,584	1,380	684	274	423	475	357	636
Residence Inn New Rochelle	2,381	2,112	2,453	2,015	519	1,430	1,739	1,259	1,817
Courtyard Houston West University	992	1,317	1,110	856	(197)	154	318	483	767
Residence Inn Houston West University	1,666	1,884	1,644	1,371	629	693	552	815	1,239
Embassy Suites Springfield	0	4,457	4,332	4,451	232	840	1,418	3,969	5,135
Residence Inn Gaslamp Quarter San Diego	4,843	4,651	5,830	5,965	997	2,537	3,993	5,218	6,367
Residence Inn Fort Lauderdale	2,027	1,924	1,670	1,415	694	1,450	1,787	378	936
Residence Inn Austin Northwest	0	2,356	2,514	2,588	472	1,827	2,339	2,635	3,383
TownePlace Suites Austin Northwest	0	0	0	0	0	138	321	2,696	3,121
Residence Inn White Plains	1,962	2,246	2,279	2,341	474	1,239	1,513	1,428	2,244
<b>Total Borrowing Base Properties</b>	<b>43,482</b>	<b>55,229</b>	<b>54,487</b>	<b>55,824</b>	<b>8,667</b>	<b>23,043</b>	<b>31,863</b>	<b>38,207</b>	<b>55,005</b>

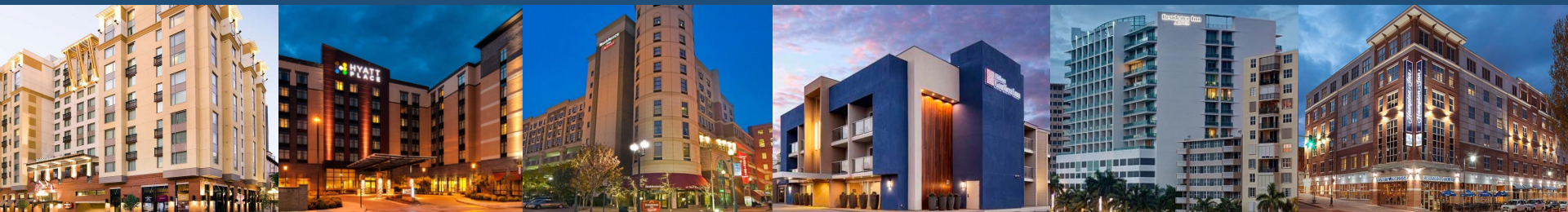
# Property NOI – Mortgage Encumbered Properties

**Chatham's 15 properties encumbered by secured debt generated \$53.1 million of NOI in 2019**

## 2016-2021E NOI by Property

	2016A	2017A	2018A	2019A	2020A	TTM 8/2021	2021F	2022F	2023F
Courtyard Houston Medical Center	2,927	2,988	3,162	2,818	370	786	914	1,976	2,737
Hampton Inn Houston Medical Center	1,635	1,846	1,618	1,273	282	838	995	948	1,344
Homewood Suites Billerica Boston	2,168	2,118	2,020	1,333	(84)	(116)	(96)	(53)	1,582
Homewood Suites San Antonio	2,116	2,333	2,425	2,054	(139)	796	1,534	1,360	2,029
Hyatt Place Pittsburgh	2,201	2,122	2,291	2,330	(368)	338	1,108	1,870	2,638
Residence Inn Anaheim Garden Grove	3,896	3,203	3,818	3,543	1,649	1,945	2,441	1,879	2,663
Residence Inn Bellevue Downtown	6,296	6,475	5,595	5,533	193	845	1,592	4,416	5,530
Residence Inn Mountain View	4,501	5,328	5,130	5,952	1,451	1,086	986	5,050	6,278
Residence Inn San Mateo	5,592	4,722	4,414	3,443	1,207	1,226	1,189	3,021	4,039
Residence Inn Silicon Valley I	7,826	7,967	7,822	8,009	1,935	941	698	7,051	8,481
Residence Inn Silicon Valley II	9,083	9,016	9,452	9,351	(177)	(340)	237	8,143	10,119
Residence Inn Tysons	2,140	1,962	1,802	2,012	336	420	578	1,903	2,453
SpringHill Suites Savannah Downtown	2,581	2,543	2,078	2,307	262	1,847	2,339	1,613	1,937
Hilton Garden Inn Marina Del Rey	3,552	3,562	2,954	3,176	(56)	438	1,083	2,245	3,274
Home2 Warner Center	0	0	0	0	0	0	163	2,918	5,572
<b>Total Properties Encumbered with Secured Debt</b>	<b>56,514</b>	<b>56,186</b>	<b>54,580</b>	<b>53,134</b>	<b>6,859</b>	<b>11,048</b>	<b>15,762</b>	<b>44,341</b>	<b>60,676</b>

# Appendix – Austin / Warner Center





# Home2 Warner Center Development

- Chatham is developing a 170-room Home2 Suites in the Warner Center submarket of Los Angeles
  - Total project cost of \$70 million; \$62.7 million spent to date
  - Expected opening in Q4 2021
- Expected stabilized EBITDA of ~\$5.8 million and NOI of ~\$5.4 million
- 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



Rendering of final project



Current status

# Warner Center Demand Generators



<b>1 WESTFIELD TOPANGA</b>
Nelman Marcus
AMC
Nordstrom
H&M
Forever 21
Cheesecake Factory
Michael Kors
Jimmy Choo
Chanel

<b>2 WESTFIELD THE VILLAGE</b>
REI
Costco
Fitness Athleta
Athleta
24 Hour Fitness
VeggieGrill
DryBar

<b>3 WARNER CENTER TOWERS</b>
Deloitte
AIG
Morgan Stanley
Equinox
San Fernando Valley Business Journal
Intruit
REX
Anthem Blue Cross

<b>4 LNR WARNER CENTER</b>
Infinity Award Center
HealthNet
Medtronic Inc.

<b>5 COMMERCE DISTRICT - MIXED USE</b>
Panavision
DSL International Trading
California Luthren University
The Pointe at Warner Center
StroCal Self Storage
Rubicon Group Holding
Fly's Electronics
Faye Business Systems Group

<b>6 TRILLIUM TOWERS</b>
Blue Shield of California
Fidelity Investments
ADP
Dassault Systemes

<b>7 COLLEGE DISTRICT - MIXED USE</b>
The Montecito Apartments
Carillon Apartments
Zoo Culture
Home Depot
Triana Apartments
Bjs Restaurant & Brew House
Ascent at Warner Center

<b>8 NORTH VILLAGE - MIXED USE</b>
Haven Warner Center
Independence Park Apartments
Thermo Fischer Scientific
AML Warner Center
Vivid Aquarium
Reveal



# 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 / stabilized cap rate of 8.0% to 8.5%
  - Off market transaction sourced through long term relationship with developer
- Residence Inn opened in July 2016 and TownePlace Suites opened in June 2021
- Austin is one of the strongest, fastest growing 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