



CHATHAM LODGING TRUST

COMPANY PRESENTATION

September 2019



CHATHAM
LODGING TRUST

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.

Highlights



- **Superior Quality Portfolio of 40 Premium-Branded, Upscale Extended Stay and Select Service Hotels**

- **Best-In-Class Operating Platform Generates Highest Margins and Highest Limited Service RevPAR**

- **Attractive Dividend Yield of ~7.3%**

- **Accretively Recycling Capital**

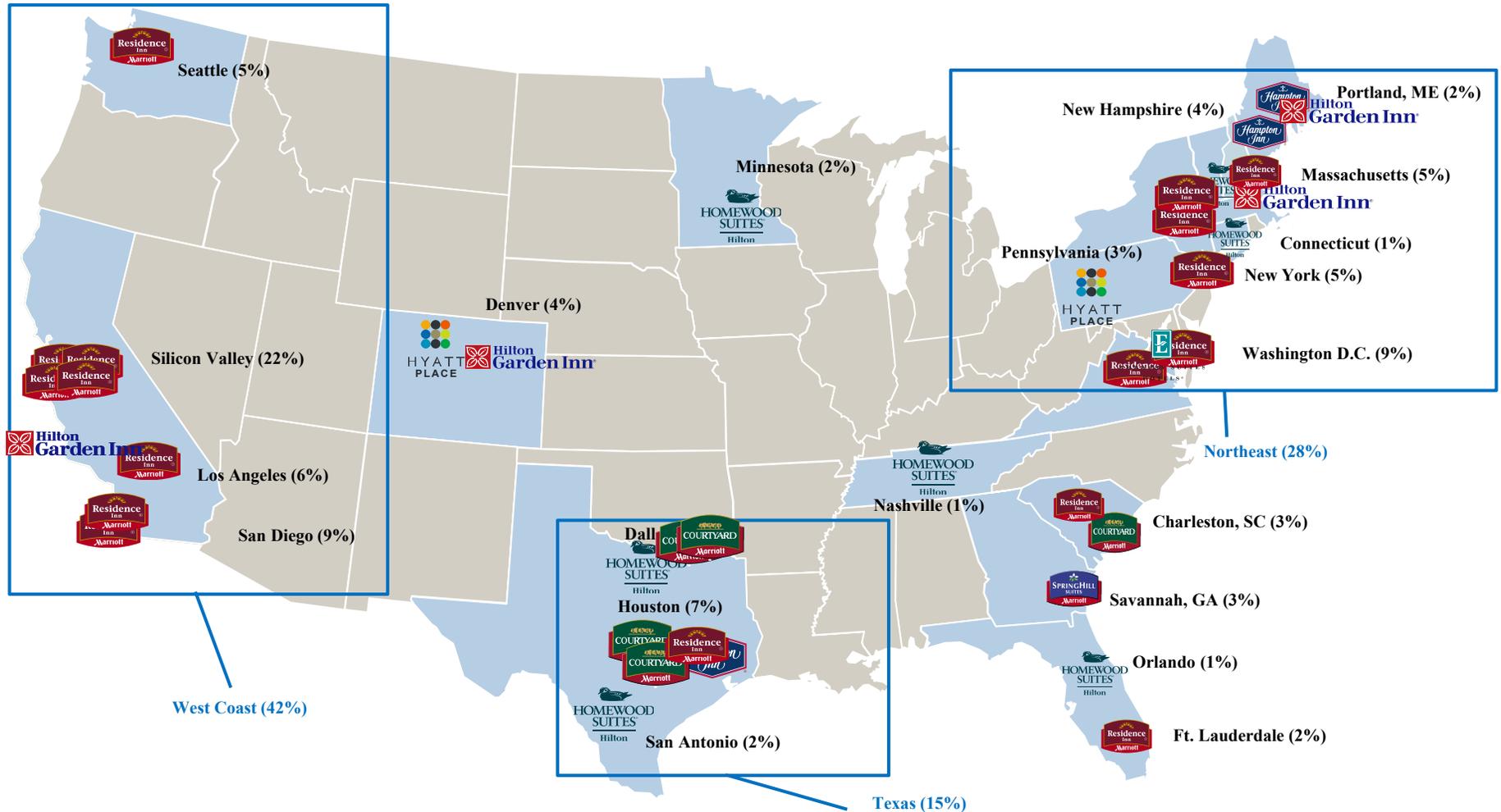
- **Recent Acquisitions of Five High Quality Hotels for \$202 million**

- **Favorable Debt Structure**

- **Experienced Management Team with Track Record of Generating Shareholder Value**

High Quality Hotels in High Quality Markets

- Coastal Preference: 42% of portfolio located on the West Coast and 28% in the Northeast
 - ▶ 2nd highest exposure to West Coast markets of all U.S. lodging REITs
- Clusters of hotels in key markets enhance effectiveness of sales function and generate cost savings

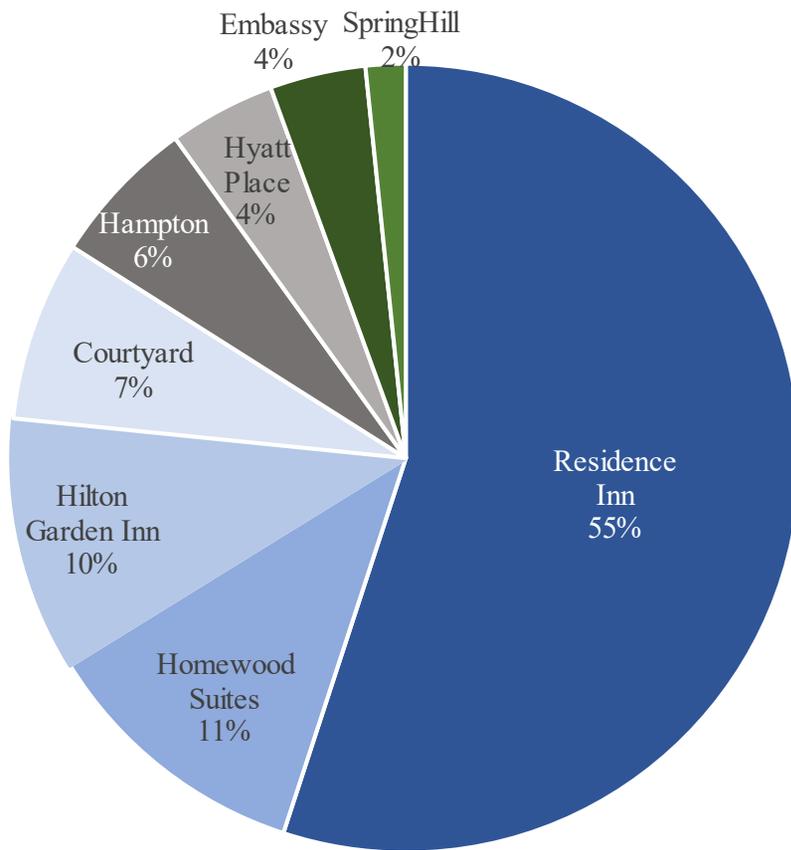


Note: Figures are rounded to the nearest whole percentage and therefore may not reflect the exact percentage. MSA/State reflects % of total undepreciated cost basis as of June 30, 2019.

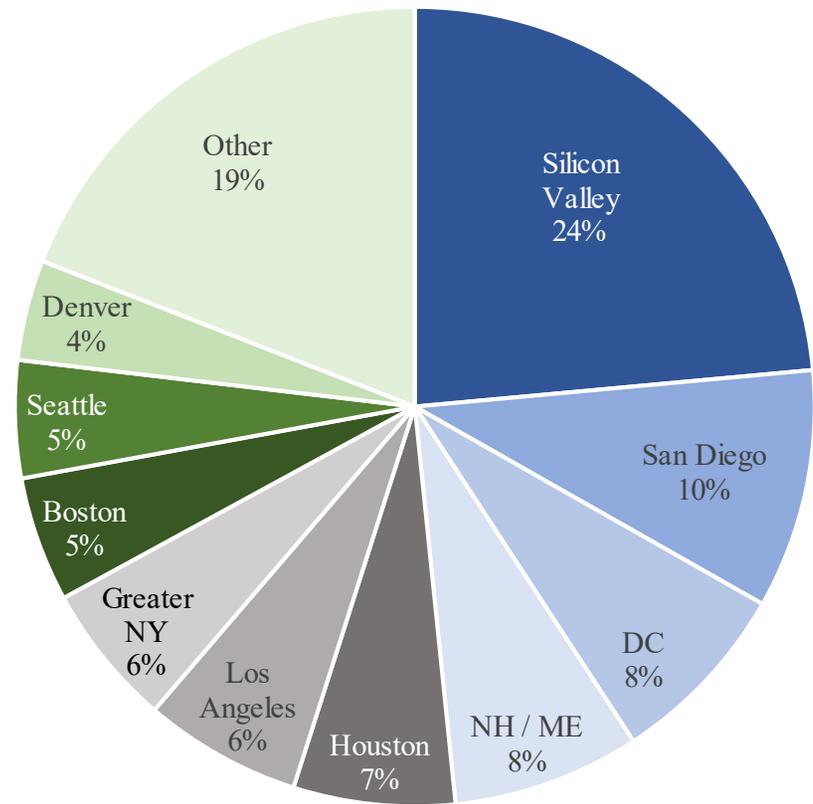
High Quality Hotels in High Quality Markets

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

Chatham Brands
(% of LTM 6/30/19 Hotel EBITDA)



Chatham Markets
(% of LTM 6/30/19 Hotel EBITDA)



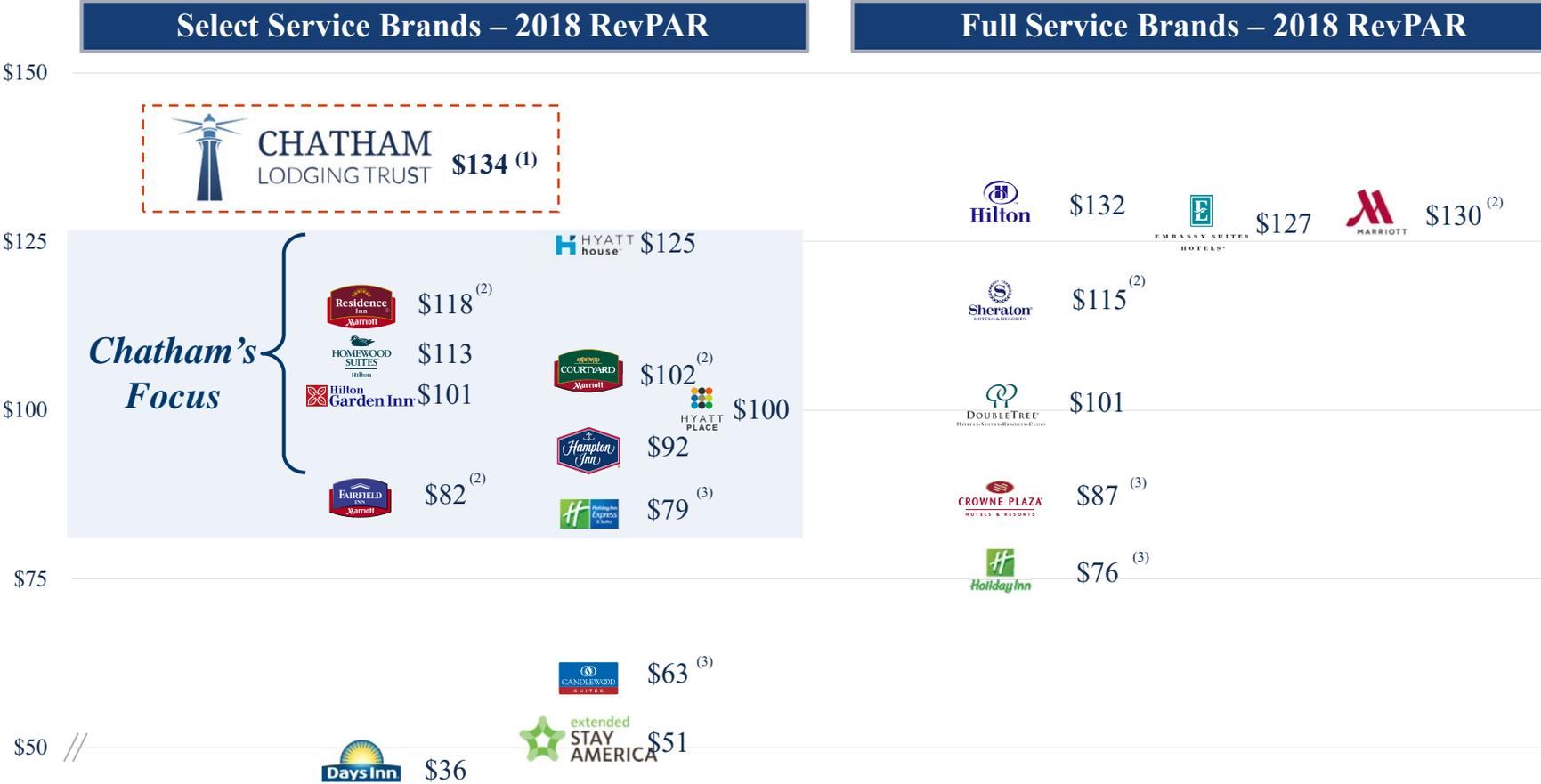
High Quality Hotels in High Quality Markets



Superior Select Service Portfolio

Chatham’s premium branded, select service hotels generate RevPAR higher than select service brands and most full service brands

- Focus on investing in great real estate in the best markets

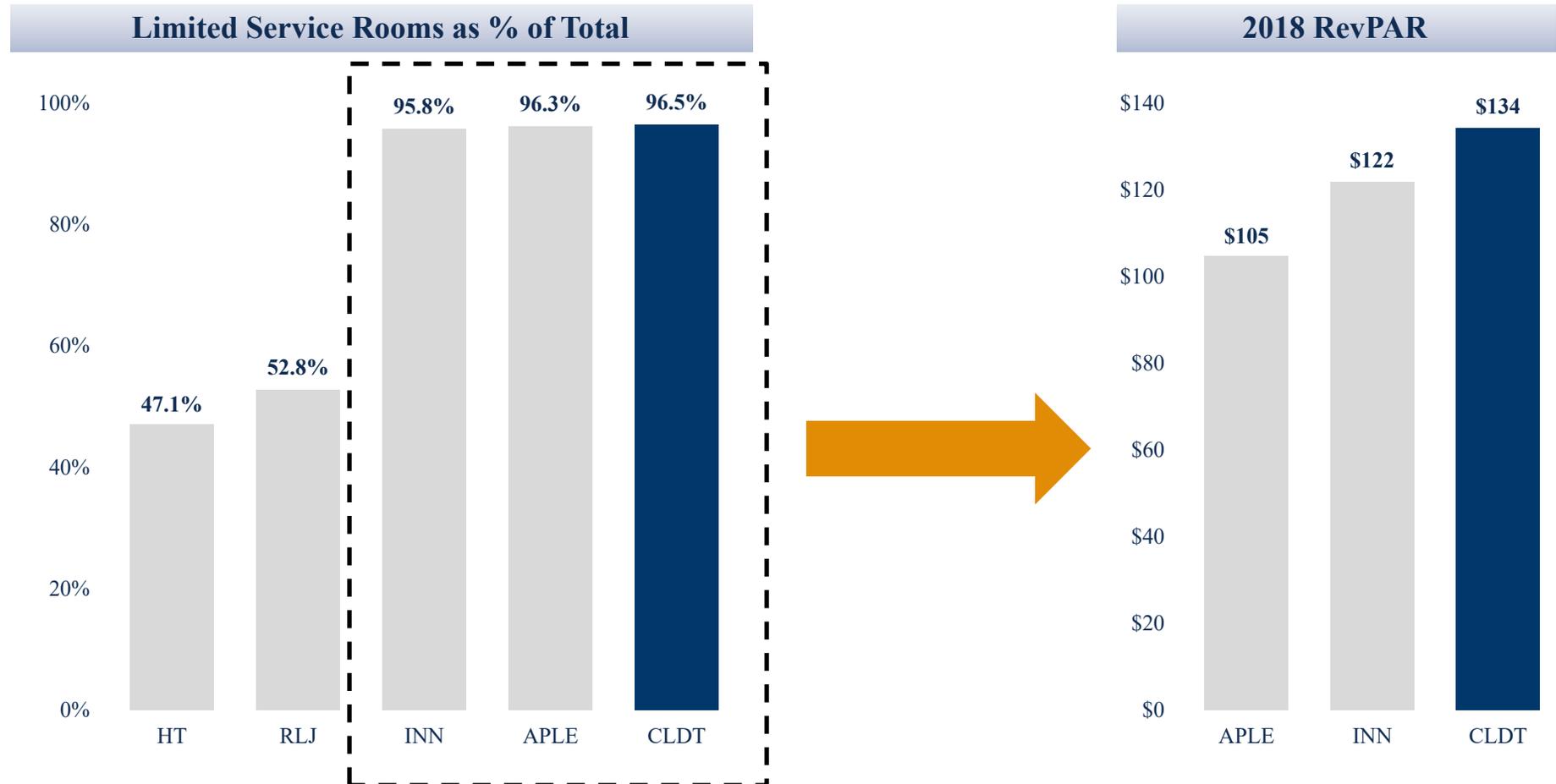


Note: Reflects comparable system-wide RevPAR except where noted.
 Note: Marriott reports a North American Upper Upscale Composite (2018 RevPAR: \$132.64; includes 9 brands) and North American Limited Service Composite (2018 RevPAR: \$99.29; includes 10 brands).
 1. Represents comparable RevPAR as of 12/31/2018.
 2. Reflects comparable Systemwide North American Properties as of 12/31/2018.
 3. Reflects total Americas RevPAR.



Pure Play Limited Service Portfolio with High RevPAR

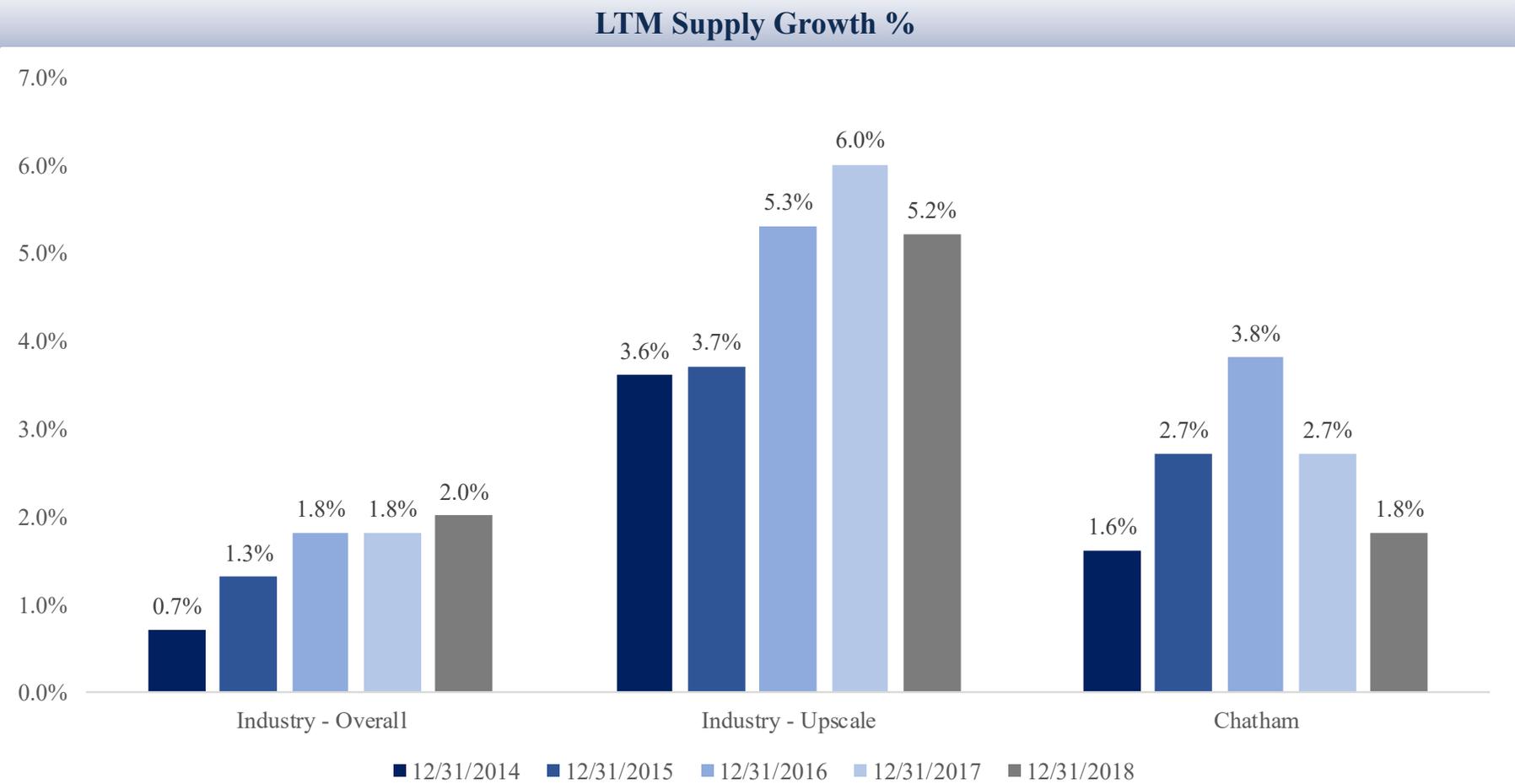
Chatham has the highest RevPAR of the three lodging REITs that are focused almost entirely in the limited service segment



Source: Company filings and earnings announcements.
Note: 2018 RevPAR reflects Comparable or Pro Forma figures.

Supply Growth In CLDT's Markets Has Been Declining

Competitive upscale supply growth in Chatham's market tracts has been declining over the last two years

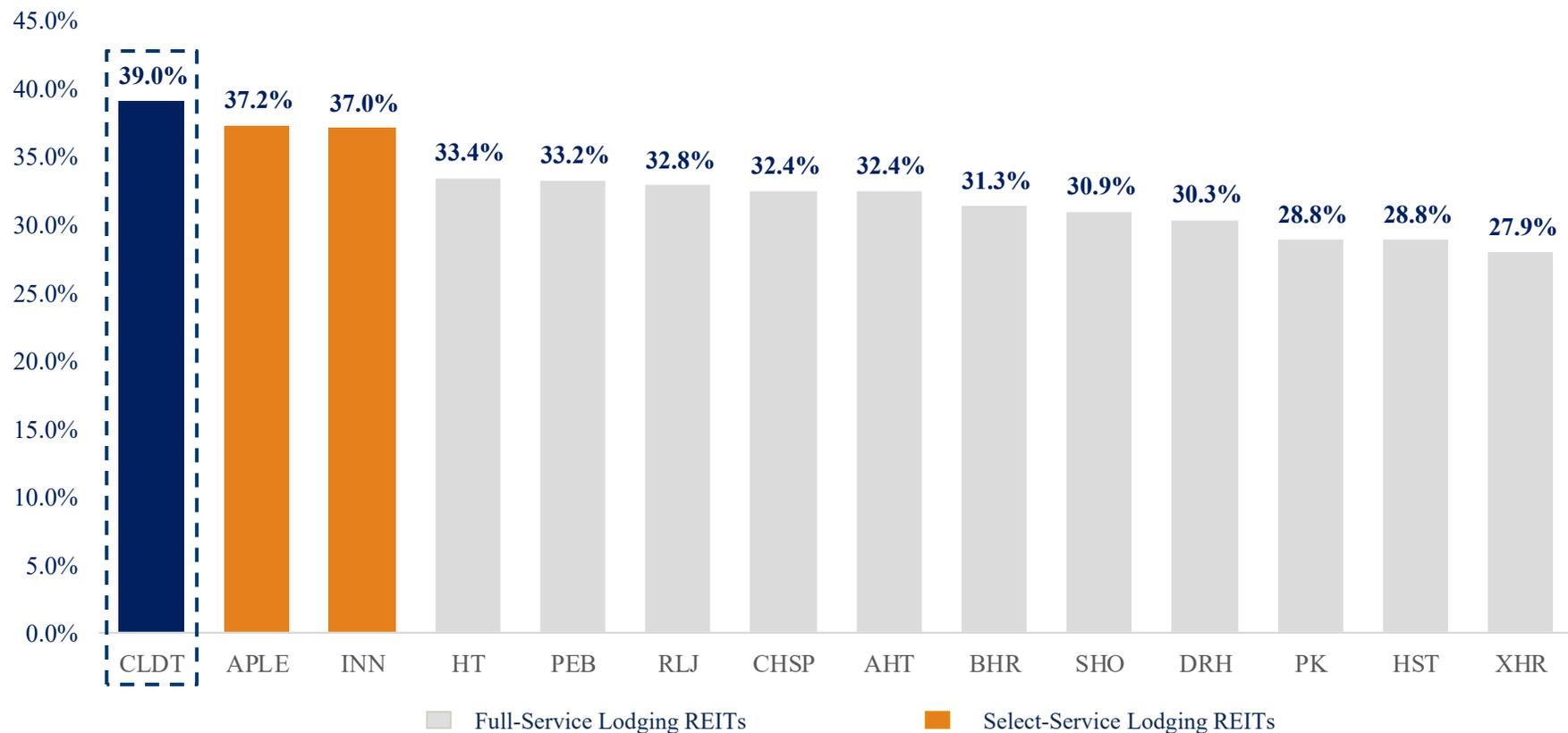


Source: Smith Travel Research
 Note: Chatham supply represents weighted average LTM upscale segment supply growth in Chatham's market tracts.

Industry Leading Hotel EBITDA Margins

Chatham's model produces attractive RevPAR growth (premium brands in attractive markets) with lower operating costs (select service hotels), which drives high EBITDA margins and flow-through

Hotel EBITDA Margin (Year-Ended December 31, 2018)

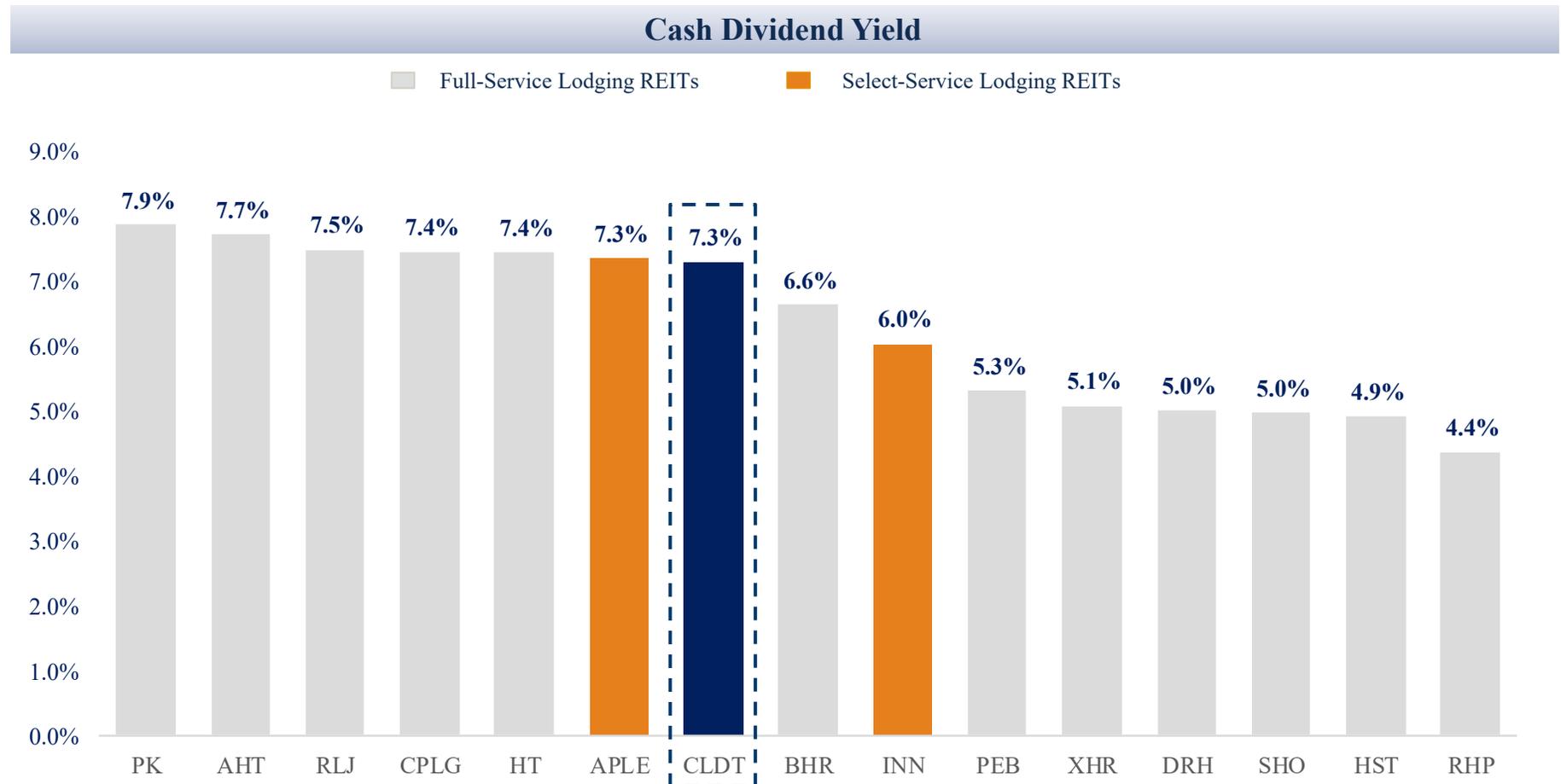


Source: Company filings and earnings announcements. Based on Comparable / Pro Forma results.

Attractive Common Dividend Yield

Chatham's annual dividend has grown 89% since IPO in 2010

- 2019E payout ratio of 73%



Source: Company filings and FactSet.

Note: Based on closing stock prices as of 9/13/2019. Declaration of dividends are at board's discretion.

Accretively Recycling Capital

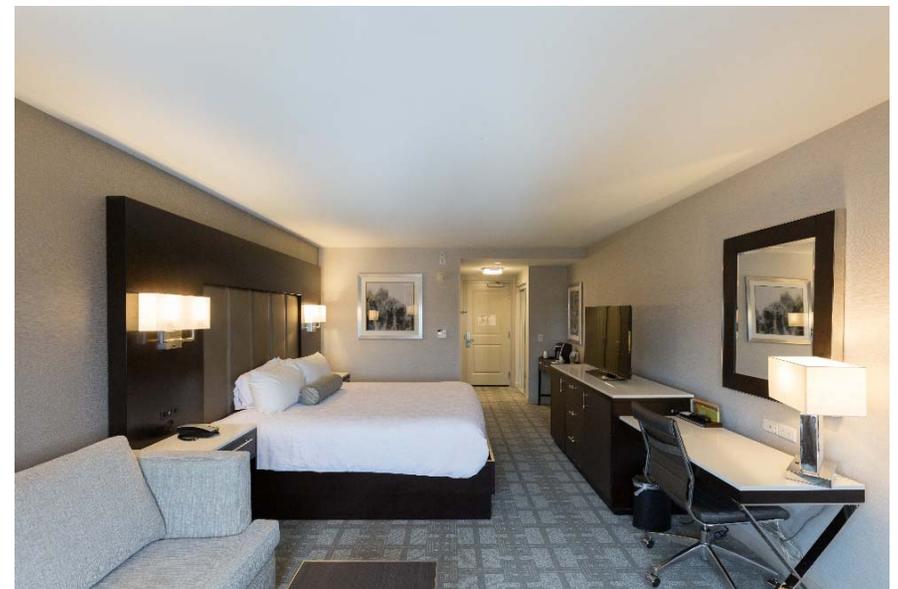
Chatham is actively pursuing and executing opportunities to enhance its portfolio quality and generate value by accretively recycling capital

Key objectives of Chatham's capital recycling strategy include:

- Selling hotels where we believe value has been maximized
 - ▶ Slower RevPAR growth, older, higher risk of new supply, potentially significant capital needs, attractive valuations / lower yields than other investment opportunities
 - ▶ Sold Homewood Suites Carlsbad for \$33 million in December 2017 and sold Courtyard Altoona / SpringHill Suites Washington PA for approximately \$10 million in May 2019
- Acquiring hotels that we believe have significant upside
 - ▶ Higher RevPAR growth, newer, limited capex requirements, attractive valuations / higher yields, accretive to portfolio quality, value and FFO/share
 - ▶ \$43.5 million acquisition of Hilton Garden Inn Portsmouth, NH in September 2017, \$20.2 million acquisition of Courtyard Charleston Summerville, SC in November 2017; \$68.0 million acquisition of Embassy Suites Springfield / Washington DC in December 2017; \$20.8 million acquisition Residence Inn Charleston Summerville SC in August 2018; \$49.0 million acquisition of Courtyard Dallas Downton in December 2018
- Selectively expanding existing hotels / developing new hotels
 - ▶ New assets, superior markets / locations, higher returns than acquisitions, opportunities to utilize existing excess land, potential synergies with existing Chatham hotels (ie shared GMs / sales teams)
 - ▶ \$9 million 32-room expansion of Residence Inn Mt. View generated over 13% cash on cash return in first full year of operation
 - ▶ Developing new hotel in Warner Center area of Los Angeles

Hilton Garden Inn Portsmouth Acquisition

- Chatham acquired the 131 room Hilton Garden Inn Portsmouth, NH for \$43.5 million on September 20, 2017
- Purchase price equates to \$332k per room
- Ideal location in center of downtown Portsmouth
 - ▶ Significant barriers to new supply
- Strong and balanced demand from corporate, leisure and government
 - ▶ Portsmouth Naval Shipyard employs approximately 7,000 people
 - ▶ Pease International Tradeport is a world class office and industrial park with 250 companies / 10,000 employees
- High quality property built in 2006 and fully renovated within last two years
 - ▶ Very limited capital needs before 2022
- 2018 RevPAR of \$161 makes this one of Chatham's highest RevPAR hotels



Courtyard and Residence Inn Charleston Summerville Acquisitions

- Chatham acquired the 96 room Courtyard Charleston Summerville for \$20.2 million on November 15, 2017 and the 96 room Residence Inn Charleston Summerville for \$20.8 million on August 27, 2018
- Purchase price of \$210k per room for Courtyard and \$217k per room for the Residence Inn
- Located just outside Charleston in the highly anticipated and rapidly growing new mixed use community of Nexton
 - ▶ Nexton development is expected to include ~10k homes, 8 mm sq. ft. of commercial space, and a medical campus
- Charleston MSA is rapidly expanding:
 - ▶ Volvo recently completed its \$500mm manufacturing center, which is its first American factory, and will begin delivering cars by early 2019
 - Announced plans for a second production line scheduled to be completed in 2020
 - ▶ Boeing and Daimler have major facilities in the North Charleston area and are looking to expand operations
- High quality properties built in 2014 and 2018 far exceed brand standards due to strict requirements of Nexton
 - ▶ Virtually no expected capital needed for several years



Embassy Suites Springfield Acquisition

- Chatham acquired the 219 room Embassy Suites Springfield for \$68.0 million on December 6, 2017
- Purchase price equates to \$310k per room
- The Embassy Suites is a very high quality, four year old hotel that has been ranked the #1 Embassy Suites in the brand the last two years
- The hotel is located in a fast growing area of Fairfax county about 15 miles SW of metro Washington, D.C. with strong demand from both government and government related corporate clients
- The Springfield Market is expected to outperform over next several years due to strong and growing demand and limited supply
 - ▶ Fort Belvoir (5th largest military base in the country) is located two miles from the Embassy Suites
 - ▶ The National Geospatial-Intelligence Agency's main campus is located a mile from the hotel
 - ▶ The TSA recently announced the relocation of its headquarters to a site two miles from the Embassy Suites by August 2020



Courtyard Dallas Downtown Acquisition

- Chatham acquired the 167 room Courtyard Dallas Downtown for \$49.0 million on December 5, 2018
- Purchase price equates to \$293k per room
- Located two blocks from the Kay Bailey Hutchison Convention Center in the fast growing downtown Dallas market
- High quality newly built hotel that opened in September 2018; first newly built hotel in downtown Dallas market since 2011
- Attractive mix of convention, corporate and leisure demand
 - ▶ Kay Bailey Hutchison Convention Center is sixth largest convention center in U.S. and generates more than one million annual room nights of demand
 - ▶ Downtown Dallas is home to eight Fortune 1,000 corporate headquarters including AT&T, Tenet Healthcare, Jacobs Engineering and HollyFrontier
 - ▶ Numerous arts, sports, entertainment and music venues in downtown Dallas



Renovated Silicon Valley Rooms

- Chatham is in the process of renovating its Silicon Valley hotels
 - ▶ Residence Inn Mountain View completed Q1 2018
 - ▶ Residence Inn Sunnyvale I completed Q1 2019 (pictured)
 - ▶ Residence Inn San Mateo renovation commenced Q2 2019
 - ▶ Residence Inn Sunnyvale II renovation commences Q4 2019
- Upgraded room product is expected to enhance the competitiveness of these hotels



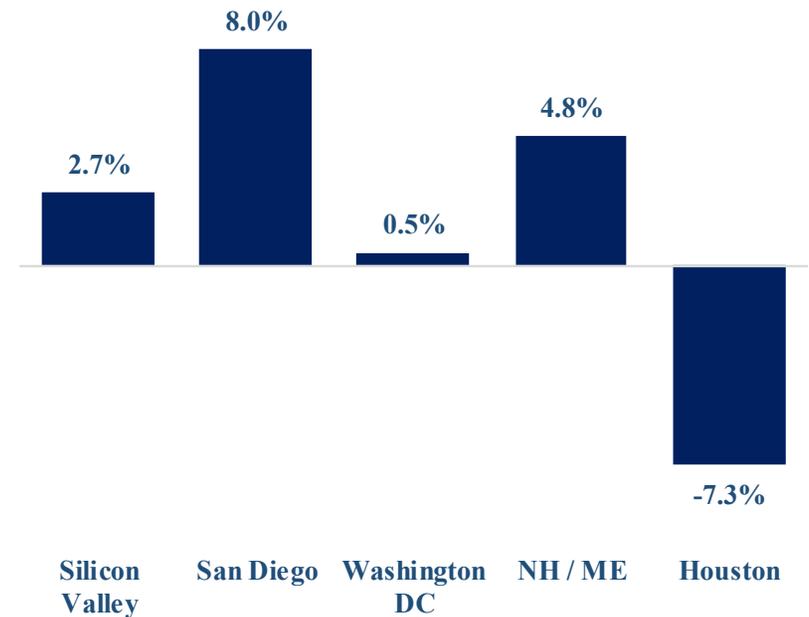
2019 YTD Financial Performance

Chatham has produced solid financial results in the context of significant renovation activity in 2019 and limited overall industry RevPAR growth

Chatham YTD 6/30/19 Financial Results

- Comparable RevPAR -0.7%
- Total Revenue +3.4%
- Adjusted EBITDA +2.7%
- Hotel EBITDA +2.4%
- Comparable Hotel EBITDA Margins -0.3%

Chatham YTD 6/30/19 RevPAR in Largest Markets



2019 Outlook

Company Guidance

(\$ in millions, except per unit data)

Projected Financials	2019E
Portfolio RevPAR	\$133 - \$134
Portfolio RevPAR Growth	(2.0%) - (1.0%)
Hotel EBITDA Margin	37.9% - 38.2%
Cash G&A	\$9.5
Adjusted EBITDA	\$127.7 - \$131.0
Adjusted FFO / Share	\$1.77 - \$1.84
JV EBITDA (Chatham's Share)	\$15.9 - \$16.5

Source: Company filings. Please refer to the Company earnings release on 7/31/2019 for additional details.

Summary Capitalization

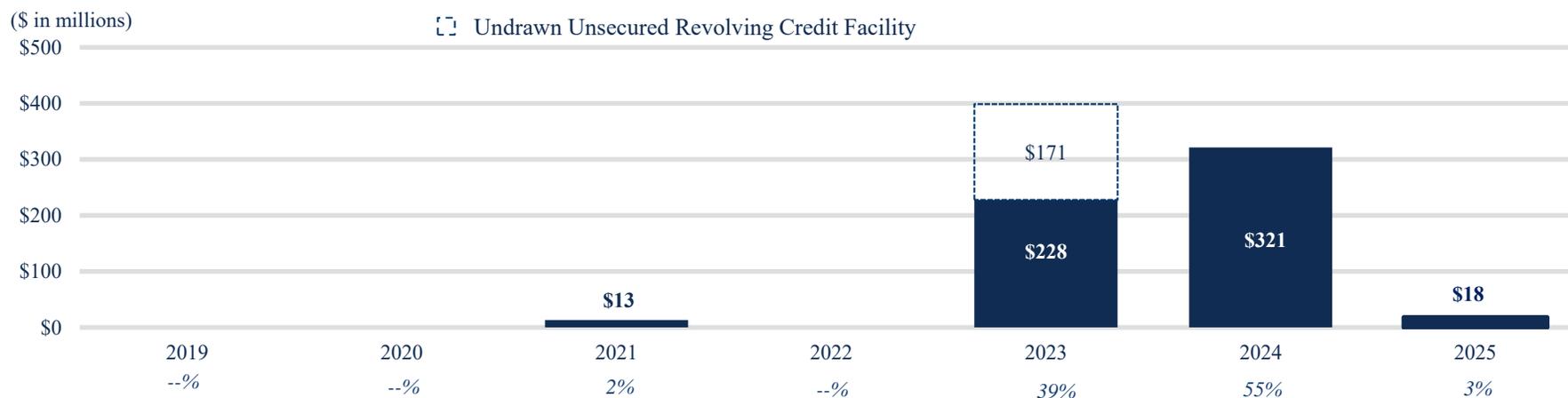
Capitalization

(\$ in millions)	6/30/2019
Share Price (as of 9/13/19)	\$18.13
Common Shares and Units	47.4
Market Capitalization	\$859.0
Unsecured Revolving Credit Facility	79.0
Mortgage Debt (net of deferred financing cost)	499.4
Total Consolidated Debt	\$578.4
Less: Unrestricted Cash	(10.8)
Net Debt	\$567.6
Plus: Share of Non-Recourse JV Net Debt	161.9
Enterprise Value	\$1,588.5

Highlights

- Weighted average cost of debt is 4.6%
 - ▶ 86% of debt outstanding is fixed rate
- Refinanced \$250 million credit facility in March 2018
 - ▶ Extended maturity to 2023, reduced borrowing cost
- Weighted average fixed rate debt maturity of approximately 4.5 years
 - ▶ No debt matures before 2021
- Fixed charge coverage of 3.2x

Consolidated Debt Maturity Schedule



Sources: Company filings and announcements.

Note: Debt maturity schedule represents principal balances only and excludes unamortized debt issuance costs. Assuming exercise of extension option, RCF matures in 2023.



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