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

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2021

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from __________ to __________

Commission File Number: 001-34693

CHATHAM LODGING TRUST
(Exact Name of Registrant as Specified in Its Charter)

Maryland	**27-1200777**
(State or Other Jurisdiction of Incorporation or Organization)	**(I.R.S. Employer Identification No.)**

222 Lakeview Avenue, Suite 200		
West Palm Beach	**Florida**	**33401**
(Address of Principal Executive Offices)		**(Zip Code)**

(561) 802-4477
(Registrant's Telephone Number, Including Area Code)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
Common Shares of Beneficial Interest, $0.01 par value	CLDT	New York Stock Exchange
6.625% Series A Cumulative Redeemable Preferred Shares	CLDT-PA	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. x Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). x Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	x
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). ☐ Yes x No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at November 4, 2021
Common Shares of Beneficial Interest ($0.01 par value per share)	48,768,181

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements.

CHATHAM LODGING TRUST
Consolidated Balance Sheets
(In thousands, except share and per share data)

	September 30, 2021 (unaudited)	December 31, 2020
Assets:		
Investment in hotel properties, net	$ 1,299,296	$ 1,265,174
Investment in hotel properties under development	64,168	43,651
Cash and cash equivalents	18,580	21,124
Restricted cash	10,986	10,329
Right of use asset, net	20,151	20,641
Hotel receivables (net of allowance for doubtful accounts of $393 and $248, respectively)	3,235	1,688
Deferred costs, net	4,413	5,384
Prepaid expenses and other assets	5,138	2,266
Total assets	$ 1,425,967	$ 1,370,257
Liabilities and Equity:		
Mortgage debt, net	$ 441,414	$ 460,145
Revolving credit facility	70,000	135,300
Construction loan	32,283	13,325
Accounts payable and accrued expenses	30,772	25,374
Distributions and losses in excess of investments in unconsolidated real estate entities	—	19,951
Lease liability, net	22,836	23,233
Distributions payable	2,134	469
Total liabilities	599,439	677,797
Commitments and contingencies (Note 15)		
Equity:		
Shareholders' Equity:		
Preferred shares, $0.01 par value, 100,000,000 shares authorized; 4,800,000 and 0 shares issued and outstanding at September 30, 2021 and December 31, 2020, respectively	48	—
Common shares, $0.01 par value, 500,000,000 shares authorized; 48,767,816 and 46,973,473 shares issued and outstanding at September 30, 2021 and December 31, 2020, respectively	487	470
Additional paid-in capital	1,048,059	906,000
Accumulated deficit	(237,927)	(228,718)
Total shareholders' equity	810,667	677,752
Noncontrolling Interests:		
Noncontrolling interest in Operating Partnership	15,861	14,708
Total equity	826,528	692,460
Total liabilities and equity	$ 1,425,967	$ 1,370,257

The accompanying notes are an integral part of these consolidated financial statements.

CHATHAM LODGING TRUST
Consolidated Statements of Operations
(In thousands, except share and per share data)
(unaudited)

	For the three months ended September 30, 2021	For the three months ended September 30, 2020	For the nine months ended September 30, 2021	For the nine months ended September 30, 2020
Revenue:				
Room	$ 59,305	$ 32,307	$ 135,210	$ 104,205
Food and beverage	1,025	237	2,145	2,417
Other	3,679	1,630	7,898	5,560
Reimbursable costs from unconsolidated entities	286	795	1,400	3,169
Total revenue	64,295	34,969	146,653	115,351
Expenses:				
Hotel operating expenses:				
Room	11,884	6,903	28,537	24,814
Food and beverage	717	184	1,493	2,202
Telephone	366	344	1,114	1,073
Other hotel operating	743	312	1,652	1,303
General and administrative	6,082	3,907	14,950	12,543
Franchise and marketing fees	5,294	2,876	11,983	9,232
Advertising and promotions	1,078	848	2,670	3,212
Utilities	3,059	2,592	7,698	6,971
Repairs and maintenance	3,253	2,250	8,433	7,352
Management fees	2,185	1,292	5,141	4,164
Insurance	716	361	2,072	1,082
Total hotel operating expenses	35,377	21,869	85,743	73,948
Depreciation and amortization	13,668	13,620	40,355	40,349
Impairment loss on investment in unconsolidated real estate entities	—	—	—	15,282
Property taxes, ground rent and insurance	6,114	6,171	17,947	18,161
General and administrative	4,147	2,958	11,993	8,210
Other charges	256	(199)	633	2,785
Reimbursable costs from unconsolidated entities	286	795	1,400	3,169
Total operating expenses	59,848	45,214	158,071	161,904
Operating income (loss) before (loss) gain on sale of hotel property	4,447	(10,245)	(11,418)	(46,553)
(Loss) gain on sale of hotel property	(7)	—	(21)	3
Operating income (loss)	4,440	(10,245)	(11,439)	(46,550)
Interest and other income	—	25	103	145
Interest expense, including amortization of deferred fees	(5,823)	(7,245)	(18,649)	(21,112)
Loss from unconsolidated real estate entities	—	(847)	(1,231)	(6,099)
Gain on sale of investment in unconsolidated real estate entities	—	—	23,817	—
Loss before income tax expense	(1,383)	(18,312)	(7,399)	(73,616)
Income tax expense	—	—	—	—
Net loss	(1,383)	(18,312)	(7,399)	(73,616)
Net loss attributable to noncontrolling interests	64	255	178	949
Net loss attributable to Chatham Lodging Trust	(1,319)	(18,057)	(7,221)	(72,667)
Preferred dividends	(1,988)	—	(1,988)	—
Net loss attributable to common shareholders	$ (3,307)	$ (18,057)	$ (9,209)	$ (72,667)
Loss per Common Share - Basic:				
Net loss attributable to common shareholders (Note 12)	$ (0.07)	$ (0.38)	$ (0.19)	$ (1.55)
Loss per Common Share - Diluted:				
Net loss attributable to common shareholders (Note 12)	$ (0.07)	$ (0.38)	$ (0.19)	$ (1.55)
Weighted average number of common shares outstanding:				
Basic	48,755,561	46,965,526	48,211,612	46,958,143
Diluted	48,755,561	46,965,526	48,211,612	46,958,143
Distributions declared per common share:	$ —	$ —	$ —	$ 0.22

The accompanying notes are an integral part of these consolidated financial statements.

CHATHAM LODGING TRUST
Consolidated Statements of Equity
(In thousands, except share and per share data)
(unaudited)
Three months ended September 30, 2020 and 2021

	Preferred Shares		Common Shares						
	Shares	Amount	Shares	Amount	Additional Paid - In Capital	Retained earnings (distributions in excess of retained earnings)	Total Shareholders' Equity	Noncontrolling Interest in Operating Partnership	Total Equity
Balance, July 1, 2020	—	$ —	46,965,827	$ 470	$ 905,977	$ (207,306)	$ 699,141	$ 13,003	$ 712,144
Issuance of common shares, net of offering costs of zero	—	—	5,798	—	37	—	37	—	37
Amortization of share based compensation	—	—	—	—	7	—	7	1,005	1,012
Net loss	—	—	—	—	—	(18,057)	(18,057)	(255)	(18,312)
Balance, September 30, 2020	—	$ —	46,971,625	$ 470	$ 906,021	$ (225,363)	$ 681,128	$ 13,753	$ 694,881
Balance, July 1, 2021	4,800,000	$ 48	48,756,555	$ 487	$ 1,048,306	$ (234,620)	$ 814,221	$ 14,838	$ 829,059
Issuance of preferred shares, net of offering costs of $263	—	—	—	—	(263)	—	(263)	—	(263)
Issuance of common shares pursuant to Equity Incentive Plan	—	—	10,000	—	—	—	—	—	—
Issuance of common shares, net of offering costs of $12	—	—	1,261	—	3	—	3	—	3
Amortization of share based compensation	—	—	—	—	13	—	13	1,087	1,100
Dividends accrued on preferred shares	—	—	—	—	—	(1,988)	(1,988)	—	(1,988)
Net loss	—	—	—	—	—	(1,319)	(1,319)	(64)	(1,383)
Balance, September 30, 2021	4,800,000	$ 48	48,767,816	$ 487	$ 1,048,059	$ (237,927)	$ 810,667	$ 15,861	$ 826,528

Nine Months Ended September 30, 2020 and 2021

	Preferred Shares		Common Shares		Additional Paid - In Capital	Retained earnings (distributions in excess of retained earnings)	Total Shareholders' Equity	Noncontrolling Interest in Operating Partnership	Total Equity
	Shares	Amount	Shares	Amount					
Balance, January 1, 2020	—	$ —	46,928,445	$ 469	$ 904,273	$ (142,365)	$ 762,377	$ 12,647	$ 775,024
Issuance of shares pursuant to Equity Incentive Plan	—	—	24,516	—	450	—	450	—	450
Issuance of common shares, net of offering costs of $3	—	—	18,664	1	162	—	163	—	163
Amortization of share based compensation	—	—	—	—	22	—	22	3,402	3,424
Dividends declared on common shares ($0.22 per share)	—	—	—	—	—	(10,331)	(10,331)	—	(10,331)
Distributions declared on LTIP units ($0.22 per unit)	—	—	—	—	—	—	—	(233)	(233)
Reallocation of noncontrolling interest	—	—	—	—	1,114	—	1,114	(1,114)	—
Net loss	—	—	—	—	—	(72,667)	(72,667)	(949)	(73,616)
Balance, September 30, 2020	—	$ —	46,971,625	$ 470	$ 906,021	$ (225,363)	$ 681,128	$ 13,753	$ 694,881
Balance, January 1, 2021	—	$ —	46,973,473	$ 470	$ 906,000	$ (228,718)	$ 677,752	$ 14,708	$ 692,460
Issuance of preferred shares, net of offering costs of $4,043	4,800,000	48	— 0	—	115,909	—	115,957	—	115,957
Issuance of common shares pursuant to Equity Incentive Plan	—	—	50,203	—	450	—	450	—	450
Issuance of common shares, net of offering costs of $822	—	—	1,744,140	17	23,758	—	23,775	—	23,775
Amortization of share based compensation	—	—	—	—	27	—	27	3,206	3,233
Forfeited distributions declared on LTIP units	—	—	—	—	—	—	—	40	40
Dividends accrued on preferred shares	—	—	—	—	—	(1,988)	(1,988)	—	(1,988)
Reallocation of noncontrolling interest	—	—	—	—	1,915	—	1,915	(1,915)	—
Net loss	—	—	—	—	—	(7,221)	(7,221)	(178)	(7,399)
Balance, September 30, 2021	4,800,000	$ 48	48,767,816	$ 487	$ 1,048,059	$ (237,927)	$ 810,667	$ 15,861	$ 826,528

The accompanying notes are an integral part of these consolidated financial statements.

CHATHAM LODGING TRUST
Consolidated Statements of Cash Flows
(In thousands)
(unaudited)

	For the nine months ended September 30, 2021	For the nine months ended September 30, 2020
Cash flows from operating activities:		
Net loss	$ (7,399)	$ (73,616)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	40,172	40,165
Amortization of deferred franchise fees	183	184
Amortization of deferred financing fees included in interest expense	1,444	866
Loss on sale of hotel property	21	—
Gain on sale of investment in unconsolidated real estate entities	(23,817)	—
Impairment loss on investment in unconsolidated real estate entities	—	15,282
Share based compensation	3,585	3,473
Accelerated share based compensation for employee severance	—	288
Loss from unconsolidated real estate entities	1,231	6,099
Changes in assets and liabilities:		
Right of use asset	490	469
Hotel receivables	(1,547)	2,401
Deferred costs	(327)	(21)
Prepaid expenses and other assets	(2,872)	(1,415)
Accounts payable and accrued expenses	7,649	(6,569)
Lease liability	(397)	(356)
Net cash provided by (used in) operating activities	18,416	(12,750)
Cash flows from investing activities:		
Improvements and additions to hotel properties	(5,224)	(13,907)
Acquisition of hotel properties	(71,335)	—
Investment in hotel properties under development	(20,517)	(13,223)
Proceeds from sale of unconsolidated real estate entity	2,800	—
Net cash used in investing activities	(94,276)	(27,130)
Cash flows from financing activities:		
Borrowings on revolving credit facility	90,000	86,000
Repayments on revolving credit facility	(155,300)	(3,000)
Borrowings on construction loan	18,958	3,923
Payments on mortgage debt	(18,992)	(6,732)
Payment of financing costs	(144)	(2,004)
Payment of offering costs on common shares	(822)	(3)
Proceeds from issuance of common shares	24,598	166
Payment of offering costs on preferred shares	(4,043)	—
Proceeds from issuance of preferred shares	120,000	—
Distributions-common shares/units	(282)	(16,237)
Net cash provided by financing activities	73,973	62,113
Net change in cash, cash equivalents and restricted cash	(1,887)	22,233
Cash, cash equivalents and restricted cash, beginning of period	31,453	20,182
Cash, cash equivalents and restricted cash, end of period	$ 29,566	$ 42,415
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ 19,507	$ 20,968
Capitalized interest	$ 2,508	$ 951
Cash paid for income taxes	$ 322	$ 328

-continued-

Supplemental disclosure of non-cash investing and financing information:

On January 15, 2021, the Company issued 40,203 shares to its independent trustees pursuant to the Company's Equity Incentive Plan as compensation for services performed in 2020. On January 15, 2020, the Company issued 24,516 shares to its independent trustees pursuant to the Company's Equity Incentive Plan as compensation for services performed in 2019.

As of September 30, 2021, the Company had accrued distributions payable of $2,134. As of September 30, 2020, the Company had accrued distributions payable of $469. These distributions related to accrued but unpaid distributions on unvested performance based shares and LTIP units.

Accrued share based compensation of $353 and $338 is included in accounts payable and accrued expenses as of September 30, 2021 and 2020, respectively.

Accrued capital improvements of $2,271 and $3,670 are included in accounts payable and accrued expenses as of September 30, 2021 and 2020, respectively.

The accompanying notes are an integral part of these consolidated financial statements.

1. Organization

Chatham Lodging Trust (“we,” “us” or the “Company”) was formed as a Maryland real estate investment trust (“REIT”) on October 26, 2009. The Company is internally-managed and invests primarily in upscale extended-stay and premium-branded select-service hotels. The Company has elected to be treated as a REIT for federal income tax purposes.

The net proceeds from any share offerings or issuances are contributed to Chatham Lodging, L.P., our operating partnership (the “Operating Partnership”), in exchange for partnership interests. Substantially all of the Company’s assets are held by, and all operations are conducted through, the Operating Partnership. Chatham Lodging Trust is the sole general partner of the Operating Partnership and owns 100.0% of the common units of limited partnership interest in the Operating Partnership. Certain of the Company’s executive officers hold vested and unvested long-term incentive plan units in the Operating Partnership ("LTIP units"), which are presented as non-controlling interests on our consolidated balance sheets.

As of September 30, 2021, the Company wholly owned 41 hotels with an aggregate of 6,169 rooms located in 15 states and the District of Columbia. Prior to September 23, 2021, the Company held a 10% noncontrolling interest in a joint venture (the "Inland JV") with affiliates of Colony Capital, Inc. ("CLNY"), which owned 48 hotels acquired from Inland American Real Estate Trust, Inc. ("Inland"), comprising an aggregate of 6,402 rooms. Chatham sold its interest in the Inland JV in September 2021. Prior to March 18, 2021, the Company also held a 10.3% noncontrolling interest in a joint venture (the “NewINK JV”) with affiliates of CLNY, which owned 46 hotels with an aggregate of 5,948 rooms. Chatham sold its interest in the NewINK JV in March 2021 for $2.8 million. We sometimes use the term "JVs", which refers collectively to the Inland JV and NewINK JV.

To qualify as a REIT, the Company cannot operate the hotels. Therefore, the Operating Partnership and its subsidiaries lease the Company's wholly owned hotels to taxable REIT subsidiary lessees (“TRS Lessees”), which are wholly owned by the Company’s taxable REIT subsidiary (“TRS”) holding company. Each hotel is leased to a TRS Lessee under a percentage lease that provides for rental payments equal to the greater of (i) a fixed base rent amount or (ii) a percentage rent based on hotel revenue. The initial term of each of the TRS leases is 5 years. Lease revenue from each TRS Lessee is eliminated in consolidation.

The TRS Lessees have entered into management agreements with third-party management companies that provide day-to-day management for the hotels. As of September 30, 2021, Island Hospitality Management LLC (“IHM”), which is 100% owned by Jeffrey H. Fisher, the Company's Chairman, President and Chief Executive Officer, managed all 41 of the Company’s wholly owned hotels.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying unaudited interim consolidated financial statements and related notes have been prepared in accordance with U.S. generally accepted accounting principles (“GAAP”) and in conformity with the rules and regulations of the Securities and Exchange Commission (“SEC”) applicable to interim financial information. These unaudited consolidated financial statements, in the opinion of management, include all adjustments consisting of normal, recurring adjustments which are considered necessary for a fair statement of the consolidated balance sheets, consolidated statements of operations, consolidated statements of equity, and consolidated statements of cash flows for the periods presented. Interim results are not necessarily indicative of full year performance due to seasonal and other factors, including the timing of the acquisition or sale of hotels.

The consolidated financial statements include all of the accounts of the Company and its wholly owned subsidiaries. All intercompany balances and transactions are eliminated in consolidation. The accompanying unaudited consolidated financial statements should be read in conjunction with the audited financial statements prepared in accordance with GAAP, and the related notes thereto as of December 31, 2020, which are included in the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2020.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

3. Acquisition of Hotel Properties

On August 3, 2021, the Company acquired both the Residence Inn Austin Northwest/The Domain Area ("RI Austin") hotel in Austin, TX for $37.0 million and the TownePlace Suites Austin Northwest/The Domain Area ("TPS Austin") hotel in Austin, TX for $34.3 million. The Company allocated the purchase price of each hotel acquired based on the estimated fair values of the assets on the date of acquisition. Property acquisition costs of $0.1 million were capitalized in 2021.

4. Disposition of Hotel Properties

On November 24, 2020, the Company sold the Residence Inn Mission Valley hotel in San Diego, CA for $67.0 million and recognized a gain on sale of the hotel property of $21.1 million. The balance of the mortgage loan of $26.7 million was repaid with proceeds from the sale. Additional proceeds were used to repay amounts outstanding on the Company's revolving credit facility. The sale did not represent a strategic shift that had or will have a major effect on the Company's operations and financial results and did not qualify to be reported as discontinued operations.

5. Allowance for Doubtful Accounts

The Company maintains an allowance for doubtful accounts at a level believed to be adequate to absorb estimated probable losses. That estimate is based on past loss experience, current economic and market conditions and other relevant factors. The allowance for doubtful accounts was $0.4 million and $0.2 million as of September 30, 2021 and December 31, 2020, respectively.

6. Investment in Hotel Properties

Investment in hotel properties,net

Investment in hotel properties, net as of September 30, 2021 and December 31, 2020 consisted of the following (in thousands):

	September 30, 2021	December 31, 2020
Land and improvements	$ 291,749	$ 287,049
Building and improvements	1,263,289	1,195,276
Furniture, fixtures and equipment	90,799	84,381
Renovations in progress	6,387	11,225
	1,652,224	1,577,931
Less: accumulated depreciation	(352,928)	(312,757)
Investment in hotel properties, net	**$ 1,299,296**	**$ 1,265,174**

Investment in hotel properties under development

We are developing a Home2 Suites by Hilton hotel in the Warner Center submarket of Los Angeles, CA on a parcel of land owned by us. We have incurred $64.2 million of costs to date, which includes $6.6 million of land acquisition costs and $57.6 million of other development costs.

7. Investment in Unconsolidated Entities

On June 9, 2014, the Company acquired a 10.3% interest in the NewINK JV, a joint venture between affiliates of NorthStar Realty Finance Corp. ("NorthStar") and the Operating Partnership. NorthStar merged with Colony Capital, Inc. ("Colony") on January 10, 2017 to form a new company, CLNY, which owned a 89.7% interest in the NewINK JV. Chatham sold its interest in the NewINK JV in March 2021 for $2.8 million which resulted in Chatham recording a gain on sale of investment in unconsolidated real estate entities of $23.8 million during the nine months ended September 30, 2021. The Company accounted for this investment under the equity method.

On November 17, 2014, the Company acquired a 10.0% interest in the Inland JV, a joint venture between affiliates of NorthStar and the Operating Partnership. NorthStar merged with Colony on January 10, 2017 to form a new company, CLNY, which owned a 90% interest in the Inland JV. During the three months ended March 31, 2020, the Company determined that an other than temporary decline in the value of its equity investment in the Inland JV had occurred and recorded an impairment of $15.3 million which brought the Company's basis in the Inland JV to zero. Chatham sold its interest in the Inland JV for $0 in September 2021. The Company accounted for this investment under the equity method.

The Company's recorded investments in the NewINK JV and the Inland JV were $0.0 million and $0.0 million, respectively, at September 30, 2021. The following table sets forth the combined components of net loss, including the Company’s share, related to all JVs for the three and nine months ended September 30, 2021 and 2020 (in thousands):

	For the three months ended September 30,		For the nine months ended September 30,	
	2021	2020	2021	202
Revenue	$ —	$ 63,509	$ 24,690	$
Total hotel operating expenses	—	53,636	24,106	
Hotel operating income	$ —	$ 9,873	$ 584	$
Impairment loss	$ —	$ 2,842	$ —	$
Loss from continuing operations	$ —	$ (26,637)	$ (13,109)	$
Loss on sale of hotels	—	(6)	—	
Net loss	$ —	$ (26,643)	$ (13,109)	$
Loss allocable to the Company	$ —	$ (982)	$ (1,347)	$
Basis difference adjustment	—	135	116	
Total loss from unconsolidated real estate entities attributable to the Company	**$ —**	**$ (847)**	**$ (1,231)**	**$**

8. Debt

The Company’s mortgage loans are collateralized by first-mortgage liens on certain of the Company’s properties. The mortgage loans are non-recourse except for instances of fraud or misapplication of funds. Mortgage and revolving credit facility debt consisted of the following (dollars in thousands):

				Balance Outstanding on Loan as of	
Collateral	**Interest Rate**	**Maturity Date**	**9/30/21 Property Carrying Value**	**September 30, 2021**	**December 31, 2020**
Revolving Credit Facility (1)	3.45 %	March 8, 2022	$ 616,243	$ 70,000	$ 135,300
Construction loan (2)	7.75 %	August 3, 2024	64,168	32,283	13,325
Residence Inn by Marriott New Rochelle, NY	5.75 %	September 1, 2021	21,366	—	12,602
Homewood Suites by Hilton San Antonio, TX	4.59 %	February 6, 2023	27,810	14,907	15,195
Residence Inn by Marriott Vienna, VA	4.49 %	February 6, 2023	30,358	20,380	20,780
Courtyard by Marriott Houston, TX	4.19 %	May 6, 2023	29,422	16,788	17,126
Hyatt Place Pittsburgh, PA	4.65 %	July 6, 2023	32,972	20,647	21,031
Residence Inn by Marriott Bellevue, WA	4.97 %	December 6, 2023	61,253	42,322	42,998
Residence Inn by Marriott Garden Grove, CA	4.79 %	April 6, 2024	40,191	30,999	31,463
Residence Inn by Marriott Silicon Valley I, CA	4.64 %	July 1, 2024	72,695	62,642	63,418
Residence Inn by Marriott Silicon Valley II, CA	4.64 %	July 1, 2024	80,661	68,345	69,192
Residence Inn by Marriott San Mateo, CA	4.64 %	July 1, 2024	60,542	46,981	47,564
Residence Inn by Marriott Mountain View, CA	4.64 %	July 6, 2024	46,053	36,638	37,092
SpringHill Suites by Marriott Savannah, GA	4.62 %	July 6, 2024	32,620	28,997	29,358
Hilton Garden Inn Marina del Rey, CA	4.68 %	July 6, 2024	37,328	20,143	20,490
Homewood Suites by Hilton Billerica, MA	4.32 %	December 6, 2024	12,393	15,190	15,411
Hampton Inn & Suites Houston Medical Center, TX	4.25 %	January 6, 2025	15,281	17,145	17,396
Total debt before unamortized debt issue costs			**$ 1,281,356**	**$ 544,407**	**$ 609,741**
Unamortized mortgage debt issue costs				(710)	(971)
Total debt outstanding				**$ 543,697**	**$ 608,770**

1. The interest rate for the revolving credit facility is variable and based on LIBOR (subject to a 0.5% floor) plus a spread of 2.5% if borrowings remain at or below $200 million and a spread of 3.0% if borrowings exceed $200 million. At September 30, 2021 and December 31, 2020, the Company had $70.0 million and $135.3 million, respectively, of outstanding borrowings under its $250.0 million revolving credit facility. The credit facility provides two six-month extension options that would extend the final maturity to March 8, 2023 if exercised.

2. On August 4, 2020, a subsidiary of Chatham entered into an agreement with affiliates of Mack Real Estate Credit Strategies to obtain a $40 million loan to fund the remaining construction costs of the Warner Center hotel development. The loan has an initial term of 4 years and there are two six-month extension options. The rate on the loan is LIBOR, subject to a 0.25% floor, plus a spread of 7.5%.

The Company estimates the fair value of its fixed rate debt by discounting the future cash flows of each instrument at estimated market rates. All of the Company's mortgage loans are fixed-rate. Rates take into consideration general market conditions, quality and estimated value of collateral and maturity of debt with similar credit terms and are classified within level 3 of the fair value hierarchy. The estimated fair value of the Company’s fixed rate debt as of September 30, 2021 and December 31, 2020 was $450.7 million and $462.6 million, respectively.

The Company estimates the fair value of its variable rate debt by taking into account general market conditions and the estimated credit terms it could obtain for debt with similar maturity and is classified within level 3 of the fair value hierarchy. As of September 30, 2021, the Company’s variable rate debt consisted of its revolving credit facility and construction loan. The estimated fair value of the Company’s variable rate debt as of September 30, 2021 and December 31, 2020 was $102.3 million and $148.6 million, respectively.

On December 16, 2020, the Company, entered into a Third Amendment to the Company's Amended and Restated Credit Agreement, dated as of March 8, 2018 (as amended by the Credit Agreement Amendment, and as previously amended by that certain First Amendment to the Amended and Restated Credit Agreement, dated as of May 6, 2020, and as further amended by that certain Second Amendment to Amended and Restated Credit Agreement, dated as of July 23, 2020), with certain lenders for whom Barclays Bank PLC is acting as the administrative agent. The amendment provides for the waiver of certain financial covenants through December 31, 2021 and allows the Company to borrow up to the entire $250.0 million facility size during this period. During this covenant waiver period, the Company will be required to maintain a minimum liquidity of $25.0 million which will include both unrestricted cash and credit facility availability. In connection with the amendment, the Company added 6 hotels to the credit facility's borrowing base which now has a total of 24 properties. The amendment provided the Company's credit facility lenders with pledges of the equity in the 24 borrowing base hotels. The amendment places additional limits on the Company's ability to incur debt, pay dividends, and make capital expenditures during the covenant waiver period. During the covenant waiver period interest will be calculated as LIBOR (subject to a 0.5% floor) plus a spread of 2.50% if borrowings remain at or below $200.0 million and a spread of 3.0% if borrowings exceed $200.0 million. As of September 30, 2021, the Company was in compliance with all of its modified financial covenants.

Our mortgage debt agreements contain "cash trap" provisions that are triggered when the hotel's operating results fall below a certain debt service coverage ratio or debt yield. When these provisions are triggered, all of the excess cash flow generated by the hotel is deposited directly into cash management accounts for the benefit of our lenders until a specified debt service coverage ratio or debt yield is reached. Such provisions do not allow the lender the right to accelerate repayment of the underlying debt. As of September 30, 2021, the debt service coverage ratios or debt yields for all of our mortgage loans were below the minimum thresholds such that the cash trap provision of each respective loan could be enforced. As of September 30, 2021, none of our mortgage debt lenders has enforced cash trap provisions. We do not expect that such cash traps will affect our ability to satisfy our short-term liquidity requirements.

Future scheduled principal payments of debt obligations as of September 30, 2021, for the current year and each of the next five calendar years and thereafter are as follows (in thousands):

		Amount
2021 (remaining three months)	$	2,450
2022		79,249
2023		117,876
2024		328,898
2025		15,934
Thereafter		—
Total debt before unamortized debt issue costs	**$**	**544,407**
Unamortized mortgage debt issue costs		(710)
Total debt outstanding	**$**	**543,697**

Accounting for Derivative Instruments

The Company has entered into interest rate cap agreements to hedge against interest rate fluctuations related to the construction loan for the Warner Center hotel. The Company records its derivative instruments on the balance sheet at their estimated fair values. Changes in the fair value of the derivatives are recorded each period in current earnings or in other comprehensive income, depending on whether a derivative is designated as part of a hedging relationship and, if it is, depending on the type of hedging relationship. The Company's interest rate caps are not designated as a hedge but to eliminate the incremental cost to the Company if the one-month LIBOR were to exceed 3.5%. Accordingly, the interest rate caps are recorded on the balance sheet under prepaid expenses and other assets at the estimated fair value and realized and unrealized changes in the fair value are reported in the consolidated statement of operations. As of September 30, 2021, the fair value of the interest rate caps were $41 thousand.

9. Income Taxes

The Company’s TRS is subject to federal and state income taxes. Income tax expense was zero for the three and nine months ended September 30, 2021 and 2020.

As of each reporting date, the Company's management considers new evidence, both positive and negative, that could impact management's view with regard to future realization of deferred tax assets. The Company's TRS is expecting continued taxable losses in 2021. As of September 30, 2021, the TRS continues to recognize a full valuation allowance equal to 100% of the net deferred tax assets due to the uncertainty of the TRS's ability to utilize these net deferred tax assets. Management will continue to monitor the need for a valuation allowance.

10. Dividends Declared and Paid

Common Dividends

The Company suspended common dividends beginning after the payment of the March 27, 2020 dividend due to a decline in operating performance caused by the COVID-19 pandemic. During the three months ended March 31, 2020, the Company declared total common share dividends of $0.22 per share and distributions on LTIP units of $0.22 per unit. There were no common share dividends declared during the three and nine months ended September 30, 2021. The common share dividends and distributions paid during the three months ended March 31, 2020 were as follows:

	Record Date	Payment Date	Common share distribution amount		LTIP unit distribution amount	
January	1/31/2020	2/28/2020	$	0.11	$	0.11
February	2/28/2020	3/27/2020		0.11		0.11
1st Quarter 2020			**$**	**0.22**	**$**	**0.22**
Total 2020			**$**	**0.22**	**$**	**0.22**

Preferred Dividends

In September 2021, Chatham declared a dividend of $0.48307 per share of 6.625% Series A Cumulative Redeemable Preferred Shares payable on October 15, 2021 to shareholders of record as of September 30, 2021.

11. Shareholders' Equity

Common Shares

The Company is authorized to issue up to 500,000,000 common shares of beneficial interest, $0.01 par value per share ("common shares"). Each outstanding common share entitles the holder to one vote on all matters submitted to a vote of shareholders. Holders of the Company’s common shares are entitled to receive dividends when authorized by the Company's Board of Trustees. As of September 30, 2021, 48,767,816 common shares were outstanding.

In December 2017, the Company established an At the Market Equity Offering ("Prior ATM Plan") whereby, from time to time, we may publicly offer and sell our common shares having an aggregate maximum offering price of up to $100 million by means of ordinary brokers’ transactions on the New York Stock Exchange (the "NYSE"), in negotiated transactions or in transactions that are deemed to be “at the market” offerings as defined in Rule 415 under the Securities Act of 1933, as amended. The Company filed a $100 million registration statement for a new ATM program (the "ATM Plan" and together with the Prior ATM Plan, the "ATM Plans") on March 5, 2021 to replace the prior program. At the same time, the Company entered into sales agreements with Cantor Fitzgerald & Co., Barclays Capital Inc., BMO Capital Markets Corp., BofA Securities, Inc., BTIG, LLC, Citigroup Global Markets Inc., Regions Securities LLC, Stifel, Nicolaus & Company, Incorporated and Wells Fargo Securities as sales agents. As of September 30, 2021, there was approximately $77.5 million available for issuance under the ATM Plan.

In December 2017, the Company established a $50 million dividend reinvestment and stock purchase plan (the "Prior DRSPP"). We filed a new $50 million shelf registration statement for the dividend reinvestment and stock purchase plan (the "New DRSPP" and together with the Prior DRSPP, the "DRSPPs") on December 22, 2020 to replace the prior program. Under the DRSPPs, shareholders may purchase additional common shares by reinvesting some or all of the cash dividends received on the Company's common shares. Shareholders may also make optional cash purchases of the Company's common shares subject to certain limitations detailed in the prospectus for the DRSPPs. During the three months ended September 30, 2021, the Company issued 1,261 shares under the New DRSPP at a weighted average price of $11.91, which generated $15 thousand of proceeds. As of September 30, 2021, there was approximately $48.0 million available for issuance under the New DRSPP.

Preferred Shares

The Company is authorized to issue up to 100,000,000 preferred shares of beneficial interest, $0.01 par value per share, in one or more series.

On June 30, 2021, the Company issued 4,800,000 6.625% Series A Cumulative Redeemable Preferred Shares of Beneficial Interest, $0.01 par value per share (the “Series A Preferred Shares”), and received net proceeds of approximately $115.9 million. The Series A Preferred Shares rank senior to the Company’s common shares with respect to the payment of dividends and distributions of assets in the event of a liquidation, dissolution, or winding up. The Series A Preferred Shares do not have any maturity date and are not subject to mandatory redemptions or sinking fund requirements. The distribution rate is 6.625% per annum of the $25.00 liquidation preference, which is equivalent to $1.65625 per annum per Series A Preferred Share. Distributions on the Series A Preferred Shares will be payable quarterly in arrears with the first distribution on the Series A Preferred Shares paid on October 15, 2021. The Company may not redeem the Series A Preferred Shares before June 30, 2026 except in limited circumstances to preserve the Company's status as a REIT for federal income tax purposes and upon the occurrence of a change of control. On and after June 30, 2026, the Company may, at its option, redeem the Series A Preferred Shares, in whole or from time to time in part, by paying $25.00 per share, plus any accrued and unpaid distributions to, but not including, the date of redemption. Upon the occurrence of a change of control, as defined in the Company's declaration of trust, the result of which the Company’s common shares and the common securities of the acquiring or surviving entity are not listed on the New York Stock Exchange, the NYSE MKT or NASDAQ, or any successor exchanges, the Company may, at its option, redeem the Preferred Shares in whole or in part within 120 days following the change of control by paying $25.00 per share, plus any accrued and unpaid distributions through the date of redemption. If the Company does not exercise its right to redeem the Preferred Shares upon a change of control, the holders of the Preferred Shares have the right to convert some or all of their shares into a number of the Company’s common shares based on defined formulas subject to share caps. The share cap on each Series A Preferred Share is 3.701 common shares. As of September 30, 2021, 4,800,000 preferred shares were issued and outstanding. During the three months ended September 30, 2021, the Company accrued preferred share dividends of $2.0 million.

Operating Partnership Units

Holders of common units in the Operating Partnership, if and when issued, will have certain redemption rights, which will enable the unit holders to cause the Operating Partnership to redeem their units in exchange for, at the Company’s option, cash per unit equal to the market price of the Company’s common shares at the time of redemption or for the Company’s common shares on a one-for-one basis. The number of shares issuable upon exercise of the redemption rights will be adjusted upon the occurrence of share splits, mergers, consolidations or similar pro-rata share transactions, which otherwise would have the effect of diluting the ownership interests of limited partners or shareholders. As of September 30, 2021, there were 976,102 vested Operating Partnership LTIP units held by current and former employees.

12. Earnings Per Share

The two-class method is used to determine earnings per share because unvested restricted shares and unvested LTIP units are considered to be participating shares. The LTIP units held by the non-controlling interest holders, which may be converted to common shares of beneficial interest, have been excluded from the denominator of the diluted earnings per share calculation as there would be no effect on the amounts since limited partners' share of income or loss would also be added back to net income or loss. Unvested restricted shares, unvested long-term incentive plan units and unvested Class A Performance LTIP units that could potentially dilute basic earnings per share in the future would not be included in the computation of diluted loss per share, for the periods where a loss has been recorded, because they would have been anti-dilutive for the periods presented. The following is a reconciliation of the amounts used in calculating basic and diluted net income per share (in thousands, except share and per share data):

	For the three months ended September 30,		For the nine months ended September 30,	
	2021	2020	2021	2020
Numerator:				
Net loss attributable to common shareholders	$ (3,307)	$ (18,057)	$ (9,209)	$ (7.
Dividends paid on unvested shares and units	—	—	—	
Net loss attributable to common shareholders	$ (3,307)	$ (18,057)	$ (9,209)	$ (7.
Denominator:				
Weighted average number of common shares - basic	48,755,561	46,965,526	48,211,612	46,95
Unvested shares and units	—	—	—	
Weighted average number of common shares - diluted	48,755,561	46,965,526	48,211,612	46,95
Basic loss per Common Share:				
Net loss attributable to common shareholders per weighted average basic common share	$ (0.07)	$ (0.38)	$ (0.19)	$
Diluted loss per Common Share:				
Net loss attributable to common shareholders per weighted average diluted common share	$ (0.07)	$ (0.38)	$ (0.19)	$

13. Equity Incentive Plan

The Company maintains its Equity Incentive Plan to attract and retain independent trustees, executive officers and other key employees and service providers. The plan provides for the grant of options to purchase common shares, share awards, share appreciation rights, performance units and other equity-based awards. The plan was amended and restated as of May 17, 2013 to increase the maximum number of shares available under the plan to 3,000,000 shares. Share awards under this plan generally vest over three to five years, though compensation for the Company's independent trustees includes share grants that vest immediately. The Company pays dividends on unvested shares and units, except for performance-based shares and outperformance based units, for which dividends on unvested performance-based shares and units are accrued and not paid until those shares or units vest. Certain awards may provide for accelerated vesting if there is a change in control. In January 2021 and 2020, the Company issued 40,203 and 24,516 common shares, respectively, to its independent trustees as compensation for services performed in 2020 and 2019, respectively. As of September 30, 2021, there were 579,825 common shares available for issuance under the Equity Incentive Plan.

Restricted Share Awards

From time to time, the Company may award restricted shares under the Equity Incentive Plan as compensation to officers, employees and non-employee trustees. The Company recognizes compensation expense for the restricted shares on a straight-line basis over the vesting period based on the fair market value of the shares on the date of issuance.

A summary of the Company's restricted share awards for the nine months ended September 30, 2021 and the year ended December 31, 2020 is as follows:

	For the nine months ended September 30, 2021		For the year ended December 31, 2020	
	Number of Shares	Weighted-Average Grant Date Fair Value	Number of Shares	Weighted-Average Grant Date Fair Value
Non-vested at beginning of the period	1,667	$ 17.40	5,001	$ 18.33
Granted	10,000	11.47	—	—
Vested	—	—	(3,334)	18.80
Forfeited	—	—	—	—
Non-vested at end of the period	11,667	$ 12.32	1,667	$ 17.40

As of September 30, 2021 and December 31, 2020, there were $116 thousand and $29 thousand, respectively, of unrecognized compensation costs related to restricted share awards. As of September 30, 2021, these costs were expected to be recognized over a weighted–average period of approximately 2.7 years. For the three months ended September 30, 2021 and 2020, the Company recognized approximately $13 thousand and $7 thousand, respectively, and for the nine months ended September 30, 2021 and 2020, the Company recognized approximately $27 thousand and $23 thousand, respectively, of expense related to the restricted share awards.

Long-Term Incentive Plan Awards

LTIP units are a special class of partnership interests in the Operating Partnership which may be issued to eligible participants for the performance of services to or for the benefit of the Company. Under the Equity Incentive Plan, each LTIP unit issued is deemed equivalent to an award of one common share thereby reducing the number of shares available for other equity awards on a one-for-one basis.

A summary of the Company's LTIP Unit awards for the nine months ended September 30, 2021 and the year ended December 31, 2020 is as follows:

	For the nine months ended September 30, 2021		For the year ended December 31, 2020	
	Number of Units	Weighted-Average Grant Date Fair Value	Number of Units	Weighted-Average Grant Date Fair Value
Non-vested at beginning of the period	669,609	$ 15.73	598,320	$ 18.30
Granted	330,945	14.55	325,507	13.42
Vested	(219,451)	16.39	(254,218)	18.82
Forfeited	(16,925)	17.02	—	—
Non-vested at end of the period	764,178	$ 15.00	669,609	$ 15.73

Time-Based LTIP Awards

On March 1, 2021, the Company’s Operating Partnership, upon the recommendation of the Compensation Committee, granted 132,381 time-based awards (the “2021 Time-Based LTIP Unit Award”). The grants were made pursuant to award agreements that provide for time-based vesting (the "LTIP Unit Time-Based Vesting Agreement").

Time-based LTIP Unit Awards will vest ratably provided that the recipient remains employed by the Company through the applicable vesting date, subject to acceleration of vesting in the event of the recipient’s death, disability, termination without cause or resignation with good reason, or in the event of a change of control of the Company. Prior to vesting, a holder is entitled to receive distributions on the LTIP Units that comprise the 2021 Time-Based LTIP Unit Awards and the prior year LTIP unit Awards set forth in the table above.

Performance-Based LTIP Awards

On March 1, 2021, the Company's Operating Partnership, upon the recommendation of the Compensation Committee, also granted 198,564 performance-based awards (the "2021 Performance-Based LTIP Unit Awards"). The grants were made pursuant to award agreements that have market based vesting conditions. The Performance-Based LTIP Unit Awards are comprised of Class A Performance LTIP Units that will vest only if and to the extent that (i) the Company achieves certain long-term market based TSR criteria established by the Compensation Committee and (ii) the recipient remains employed by the Company through the applicable vesting date, subject to acceleration of vesting in the event of the recipient’s death, disability, termination without cause or resignation with good reason, or in the event of a change of control of the Company. Compensation expense is based on an estimated value of $15.91 per 2021 Performance-Based LTIP Unit Award, which takes into account that some or all of the awards may not vest if long-term market based TSR criteria are not met during the vesting period.

The 2021 Performance-Based LTIP Unit Awards may be earned based on the Company’s relative TSR performance for the three-year period beginning on March 1, 2021 and ending on February 28, 2024. The 2021 Performance-Based LTIP Unit Awards, if earned, will be paid out between 50% and 150% of target value as follows:

	Relative TSR Hurdles (Percentile)	Payout Percentage
Threshold	25th	50%
Target	50th	100%
Maximum	75th	150%

Payouts at performance levels in between the hurdles will be calculated by straight-line interpolation.

The Company estimated the aggregate compensation cost to be recognized over the service period determined as of the grant date under ASC 718, excluding the effect of estimated forfeitures, using a Monte Carlo approach. In determining the discounted value of the LTIP units, the Company considered the inherent uncertainty that the LTIP units would never reach parity with the other common units of the Operating Partnership and thus have an economic value of zero to the grantee. Additional factors considered in estimating the value of LTIP units included discounts for illiquidity; expectations for future dividends; risk free interest rates; stock price volatility; and economic environment and market conditions.

The grant date fair values of the LTIPs and the assumptions used to estimate the values are as follows:

	Grant Date	Number of Units Granted	Estimated Value Per Unit	Volatility	Dividend Yield	Risk Free Interest Rate
Outperformance Plan LTIP Unit Awards	6/1/2015	183,300	$14.13	26%	4.5%	0.95%
2016 Time-Based LTIP Unit Awards	1/28/2016	72,966	$16.69	28%	—%	0.79%
2016 Performance-Based LTIP Unit Awards	1/28/2016	39,285	$11.09	30%	5.8%	1.13%
2017 Time-Based LTIP Unit Awards	3/1/2017	89,574	$18.53	24%	—%	0.92%
2017 Performance-Based LTIP Unit Awards	3/1/2017	134,348	$19.65	25%	5.8%	1.47%
2018 Time-Based LTIP Unit Awards	3/1/2018	97,968	$16.83	26%	—%	2.07%
2018 Performance-Based LTIP Unit Awards	3/1/2018	146,949	$17.02	26%	6.2%	2.37%
2019 Time-Based LTIP Unit Awards	3/1/2019	88,746	$18.45	21%	—%	2.57%
2019 Performance-Based LTIP Unit Awards	3/1/2019	133,107	$18.91	21%	6.2%	2.55%
2020 Time-Based LTIP Unit Awards	3/1/2020	130,206	$13.05	20%	—%	1.06%
2020 Performance-Based LTIP Unit Awards	3/1/2020	195,301	$13.66	20%	8.1%	0.90%
2021 Time-Based LTIP Unit Awards	3/1/2021	132,381	$12.52	78%	—%	0.08%
2021 Performance-Based LTIP Unit Awards	3/1/2021	198,564	$15.91	64%	3.4%	0.30%

The Company recorded $1.1 million and $1.0 million in compensation expense related to the LTIP units for the three months ended September 30, 2021 and 2020, respectively, and $3.2 million and $3.4 million in compensation expense related to the LTIP units for the nine months ended September 30, 2021 and 2020, respectively. As of September 30, 2021 and December 31, 2020, there was $6.5 million and $4.9 million, respectively, of total unrecognized compensation cost related to LTIP units. This cost is expected to be recognized over approximately 1.9 years, which represents the weighted average remaining vesting period of the LTIP units.

14. Leases

The Residence Inn Gaslamp hotel is subject to a ground lease with an expiration date of January 31, 2065 with an extension option by the Company of up to three additional terms of ten years each. Monthly payments are currently approximately $44,400 per month and increase 10% every five years. The hotel is subject to annual supplemental rent payments calculated as 5% of gross revenues during the applicable lease year, minus 12 times the monthly base rent scheduled for the lease year.

The Residence Inn New Rochelle is subject to an air rights lease and garage lease that each expire on December 1, 2104. The lease agreements with the City of New Rochelle cover the space above the parking garage that is occupied by the hotel as well as 128 parking spaces in a parking garage that is attached to the hotel. The annual base rent for the garage lease is the hotel's proportionate share of the city's adopted budget for the operations, management and maintenance of the garage and established reserves to fund for the cost of capital repairs. Aggregate rent for 2021 is approximately $30,000 per quarter.

The Hilton Garden Inn Marina del Rey hotel is subject to a ground lease with an expiration date of December 31, 2067. Minimum monthly payments are currently approximately $47,500 per month and a percentage rent payment less the minimum rent is due in arrears equal to 5% to 25% of gross income based on the type of income.

The Company entered into a corporate office lease in September 2015. The lease is for a term of 11 years and includes a 12-month rent abatement period and certain tenant improvement allowances. The Company has a renewal option of up to two successive terms of 5 years each. The Company shares the space with related parties and is reimbursed for the pro-rata share of rentable space occupied by the related parties.

The Company is the lessee under ground, air rights, garage and office lease agreements for certain of its properties, all of which qualify as operating leases as of September 30, 2021. These leases typically provide multi-year renewal options to extend term as lessee at the Company's option. Option periods are included in the calculation of the lease obligation liability only when options are reasonably certain to be exercised.

In calculating the Company's lease obligations under the various leases, the Company uses discount rates estimated to be equal to what the Company would have to pay to borrow on a collateralized basis over a similar term, for an amount equal to the lease payments, in a similar economic environment.

The following is a schedule of the minimum future payments required under the ground, air rights, garage leases and office lease as of September 30, 2021, for each of the next five calendar years and thereafter:

Total Future Lease Payments		
		Amount
2021 (remaining three months)	$	516
2022		2,071
2023		2,093
2024		2,115
2025		2,186
Thereafter		66,720
Total lease payments	$	75,701
Less: Imputed interest		(52,865)
Present value of lease liabilities	$	22,836

The following is a schedule of the minimum future payments required under the ground, air rights, garage leases and office lease as of December 31, 2020, for each of the next five calendar years and thereafter:

Total Future Lease Payments		
		Amount
2021	$	2,051
2022		2,071
2023		2,093
2024		2,115
2025		2,186
Thereafter		66,720
Total lease payments	$	77,236
Less: Imputed interest		(54,003)
Present value of lease liabilities	$	23,233

The Company incurred $0.3 million of fixed lease payments and $0.1 million of variable lease payments for the three months ended September 30, 2021, and $0.9 million of fixed lease payments and $0.2 million of variable lease payments for the nine months ended September 30, 2021, which are included in property taxes, ground rent and insurance in our consolidated statement of operations.

The following table includes information regarding the right of use assets and lease liabilities of the Company as of September 30, 2021:

	Right of Use Asset	Lease Liability
Balance as of January 1, 2021	$ 20,641	$ 23,233
Amortization	(490)	(397)
Balance as of September 30, 2021	$ 20,151	$ 22,836

Lease Term and Discount Rate	September 30, 2021
Weighted-average remaining lease term (years)	40.56
Weighted-average discount rate	6.59%

15. Commitments and Contingencies

Litigation

The Company is subject to various claims, lawsuits and legal proceedings, including routine litigation arising in the ordinary course of business, regarding the operation of its hotels, its managers and other Company matters. While it is not possible to ascertain the ultimate outcome of such matters, the Company believes that the aggregate identifiable amount of such liabilities, if any, will not have a material adverse impact on its financial condition or results of operations.

Management Agreements

The management agreements with IHM have an initial term of five years and automatically renew for two five-year periods unless IHM provides written notice to us no later than 90 days prior to the then current term's expiration date of its intent not to renew. The IHM management agreements provide for early termination at the Company's option upon sale of any IHM-managed hotel for no termination fee, with six months advance notice. The IHM management agreements may be terminated for cause, including the failure of the managed hotel to meet specified performance levels. Base management fees are calculated as a percentage of the hotel's gross room revenue. If certain financial thresholds are met or exceeded, an incentive management fee is calculated as 10% of the hotel's net operating income less fixed costs, base management fees and a specified return threshold. The incentive management fee is capped at 1% of gross hotel revenues for the applicable calculation.

Management fees totaled approximately $2.2 million and $1.3 million for the three months ended September 30, 2021 and 2020, respectively, and $5.1 million and $4.2 million for the nine months ended September 30, 2021 and 2020, respectively.

Franchise Agreements

The fees associated with the franchise agreements are calculated as a specified percentage of the hotel's gross room revenue. Franchise and marketing fees totaled approximately $5.3 million and $2.9 million for the three months ended September 30, 2021 and 2020, respectively, and $12.0 million and $9.2 million for the nine months ended September 30, 2021 and 2020, respectively. The initial term of the agreements range from 10 to 30 years with the weighted average expiration being August 2030.

16. Related Party Transactions

Prior to March 18, 2021, Mr. Fisher owned 52.5% of IHM. During the nine months ended September 30, 2021, Mr. Fisher acquired the remaining 47.5% ownership interest and as of September 30, 2021, Mr. Fisher owns 100% of IHM. As of September 30, 2021, the Company had hotel management agreements with IHM to manage all 41 of its wholly owned hotels. Hotel management, revenue management and accounting fees accrued or paid to IHM for the hotels owned by the Company for the three months ended September 30, 2021 and 2020 were $2.2 million and $1.3 million, respectively, and for the nine months ended September 30, 2021 and 2020 were $5.1 million and $4.2 million, respectively. At September 30, 2021 and December 31, 2020, the amounts due to IHM were $0.6 million and $0.3 million, respectively. The Company also provided services to an entity, Castleblack Owner Holding, LLC ("Castleblack"), that sold on March 24, 2021 as part of the larger CLNY transaction, which was 97.5% owned by affiliates of CLNY and 2.5% owned by Mr. Fisher. During the nine months ended September 30, 2021 and 2020 the Company received $23 thousand and $74 thousand, respectively, for these services.

Cost reimbursements from unconsolidated entities revenue represent reimbursements of costs incurred on behalf of the NewINK JV, Inland JV, Castleblack and IHM. These costs relate primarily to corporate payroll costs at the NewINK JV, Inland JV and Castleblack where the Company is the employer and office expenses shared with these entities and IHM. Various shared office expenses and rent are paid by the Company and allocated to the NewINK JV, the Inland JV, Castleblack and IHM based on the amount of square footage occupied by each entity. As the Company records cost reimbursements based upon costs incurred with no added markup, the revenue and related expense has no impact on the Company’s operating income or net income. Cost reimbursements are recorded based upon the occurrence of a reimbursed activity.

17. Subsequent Events

On October 26, 2021, Chatham executed an amendment to its credit facility which extended the waiver of financial covenants until June 30, 2022, provided for the immediate exercise of an option to extend the maturity of the entire $250.0 million facility through March 8, 2023, and added two six-month options to further extend the maturity of the facility through March 8, 2024 from lenders representing $227.5 million of commitments. In conjunction with the amendment, Chatham provided credit facility lenders with equity pledges on three unencumbered hotels. The spread on the facility did not change as a result of the amendment.

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations.
Dollar amounts presented in this Item 2 are in thousands, except per share data, unless otherwise specified.

The following discussion and analysis should be read in conjunction with our consolidated financial statements and related notes included elsewhere in this report and in our Annual Report on Form 10-K for the year ended December 31, 2020. In this report, we use the terms “the Company," “we” or “our” to refer to Chatham Lodging Trust and its consolidated subsidiaries, unless the context indicates otherwise.

COVID-19 Pandemic

The lodging industry has been significantly impacted by the COVID-19 pandemic. Steps have been taken to restrict inbound international travel and there has been a significant decline in domestic travel. The full impact of the COVID-19 pandemic on the lodging industry continues to evolve and will depend on future developments including the duration and spread of the outbreak, and the possibility of additional subsequent widespread outbreaks and variant strains and the impact of actions taken in response, the existence of governmental stay-at-home orders, peoples' willingness to travel and the strength and timing of an economic recovery. All of these factors are uncertain, and the full impact of the COVID-19 pandemic on the lodging industry and the Company cannot be predicted at this time. The full magnitude of the impact of the COVID-19 pandemic on the Company’s financial condition, liquidity, and future results of operations will depend on future developments which are highly uncertain. The Company has taken actions to mitigate the operating and financial impact of the COVID-19 pandemic including suspending common share dividends, reducing capital expenditures, borrowing under its credit facility, obtaining credit facility covenant waivers, and temporarily reducing executive compensation.

Statement Regarding Forward-Looking Information

The following information contains forward-looking statements, including those with regard to the potential future impact of the COVID-19 pandemic, within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). These forward-looking statements include information about possible or assumed future results of the lodging industry and our business, financial condition, liquidity, results of operations, cash flow and plans and objectives. These statements generally are characterized by the use of the words “believe,” “expect,” “anticipate,” “estimate,” “plan,” “continue,” “intend,” “should,” “may” or similar expressions. Although we believe that the expectations reflected in such forward-looking statements are based upon reasonable assumptions, our actual results could differ materially from those set forth in the forward-looking statements. Important factors that we think could cause our actual results to differ materially from expected results are summarized below. One of the most significant factors, however, is the ongoing impact of the current outbreak of the COVID-19 pandemic on the United States, regional and global economies, the broader financial markets, our customers and employees, governmental responses thereto and the operation changes we have and may implement in response thereto. The current outbreak of the COVID-19 pandemic has also impacted, and is likely to continue to impact, directly or indirectly, many of the other important factors below. New factors emerge from time to time, and it is not possible for us to predict which factors will arise. In addition, we cannot assess the impact of each factor on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. In particular, it is difficult to fully assess the impact of the COVID-19 pandemic at this time due to, among other factors, uncertainty regarding the severity and duration of the outbreak domestically and internationally, and the possibility of additional subsequent widespread outbreaks and variant strains and the impact of actions taken in response, and the effectiveness of federal, state and local governments' efforts to contain the spread of COVID-19 and respond to its direct and indirect impact on the U.S. economy and economic activity. Some factors that might cause such a difference include the following: local, national and global economic conditions, increased direct competition, changes in government regulations or accounting rules, changes in local, national and global real estate conditions, declines in lodging industry fundamentals, increased operating costs, seasonality of the lodging industry, our ability to obtain debt and equity financing on satisfactory terms, changes in interest rates, our ability to identify suitable investments, our ability to close on identified investments, inaccuracies of our accounting estimates, the uncertainty and economic impact of pandemics, epidemics or other public health emergencies or fear of such events, such as the recent COVID-19 pandemic the impact of and changes to various government programs, including in response to COVID-19, the timing of the development of any effective cure or treatment for COVID-19, the restoration of public confidence in domestic and international travel and or ability to dispose of selected hotel properties on the terms and timing we expect, if at all. Given these uncertainties, undue reliance should not be placed on such statements. We undertake no obligation to publicly release the results of any revisions to these forward-looking statements that may be made to reflect future events or circumstances or to reflect the occurrence of unanticipated events. The forward-looking statements should also be read in light of the risk factors identified in the “Risk Factors” section in the Company’s Annual Report on Form 10-K for the year ended December 31, 2020 as updated by the Company's subsequent filings with the SEC under the Exchange Act.

Overview

We are a self-advised hotel investment company organized in October 2009 that commenced operations in April 2010. Our investment strategy is to invest in upscale extended-stay and premium-branded select-service hotels in geographically diverse markets with high barriers to entry near strong demand generators. We may acquire portfolios of hotels or single hotels. We expect that a significant portion of our portfolio will consist of hotels in the upscale extended-stay or select-service categories, including brands such as Homewood Suites by Hilton®, Residence Inn by Marriott®, Hyatt Place®, Courtyard by Marriott®, SpringHill Suites by Marriott®, Hilton Garden Inn by Hilton®, Embassy Suites®, Hampton Inn®, Hampton Inn and Suites® , Home2 Suites by Hilton® and TownePlace Suites by Marriott®.

The Company's future hotel acquisitions may be funded by issuances of both common and preferred shares or the issuance of partnership interests in our operating partnership, Chatham Lodging, L.P. (the "Operating Partnership"), draw-downs under our revolving credit facility, the incurrence or assumption of debt, available cash, or proceeds from dispositions of assets. We intend to acquire quality assets at attractive prices and improve their returns through knowledgeable asset management and seasoned, proven hotel management while remaining prudently leveraged.

At September 30, 2021, our leverage ratio was 30.6% measured as the ratio of our net debt (total debt outstanding before deferred financing costs less unrestricted cash and cash equivalents) to hotel investments at cost. Over the past several years, we have maintained a leverage ratio between the high-20s and the low 50s to fund our acquisitions and JV investments. As of September 30, 2021, we have total debt of $544.4 million at an average interest rate of approximately 4.7%.

We are a real estate investment trust ("REIT") for federal income tax purposes. In order to qualify as a REIT under the Internal Revenue Code of 1986, as amended (the "Code"), we cannot operate our hotels. Therefore, our Operating Partnership and its subsidiaries lease our hotel properties to taxable REIT subsidiary lessees ("TRS Lessees"), who in turn engage eligible independent contractors to manage the hotels. Each of the TRS Lessees is treated as a taxable REIT subsidiary for federal income tax purposes and is consolidated within our financial statements for accounting purposes. However, since we control both the Operating Partnership and the TRS Lessees, our principal source of funds on a consolidated basis is from the operations of our hotels. The earnings of the TRS Lessees are subject to taxation as regular C corporations, as defined in the Code, potentially reducing the TRS Lessees' cash available to pay dividends to us, and therefore our funds from operations and the cash available for distribution to our shareholders.

Key Indicators of Operating Performance and Financial Condition

We measure financial condition and hotel operating performance by evaluating non-financial and financial metrics and measures such as:

- Average Daily Rate ("ADR"), which is the quotient of room revenue divided by total rooms sold,
- Occupancy, which is the quotient of total rooms sold divided by total rooms available,
- Revenue Per Available Room ("RevPAR"), which is the product of occupancy and ADR, and does not include food and beverage revenue, or other operating revenue,
- Funds From Operations ("FFO"),
- Adjusted FFO,
- Earnings before interest, taxes, depreciation and amortization ("EBITDA"),
- EBITDA*re*,
- Adjusted EBITDA, and
- Adjusted Hotel EBITDA.

We evaluate the hotels in our portfolio and potential acquisitions using these metrics to determine each hotel's contribution toward providing income to our shareholders through increases in distributable cash flow and increasing long-term total returns through appreciation in the value of our common shares. RevPAR, ADR and Occupancy are hotel industry measures commonly used to evaluate operating performance.

See "Non-GAAP Financial Measures" for further discussion of FFO, Adjusted FFO, EBITDA, EBITDA*re*, Adjusted EBITDA and Adjusted Hotel EBITDA.

Results of Operations

Industry Outlook

The lodging industry has been significantly impacted by the COVID-19 pandemic and there has been a significant decline in travel relative to 2019 but trends are improving and we expect strong growth in 2021 relative to 2020. Smith Travel Research reported that US lodging industry RevPAR increased 83.8% for the three months ended September 30, 2021, with RevPAR up 107.0% in July 2021, up 73.2% in August 2021 and up 70.9% in September 2021. We expect that over the remainder of 2021, RevPAR will increase significantly versus 2020 but remain below the RevPAR levels achieved in 2019.

Comparison of the three months ended September 30, 2021 to the three months ended September 30, 2020

Results of operations for the three months ended September 30, 2021 include the operating activities of our 39 wholly owned hotels that were owned for the entire period, and two hotels located in Austin, TX which were acquired on August 3, 2021. We sold our investment in the NewINK JV on March 18, 2021, sold our investment in the Inland JV on September 23, 2021, and sold one hotel in San Diego, CA on November 24, 2020. Our financial results benefited from increased visitation at our properties due to a reduction in the impact from the COVID-19 pandemic relative to 2020. The comparisons below are influenced by the COVID-19 pandemic, the acquisition of two hotels, the sale of our investment in the NewINK JV, and the disposition of one hotel.

Revenues

Revenue, which consists primarily of room, food and beverage and other operating revenues from our wholly owned hotels, was as follows for the periods indicated (dollars in thousands):

	For the three months ended		
	September 30, 2021	September 30, 2020	% Change
Room	$ 59,305	$ 32,307	83.6 %
Food and beverage	1,025	237	332.5 %
Other	3,679	1,630	125.7 %
Cost reimbursements from unconsolidated real estate entities	286	795	(64.0) %
Total revenue	**$ 64,295**	**$ 34,969**	**83.9 %**

Total revenue was $64.3 million for the quarter ended September 30, 2021, up $29.3 million compared to total revenue of $35.0 million for the corresponding 2020 period. The increase in total revenue primarily was related to the recovery from the COVID-19 pandemic and the two hotels acquired in 2021. The two hotels acquired in 2021 contributed $1.5 million in total revenue. This was partially offset by a decrease in total revenue related to the hotel sold in 2020 of $2.0 million. Since all of our hotels are select-service or limited-service hotels, room revenue is the primary revenue source as these hotels do not have significant food and beverage revenue or large group conference facilities. Room revenue comprised 92.2% and 92.4%, respectively, of total revenue for the quarters ended September 30, 2021 and 2020. Room revenue was $59.3 million and $32.3 million for the quarters ended September 30, 2021 and 2020, respectively, and the increase in room revenue primarily was related to the recovery from the COVID-19 pandemic and the two hotels acquired in 2021. The decrease in room revenue related to the hotel sold in 2020 was $1.9 million.

Food and beverage revenue was $1.0 million for the quarter ended September 30, 2021, up $0.8 million compared to $0.2 million for the corresponding 2020 period. The increase in food and beverage revenue primarily was related to an increase in occupancies at our hotels due to the recovery from the COVID-19 pandemic.

Other operating revenue, comprised of parking, meeting room, gift shop, in-room movie and other ancillary amenities revenue, was up $2.1 million for the three months ended September 30, 2021. Other operating revenue was $3.7 million and $1.6 million for the quarters ended September 30, 2021 and 2020, respectively. The increase in other operating revenue primarily was related to an increase in occupancies at our hotels due to the recovery from the COVID-19 pandemic.

Reimbursable costs from unconsolidated real estate entities were $0.3 million and $0.8 million for the three months ended September 30, 2021 and 2020, respectively. The cost reimbursements were offset by the reimbursed costs from unconsolidated real estate entities included in operating expenses. The decrease in cost reimbursements primarily was related to the sale of the NewINK JV.

As reported by Smith Travel Research, U.S lodging industry RevPAR for the three months ended September 30, 2021 and 2020 increased 83.8% and decreased 48.5%, respectively, in the 2021 and 2020 periods as compared to the respective prior periods. Smith Travel Research reported that US lodging industry RevPAR increased 107.0% in July 2021, up 73.2% in August 2021 and up 70.9% in September 2021. We expect that over the remainder of 2021, RevPAR will increase significantly versus 2020 but remain below the RevPAR levels achieved in 2019.

In the table below, we present both actual and same property room revenue metrics. Actual Occupancy, ADR and RevPAR metrics reflect the performance of the hotels for the actual days such hotels were owned by the Company during the periods presented. Same property Occupancy, ADR, and RevPAR results for the 40 hotels wholly owned by the Company as of September 30, 2021 that have been in operation for a full year regardless of our ownership during the period presented, which is a non-GAAP financial measure. Results for the hotels for periods prior to our ownership were provided to us by prior owners and have not been adjusted by us.

	For the three months ended September 30,					
	2021		2020		Percentage Change	
	Same Property (40 hotels)	Actual (41 hotels)	Same Property (40 hotels)	Actual (40 hotels)	Same Property (40 hotels)	Actual (41/40 hotels)
Occupancy	71.4 %	71.2 %	51.7 %	52.5 %	38.1 %	35.6 %
ADR	$ 149.63	$ 148.76	$ 107.43	$ 109.74	39.3 %	35.6 %
RevPAR	$ 106.78	$ 105.85	$ 55.57	$ 57.64	92.2 %	83.6 %

For the three months ended September 30, 2021 same property RevPAR increased 92.2% due to an increase in ADR of 39.3% and an increase in occupancy of 38.1% primarily related to the recovery from the COVID-19 pandemic. Same property RevPAR increased 127.8% in July 2021, increased 77.3% in August 2021, and increased 76.2% in September 2021. Same property RevPAR was $113.30 in July 2021, $103.72 in August 2021, and $103.19 in September 2021.

Hotel Operating Expenses

Hotel operating expenses consist of the following for the periods indicated (dollars in thousands):

	For the three months ended		
	September 30, 2021	September 30, 2020	% Change
Hotel operating expenses:			
Room	$ 11,884	$ 6,903	72.2 %
Food and beverage	717	184	289.7 %
Telephone	366	344	6.4 %
Other hotel operating	743	312	138.1 %
General and administrative	6,082	3,907	55.7 %
Franchise and marketing fees	5,294	2,876	84.1 %
Advertising and promotions	1,078	848	27.1 %
Utilities	3,059	2,592	18.0 %
Repairs and maintenance	3,253	2,250	44.6 %
Management fees	2,185	1,292	69.1 %
Insurance	716	361	98.3 %
Total hotel operating expenses	**$ 35,377**	**$ 21,869**	**61.8 %**

Hotel operating expenses increased $13.5 million or 61.8% to $35.4 million for the three months ended September 30, 2021 from $21.9 million for the three months ended September 30, 2020. The primary cause of the increase in hotel operating expenses was related to the increase in revenues and occupancy caused by the recovery from the COVID-19 pandemic and the two hotels acquired in 2021. The two hotels acquired in 2021 contributed $0.7 million in hotel operating expenses. The decrease in hotel operating expenses related to the hotel sold in 2020 was $0.9 million.

Room expenses, which are the most significant component of hotel operating expenses, increased $5.0 million from $6.9 million in 2020 to $11.9 million in the third quarter of 2021. The increase in room expenses primarily was related to an increase in occupancies and revenues at our hotels due to the recovery from the COVID-19 pandemic and the two hotels acquired in 2021. The decrease in room expenses related to the hotel sold in 2020 was $0.3 million.

The remaining hotel operating expenses increased $8.5 million, from $15.0 million in the third quarter of 2020 to $23.5 million in the third quarter of 2021. The increase in other remaining expenses primarily was related to an increase in occupancies and revenues at our hotels due to the recovery from the COVID-19 pandemic and the two hotels acquired in 2021. The decrease in other remaining expenses related to the hotel sold in 2020 was $0.6 million.

Depreciation and Amortization

Depreciation and amortization expense increased $0.1 million from $13.6 million for the three months ended September 30, 2020 to $13.7 million for the three months ended September 30, 2021. The increase was primarily due to the two hotels acquired in 2021 partially offset by the sale of one hotel. Depreciation is generally recorded on our assets over 40 years for buildings, 20 years for land improvements, 15 years for building improvements and one to ten years for furniture, fixtures and equipment from the date of acquisition on a straight-line basis. Depreciable lives of hotel furniture, fixtures and equipment are generally assumed to be the difference between the date of acquisition and the date that the furniture, fixtures and equipment will be replaced. Amortization of franchise fees is recorded on a straight-line basis over the term of the respective franchise agreement.

Property Taxes, Ground Rent and Insurance

Total property taxes, ground rent and insurance expenses decreased from $6.2 million for the three months ended September 30, 2020 to $6.1 million for the three months ended September 30, 2021. The decrease was related to $0.2 million attributable to the sale of the Residence Inn Mission Valley hotel on November 24, 2020, partially offset by expense from the two hotels acquired in 2021.

General and Administrative

General and administrative expenses principally consist of employee-related costs, including base payroll, bonuses and amortization of restricted stock and awards of long-term incentive plan units. These expenses also include corporate operating costs, professional fees and trustees' fees. Total general and administrative expenses (excluding amortization of stock based compensation of $1.2 million and $1.1 million for the three months ended September 30, 2021 and 2020, respectively) increased to $2.9 million for the three months ended September 30, 2021 from $1.8 million in the three months ended September 30, 2020 with the increase primarily due to the Company's decision to temporarily reduce executive compensation in the three months ended September 30, 2020 due to the COVID-19 pandemic.

Other Charges

Other charges increased from $(0.2) million for the three months ended September 30, 2020 to $0.3 million for the three months ended September 30, 2021. Other charges for both periods primarily relate to the payment of insurance deductibles.

Reimbursable Costs from Unconsolidated Entities

Reimbursable costs from unconsolidated entities, comprised of corporate payroll and rent costs were $0.3 million and $0.8 million for the three months ended September 30, 2021 and 2020, respectively. The cost reimbursements were offset by the cost reimbursements from unconsolidated entities included in revenues. The decrease in cost reimbursements primarily was related to the sale of the NewINK JV.

Interest and Other Income

Interest on cash and cash equivalents and other income decreased $25 thousand from $25 thousand for the three months ended September 30, 2020 to $0 for the three months ended September 30, 2021. The decrease is primarily related to fees received for services provided to an entity, Castleblack, which was 97.5% owned by Colony.

Interest Expense, Including Amortization of Deferred Fees

Interest expense decreased $1.4 million from $7.2 million for the three months ended September 30, 2020 to $5.8 million for the three months ended September 30, 2021 and is comprised of the following (dollars in thousands):

	For the three months ended		
	September 30, 2021	September 30, 2020	% Change
Mortgage debt interest	$ 5,241	$ 5,856	(10.5) %
Credit facility interest and unused fees	575	1,383	(58.4) %
Interest rate cap	11	24	(54.2) %
Construction loan interest	602	20	2,910.0 %
Capitalized interest	(975)	(356)	173.9 %
Amortization of deferred financing costs	369	318	16.0 %
Total	**$ 5,823**	**$ 7,245**	**(19.6) %**

The decrease in interest expense for the three months ended September 30, 2021 as compared to the three months ended September 30, 2020 is primarily due to a decrease in mortgage debt interest from the sale of the Residence Inn Mission Valley in November 2020 and the repayment of the mortgage loan on that property, the repayment of the mortgage loan on the Residence Inn New Rochelle in April 2021, and a reduction of the outstanding balance on the revolving credit facility.

Loss from Unconsolidated Real Estate Entities

Loss from unconsolidated real estate entities was $0.8 million for the three months ended September 30, 2020 compared to a loss of $0.0 million for the three months ended September 30, 2021. The decrease in loss to $0 is due to the sale of the NewINK JV.

Income Tax Expense

Income tax expense for the three months ended September 30, 2021 and 2020 was $0.0 million and $0.0 million, respectively. We are subject to income taxes based on the taxable income of our TRS Lessees at a combined federal and state tax rate of approximately 25%. The Company’s TRS is expecting taxable losses in 2021 and recognizes a full valuation allowance equal to 100% of the gross deferred tax assets due to the uncertainty of the TRS's ability to utilize these deferred tax assets.

Net Loss

Net loss was $1.4 million for the three months ended September 30, 2021, compared to net loss of $18.3 million for the three months ended September 30, 2020. The change in net loss was primarily due to an increase in occupancies and revenues at our hotels due to the recovery from the COVID-19 pandemic, the sale of the NewINK JV which resulted in no losses from unconsolidated real estate entities, combined with the factors discussed above.

Comparison of the nine months ended September 30, 2021 to the nine months ended September 30, 2020

Results of operations for the nine months ended September 30, 2021 include the operating activities of our 39 wholly owned hotels that were owned for the entire period and two hotels located hotels in Austin, TX which were acquired on August 3, 2021. We sold our investment in the NewINK JV on March 18, 2021, sold our investment in the Inland JV on September 23, 2021, and sold one hotel in San Diego, CA on November 24, 2020. Our financial results benefited from increased visitation at our properties due to a reduction in the impact from the COVID-19 pandemic relative to 2020. The comparisons below are influenced by the COVID-19 pandemic, the acquisition of two hotels, the sale of our investment in the NewINK JV, and the disposition of one hotel.

Revenues

Revenue, which consists primarily of room, food and beverage and other operating revenues from our wholly owned hotels, was as follows for the periods indicated (dollars in thousands):

	For the nine months ended		
	September 30, 2021	September 30, 2020	% Change
Room	$ 135,210	$ 104,205	29.8 %
Food and beverage	2,145	2,417	(11.3) %
Other	7,898	5,560	42.1 %
Cost reimbursements from unconsolidated real estate entities	1,400	3,169	(55.8) %
Total revenue	**$ 146,653**	**$ 115,351**	**27.1 %**

Total revenue was $146.7 million for the nine months ended September 30, 2021, up $31.3 million compared to total revenue of $115.4 million for the corresponding 2020 period. The increase in total revenue primarily was related to the recovery from the COVID-19 pandemic and the two hotels acquired in 2021. The two hotels acquired in 2021 contributed $1.5 million in total revenue. This was partially offset by a decrease in total revenue related to the hotel sold in 2020 of $5.6 million. Since all of our hotels are select-service or limited-service hotels, room revenue is the primary revenue source as these hotels do not have significant food and beverage revenue or large group conference facilities. Room revenue comprised 92.2% and 90.3% of total revenue for the nine months ended September 30, 2021 and 2020, respectively. Room revenue was $135.2 million and $104.2 million for the nine months ended September 30, 2021 and 2020, respectively, and the increase in room revenue primarily was related to the recovery from the COVID-19 pandemic and the two hotels acquired in 2021. The decrease in room revenue related to the hotel sold in 2020 was $5.2 million.

Food and beverage revenue was $2.1 million for the nine months ended September 30, 2021, down $0.3 million compared to food and beverage revenue of $2.4 million for the corresponding 2020 period. The decrease in food and beverage revenue primarily was related to limited food and beverage offerings at our hotels due to the COVID-19 pandemic.

Other operating revenue, comprised of parking, meeting room, gift shop, in-room movie and other ancillary amenities revenue was up $2.3 million for the nine months ended September 30, 2021. Other operating revenue was $7.9 million and $5.6 million for the nine months ended September 30, 2021 and 2020, respectively. The increase in other operating revenue primarily was related to an increase in occupancies at our hotels due to the recovery from the COVID-19 pandemic.

Reimbursable costs from unconsolidated real estate entities were $1.4 million and $3.2 million for the nine months ended September 30, 2021 and 2020, respectively. The cost reimbursements were offset by the reimbursed costs from unconsolidated real estate entities included in operating expenses. The decrease in cost reimbursements primarily was related to the sale of the NewINK JV.

As reported by Smith Travel Research, industry RevPAR for the nine months ended September 30, 2021 and 2020 increased 47.3% and decreased 46.6%, respectively, in the 2021 and 2020 periods as compared to the respective prior year periods. We expect that over the remainder of 2021, RevPAR will increase significantly versus 2020 but remain below the RevPAR levels achieved in 2019.

In the table below, we present both actual and same property room revenue metrics. Actual Occupancy, ADR and RevPAR metrics reflect the performance of the hotels for the actual days such hotels were owned by the Company during the periods presented. Same property Occupancy, ADR, and RevPAR results for the 40 hotels wholly owned by the Company as of September 30, 2021 that have been in operation for a full year regardless of our ownership during the period presented, which is a non-GAAP financial measure. Results for the hotels for periods prior to our ownership were provided to us by prior owners and have not been adjusted by us.

	For the nine months ended September 30,					
	2021		2020		Percentage Change	
	Same Property (40 hotels)	Actual (41 hotels)	Same Property (40 hotels)	Actual (40 hotels)	Same Property (40 hotels)	Actual (41/40 hotels)
Occupancy	64.3 %	64.3 %	48.9 %	49.7 %	31.5 %	29.4 %
ADR	$ 129.95	$ 129.75	$ 124.30	$ 125.11	4.5 %	3.7 %
RevPAR	$ 83.61	$ 83.37	$ 60.77	$ 62.15	37.6 %	34.1 %

For the nine months ended September 30, 2021 same property RevPAR increased 37.6% due to an increase in ADR of 4.5% and an increase in occupancy of 31.5% primarily related to the COVID-19 pandemic.

Hotel Operating Expenses

Hotel operating expenses consist of the following for the periods indicated (dollars in thousands):

	For the nine months ended		
	September 30, 2021	September 30, 2020	% Change
Hotel operating expenses:			
Room	$ 28,537	$ 24,814	15.0 %
Food and beverage	1,493	2,202	(32.2) %
Telephone	1,114	1,073	3.8 %
Other hotel operating	1,652	1,303	26.8 %
General and administrative	14,950	12,543	19.2 %
Franchise and marketing fees	11,983	9,232	29.8 %
Advertising and promotions	2,670	3,212	(16.9) %
Utilities	7,698	6,971	10.4 %
Repairs and maintenance	8,433	7,352	14.7 %
Management fees	5,141	4,164	23.5 %
Insurance	2,072	1,082	91.5 %
Total hotel operating expenses	**$ 85,743**	**$ 73,948**	**16.0 %**

Hotel operating expenses increased $11.8 million to $85.7 million for the nine months ended September 30, 2021 from $73.9 million for the nine months ended September 30, 2020. The primary cause of the increase in hotel operating expenses was related to the increase in revenues and occupancy caused by the recovery from the COVID-19 pandemic and the two hotels acquired in 2021. The two hotels acquired in 2021 contributed $0.7 million in hotel operating expenses. The decrease in hotel operating expenses related to the hotel sold in 2020 was $2.8 million.

Room expenses, which are the most significant component of hotel operating expenses, increased $3.7 million from $24.8 million for the nine months ended September 30, 2020 to $28.5 million for the nine months ended September 30, 2021. The increase in room expenses primarily was related to an increase in occupancies and revenues at our hotels due to the recovery from the COVID-19 pandemic and the two hotels acquired in 2021. The decrease in room expenses related to the hotel sold in 2020 was $1.0 million.

The remaining hotel operating expenses increased $8.1 million, from $49.1 million for the nine months ended September 30, 2020 to $57.2 million for the nine months ended September 30, 2021. The increase in other remaining expenses primarily was related to an increase in occupancies and revenues at our hotels due to the recovery from the COVID-19 pandemic and the two hotels acquired in 2021. The decrease in other remaining expenses related to the hotel sold in 2020 was $1.9 million.

Depreciation and Amortization

Depreciation and amortization expense increased $0.1 million from $40.3 million for the nine months ended September 30, 2020 to $40.4 million for the nine months ended September 30, 2021. The increase was primarily due to the two hotels acquired in 2021 partially offset by the sale of one hotel. Depreciation is generally recorded on our assets over 40 years for buildings, 20 years for land improvements, 15 years for building improvements and one to ten years for furniture, fixtures and equipment from the date of acquisition on a straight-line basis. Depreciable lives of hotel furniture, fixtures and equipment are generally assumed to be the difference between the date of acquisition and the date that the furniture, fixtures and equipment will be replaced. Amortization of franchise fees is recorded on a straight-line basis over the term of the respective franchise agreement.

Impairment Loss on Investment in Unconsolidated Real Estate Entities

Impairment loss on investment in unconsolidated real estate entities decreased $15.3 million for the nine months ended September 30, 2021. The Company recorded an impairment of the entire carrying value of $15.3 million on our investment in the Inland JV during the nine months ended September 30, 2020 related to a decline in operating performance caused by the COVID-19 pandemic.

Property Taxes, Ground Rent and Insurance

Total property taxes, ground rent and insurance expenses decreased $0.3 million from $18.2 million for the nine months ended September 30, 2020 to $17.9 million for the nine months ended September 30, 2021. The decrease was related to $0.6 million attributable to the sale of the Residence Inn Mission Valley hotel on November 24, 2020, partially offset by expense from the two hotels acquired in 2021.

General and Administrative

General and administrative expenses principally consist of employee-related costs, including base payroll, bonuses and amortization of restricted stock and awards of LTIP units. These expenses also include corporate operating costs, professional fees and trustees' fees. Total general and administrative expenses (excluding amortization of stock based compensation of $3.6 million and $3.5 million for the nine months ended September 30, 2021 and 2020, respectively) increased $3.7 million to $8.4 million for the nine months ended September 30, 2021 from $4.7 million for the nine months ended September 30, 2020 with the increase primarily due to the Company's decision to temporarily reduce executive compensation in the nine months ended September 30, 2020 due to the COVID-19 pandemic.

Other Charges

Other charges decreased $2.2 million from $2.8 million for the nine months ended September 30, 2020 to $0.6 million for the nine months ended September 30, 2021. Other charges primarily include severance costs and accelerated vesting of LTIP awards related to the departure of our former Chief Investment Officer during the nine months ended September 30, 2020 and deductibles for insurance claims.

Reimbursable Costs from Unconsolidated Entities

Reimbursable costs from unconsolidated entities, comprised of corporate payroll and rent costs were $1.4 million and $3.2 million for the nine months ended September 30, 2021 and 2020, respectively. The cost reimbursements were offset by the cost reimbursements from unconsolidated entities included in revenues. The decrease in cost reimbursements primarily was related to the sale of the NewINK JV.

Interest and Other Income

Interest on cash and cash equivalents and other income was $145 thousand for the nine months ended September 30, 2020 compared to $103 thousand for the nine months ended September 30, 2021.

Interest Expense, Including Amortization of Deferred Fees

Interest expense decreased $2.5 million from $21.1 million for the nine months ended September 30, 2020 to $18.6 million for the nine months ended September 30, 2021 and is comprised of the following (dollars in thousands):

	For the nine months ended			
	September 30, 2021	September 30, 2020	% Change	
Mortgage debt interest	$ 15,865	$ 17,505	(9.4)	%
Credit facility interest and unused fees	2,743	3,704	(25.9)	%
Interest rate cap	(32)	24	(233.3)	%
Construction loan interest	1,447	20	7,135.0	%
Capitalized interest	(2,508)	(951)	163.7	%
Amortization of deferred financing costs	1,134	810	40.0	%
Total	**$ 18,649**	**$ 21,112**	**(11.7)**	**%**

The decrease in interest expense for the nine months ended September 30, 2021 as compared to the nine months ended September 30, 2020 is primarily due to a decrease in mortgage debt interest from the sale of the Residence Inn Mission Valley in November 2020 and the repayment of the mortgage loan on that property, the repayment of the mortgage loan on the Residence Inn New Rochelle in April 2021, and a reduction of the outstanding balance on the revolving credit facility.

Loss from Unconsolidated Real Estate Entities

Loss from unconsolidated real estate entities decreased $4.9 million from a loss of $6.1 million for the nine months ended September 30, 2020 to a loss of $1.2 million for the nine months ended September 30, 2021. The decrease is primarily due to the sale of the NewINK JV.

Gain on sale of investment in unconsolidated real estate entities

Gain on sale of investment in unconsolidated real estate entities increased $23.8 million from $0 for the nine months ended September 30, 2020 to a gain of $23.8 million for the nine months ended September 30, 2021. The gain in 2021 is due to the sale of the NewINK JV.

Income Tax Expense

Income tax expense for the nine months ended September 30, 2021 and 2020 was $0.0 million and $0.0 million, respectively. We are subject to income taxes based on the taxable income of our TRS Lessees at a combined federal and state tax rate of approximately 25%. The Company’s TRS is expecting taxable losses in 2021 and recognizes a full valuation allowance equal to 100% of the gross deferred tax assets due to the uncertainty of the TRS's ability to utilize these deferred tax assets.

Net Loss

Net loss was $7.4 million for the nine months ended September 30, 2021, compared to a net loss of $73.6 million for the nine months ended September 30, 2020. The change in net loss was primarily due to an increase in occupancies and revenues at our hotels due to the recovery from the COVID-19 pandemic, the sale of the NewINK JV which resulted in a large gain on sale of investment in unconsolidated real estate entities, combined with the factors discussed above.

Non-GAAP Financial Measures

We consider the following non-GAAP financial measures useful to investors as key supplemental measures of our operating performance: (1) FFO, (2) Adjusted FFO, (3) EBITDA, (4) EBITDA*re*, (5) Adjusted EBITDA and (6) Adjusted Hotel EBITDA. These non-GAAP financial measures should be considered along with, but not as alternatives to, net income or loss as prescribed by GAAP as a measure of our operating performance.

FFO, Adjusted FFO, EBITDA, EBITDA*re*, Adjusted EBITDA and Adjusted Hotel EBITDA do not represent cash generated from operating activities under GAAP and should not be considered as alternatives to net income or loss, cash flows from operations or any other operating performance measure prescribed by GAAP. FFO, Adjusted FFO, EBITDA, EBITDA*re*, Adjusted EBITDA and Adjusted Hotel EBITDA are not measures of our liquidity, nor are FFO, Adjusted FFO, EBITDA, EBITDA*re*, Adjusted EBITDA and Adjusted Hotel EBITDA indicative of funds available to fund our cash needs, including our ability to make cash distributions. These measurements do not reflect cash expenditures for long-term assets and other items that have been and will be incurred. FFO, Adjusted FFO, EBITDA, EBITDA*re*, Adjusted EBITDA and Adjusted Hotel EBITDA may include funds that may not be available for management’s discretionary use due to functional requirements to conserve funds for capital expenditures, property acquisitions, and other commitments and uncertainties.

We calculate FFO in accordance with standards established by the National Association of Real Estate Investment Trusts ("NAREIT"), which defines FFO as net income or loss (calculated in accordance with GAAP), excluding gains or losses from sales of real estate, impairment write-downs, the cumulative effect of changes in accounting principles, plus depreciation and amortization (excluding amortization of deferred financing costs), and after adjustments for unconsolidated partnerships and joint ventures following the same approach. We believe that the presentation of FFO provides useful information to investors regarding our operating performance because it measures our performance without regard to specified non-cash items such as real estate depreciation and amortization, gain or loss on sale of real estate assets and certain other items that we believe are not indicative of the property level performance of our hotel properties. We believe that these items reflect historical cost of our asset base and our acquisition and disposition activities and are less reflective of our ongoing operations, and that by adjusting to exclude the effects of these items, FFO is useful to investors in comparing our operating performance between periods and between REITs that also report FFO using the NAREIT definition.

We calculate Adjusted FFO by further adjusting FFO for certain additional items that are not addressed in NAREIT’s definition of FFO, including other charges, costs associated with the departure of our former Chief Investment Officer, losses on the early extinguishment of debt and similar items related to our unconsolidated real estate entities that we believe do not represent costs related to hotel operations. We believe that Adjusted FFO provides investors with another financial measure that may facilitate comparisons of operating performance between periods and between REITs that make similar adjustments to FFO.

The following is a reconciliation of net income to FFO and Adjusted FFO for the three and nine months ended September 30, 2021 and 2020 (in thousands, except share data):

	For the three months ended September 30, 2021	For the three months ended September 30, 2020	For the nine months ended September 30, 2021	For the nine months ended September 30, 2020
Funds From Operations ("FFO"):				
Net loss	$ (1,383)	$ (18,312)	$ (7,399)	$ (73,616)
Preferred dividends	(1,988)	—	(1,988)	—
Net loss attributable to common shares and common units	(3,371)	(18,312)	(9,387)	(73,616)
Loss (gain) on sale of hotel property	7	—	21	(3)
Loss on sale of assets within the unconsolidated real estate entities	—	1	—	2
Gain on sale of investment in unconsolidated real estate entities	—	—	(23,817)	—
Depreciation	13,605	13,559	40,172	40,165
Impairment loss on investment in unconsolidated real estate entities	—	—	—	15,282
Impairment loss within the unconsolidated real estate entities	—	—	—	1,388
Adjustments for unconsolidated real estate entity items	—	778	568	3,641
FFO attributable to common share and unit holders	10,241	(3,974)	7,557	(13,141)
Other charges	256	(199)	633	2,785
Adjustments for unconsolidated real estate entity items	—	—	46	5
Adjusted FFO attributable to common share and unit holders	$ 10,497	$ (4,173)	$ 8,236	$ (10,351)
Weighted average number of common shares and units				
Basic	49,731,663	47,682,142	49,129,734	47,618,584
Diluted	49,941,959	47,682,142	49,311,113	47,618,584

Diluted weighted average common share count used for calculation of adjusted FFO per share may differ from diluted weighted average common share count used for calculation of GAAP Net Income per share by LTIP units, which may be converted to common shares of beneficial interest if Net Income per share is negative and Adjusted FFO is positive. Unvested restricted shares and unvested LTIP units that could potentially dilute basic earnings per share in the future would not be included in the computation of diluted loss per share for the periods where a loss has been recorded because they would have been anti-dilutive for the periods presented.

Earnings before interest, taxes, depreciation and amortization ("EBITDA") is defined as net income or loss excluding: (1) interest expense; (2) provision for income taxes, including income taxes applicable to sales of assets; (3) depreciation and amortization; and (4) unconsolidated real estate entity items including interest, depreciation and amortization excluding gains and losses from sales of real estate. We consider EBITDA useful to an investor in evaluating and facilitating comparisons of our operating performance between periods and between REITs by removing the impact of our capital structure (primarily interest expense) and asset base (primarily depreciation and amortization) from our operating results. In addition, EBITDA is used as one measure in determining the value of hotel acquisitions and dispositions.

In addition to EBITDA, we present EBITDA*re* in accordance with NAREIT guidelines, which defines EBITDA*re* as net income or loss excluding interest expense, income tax expense, depreciation and amortization expense, gains or losses from sales of real estate, impairment, and adjustments for unconsolidated joint ventures. We believe that the presentation of EBITDA*re* provides useful information to investors regarding the Company's operating performance and can facilitate comparisons of operating performance between periods and between REITs.

We also present Adjusted EBITDA, which includes additional adjustments for items such as other charges, gains or losses on extinguishment of indebtedness, costs associated with the departure of our former Chief Investment officer, the amortization of share-based compensation, and certain other expenses that we consider outside the normal course of operations. We believe that Adjusted EBITDA provides useful supplemental information to investors regarding our ongoing operating performance that, when considered with net income, EBITDA and EBITDA*re*, is beneficial to an investor's understanding of our performance.

The following is a reconciliation of net income to EBITDA, EBITDA*re* and Adjusted EBITDA for the three and nine months ended September 30, 2021 and 2020 (in thousands):

	For the three months ended September 30,		For the nine months ended September 30,	
	2021	2020	2021	2020
Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA"):				
Net loss	$ (1,383)	$ (18,312)	$ (7,399)	$ (73,616)
Interest expense	5,823	7,245	18,649	21,112
Depreciation and amortization	13,668	13,620	40,355	40,349
Adjustments for unconsolidated real estate entity items	—	1,576	1,184	7,477
EBITDA	18,108	4,129	52,789	(4,678)
Impairment loss on investment in unconsolidated real estate entities	—	—	—	15,282
Impairment loss within the unconsolidated real estate entities	—	—	—	1,388
Loss (gain) on sale of hotel property	7	—	21	(3)
Loss on the sale of assets within unconsolidated real estate entities	—	1	—	2
Gain on sale of investment in unconsolidated real estate entities	—	—	(23,817)	—
EBITDA*re*	18,115	4,130	28,993	11,991
Other charges	256	(199)	633	2,785
Adjustments for unconsolidated real estate entity items	—	—	46	5
Share based compensation	1,235	1,125	3,585	3,473
Adjusted EBITDA	$ 19,606	$ 5,056	$ 33,257	$ 18,254

Adjusted Hotel EBITDA is defined as net income before interest, income taxes, depreciation and amortization, corporate general and administrative, impairment loss, loss on early extinguishment of debt, other charges, interest and other income, losses on sales of hotel properties and income or loss from unconsolidated real estate entities. We present Adjusted Hotel EBITDA because we believe it is useful to investors in comparing our hotel operating performance between periods and comparing our Adjusted Hotel EBITDA margins to those of our peer companies. Adjusted Hotel EBITDA represents the results of operations for our wholly owned hotels only.

The following is a presentation of Adjusted Hotel EBITDA for the three and nine months ended September 30, 2021 and 2020 (in thousands):

		For the three months ended September 30,		For the nine months ended September 30,	
		2021	2020	2021	2020
Net loss		$ (1,383)	$ (18,312)	$ (7,399)	$ [illegible]
Add:	Interest expense	5,823	7,245	18,649	[illegible]
	Depreciation and amortization	13,668	13,620	40,355	[illegible]
	Corporate general and administrative	4,147	2,958	11,993	
	Other charges	256	—	633	
	Loss from unconsolidated real estate entities	—	847	1,231	
	Impairment loss on investment in unconsolidated real estate entities	—	—	—	[illegible]
	Loss on sale of hotel property	7	—	21	
Less:	Interest and other income	—	(25)	(103)	
	Other charges	—	(199)	—	
	Gain on sale of hotel property	—	—	—	
	Gain on sale of investment in unconsolidated real estate entities	—	—	(23,817)	
	Adjusted Hotel EBITDA	$ 22,518	$ 6,134	$ 41,563	$ [illegible]

Although we present FFO, Adjusted FFO, EBITDA, EBITDA*re*, Adjusted EBITDA and Adjusted Hotel EBITDA because we believe they are useful to investors in comparing our operating performance between periods and between REITs that report similar measures, these measures have limitations as analytical tools. Some of these limitations are:

- FFO, Adjusted FFO, EBITDA, EBITDA*re*, Adjusted EBITDA and Adjusted Hotel EBITDA do not reflect our cash expenditures, or future requirements, for capital expenditures or contractual commitments;
- FFO, Adjusted FFO, EBITDA, EBITDA*re*, Adjusted EBITDA and Adjusted Hotel EBITDA do not reflect changes in, or cash requirements for, our working capital needs;
- FFO, Adjusted FFO, EBITDA, EBITDA*re*, Adjusted EBITDA and Adjusted Hotel EBITDA do not reflect funds available to make cash distributions;
- EBITDA, EBITDA*re*, Adjusted EBITDA and Adjusted Hotel EBITDA do not reflect the significant interest expense, or the cash requirements necessary to service interest or principal payments, on our debts;
- Although depreciation and amortization are non-cash charges, the assets being depreciated and amortized may need to be replaced in the future, and FFO, Adjusted FFO, EBITDA, EBITDA*re*, Adjusted EBITDA and Adjusted Hotel EBITDA do not reflect any cash requirements for such replacements;
- Non-cash compensation is and will remain a key element of our overall long-term incentive compensation package, although we exclude it as an expense when evaluating our ongoing operating performance for a particular period using Adjusted EBITDA;
- Adjusted FFO, Adjusted EBITDA and Adjusted Hotel EBITDA do not reflect the impact of certain cash charges (including acquisition transaction costs) that result from matters we consider not to be indicative of the underlying performance of our hotel properties; and
- Other companies in our industry may calculate FFO, Adjusted FFO, EBITDA, EBITDA*re*, Adjusted EBITDA and Adjusted Hotel EBITDA differently than we do, limiting their usefulness as a comparative measure.

In addition, FFO, Adjusted FFO, EBITDA, EBITDA*re*, Adjusted EBITDA and Adjusted Hotel EBITDA do not represent cash generated from operating activities as determined by GAAP and should not be considered as alternatives to net income or loss, cash flows from operations or any other operating performance measure prescribed by GAAP. FFO, Adjusted FFO, EBITDA, EBITDA*re*, Adjusted EBITDA and Adjusted Hotel EBITDA are not measures of our liquidity. Because of these limitations, FFO, Adjusted FFO, EBITDA, EBITDA*re*, Adjusted EBITDA and Adjusted Hotel EBITDA should not be considered in isolation or as a substitute for performance measures calculated in accordance with GAAP. We compensate for these limitations by relying primarily on our GAAP results and using FFO, Adjusted FFO, EBITDA, EBITDA*re*, Adjusted EBITDA and Adjusted Hotel EBITDA only supplementally. Our consolidated financial statements and the notes to those statements included elsewhere are prepared in accordance with GAAP.

Sources and Uses of Cash

Our principal sources of cash include net cash from operations and proceeds from debt and equity issuances. Our principal uses of cash include acquisitions, capital expenditures, operating costs, corporate expenditures, interest costs, debt repayments and distributions to equity holders.

As of September 30, 2021 and December 31, 2020, we had cash, cash equivalents and restricted cash of approximately $29.6 million and $31.5 million, respectively.

For the nine months ended September 30, 2021, net cash flows provided by operations were $18.4 million, driven by net loss of $7.4 million, $22.8 million of non-cash items, including $41.8 million of depreciation and amortization, $3.6 million of share-based compensation expense, $1.2 million related to loss from unconsolidated entities and ($23.8) million related to the gain on sale of investment in unconsolidated real estate entities. In addition, changes in operating assets and liabilities due to the timing of cash receipts, payments for real estate taxes, payments of corporate compensation and payments from our hotels resulted in net cash inflow of $3.0 million. Net cash flows used in investing activities were $94.3 million, primarily related to the acquisition of the RI Austin and TPS Austin hotels for $71.3 million, capital improvements on our 41 wholly owned hotels of $5.2 million and $20.5 million related to the development of a new hotel offset by $2.8 million of proceeds from the sale of an unconsolidated real estate entity (NewINK JV). Net cash flows provided by financing activities were $74.0 million, comprised of $115.9 million of net proceeds from our Series A Preferred Share offering, $24.6 million of common equity proceeds raised through sales under our DRSPPs and ATM Plan, net repayments of our senior unsecured revolving credit facility of $65.3 million, net borrowings on our construction loan of $19.0 million, offset by principal payments on mortgage debt of $19.0 million, payments of financing and offering costs of $1.0 million and distributions to unit holders of $0.3 million.

For the nine months ended September 30, 2020, net cash flows used in operations were $12.8 million, driven by net loss of $73.6 million, $66.3 million of non-cash items, including $41.1 million of depreciation and amortization, $3.5 million of share-based compensation expense, $0.3 million of accelerated LTIP compensation, $6.1 million related to loss from unconsolidated entities and $15.3 million related to the impairment of out interest in the Inland JV. In addition, changes in operating assets and liabilities due to the timing of cash receipts, payments for real estate taxes, payments of corporate compensation and payments from our hotels resulted in net cash outflow of $5.5 million. Net cash flows used in investing activities were $27.1 million, primarily related to capital improvements on our 40 wholly owned hotels of $13.9 million and $13.2 million related to the development of a new hotel. Net cash flows provided by financing activities were $62.1 million, comprised of $0.1 million of common equity proceeds raised through sales under our DRSPP and ATM, net borrowings of our senior unsecured revolving credit facility of $83.0 million, net borrowings on our construction loan of $3.9 million, offset by principal payments on mortgage debt of $6.7 million, payments of financing and offering costs of $2.0 million and distributions to shareholders of $16.2 million.

Liquidity and Capital Resources

At September 30, 2021, our leverage ratio was approximately 30.6% measured as the ratio of our net debt (total debt outstanding before deferred financing costs less unrestricted cash and cash equivalents) to hotel investments at cost, including our JV investments. Over the past several years, we have maintained a leverage ratio between the high-20s and the low-50s to fund our acquisitions and investments in joint ventures. At September 30, 2021, we have total debt of $544.4 million at an average interest rate of approximately 4.7%.

At September 30, 2021 and December 31, 2020, we had $70.0 million and $135.3 million, respectively, in outstanding borrowings under our $250.0 million revolving credit facility. We had $32.3 million and $13.3 million, respectively, in outstanding borrowings under our $40 million construction loan for the Warner Center hotel development at September 30, 2021 and December 31, 2020. We also had mortgage debt on individual hotels aggregating $442.1 million and $461.1 million at September 30, 2021 and December 31, 2020, respectively.

Our credit facility contains representations, warranties, covenants, terms and conditions customary for credit facilities of this type, including a maximum leverage ratio, a minimum fixed charge coverage ratio and minimum net worth financial covenants, limitations on (i) liens, (ii) incurrence of debt, (iii) investments, (iv) distributions, and (v) mergers and asset dispositions, covenants to preserve corporate existence and comply with laws, covenants on the use of proceeds of the revolving credit facility and default provisions, including defaults for non-payment, breach of representations and warranties, insolvency, non-performance of covenants, cross-defaults and guarantor defaults.

On December 16, 2020, the Company entered into a Third Amendment to the Company’s Amended and Restated Credit Agreement, dated as of March 8, 2018 (as amended by the Credit Agreement Amendment, and as previously amended by that certain First Amendment to the Amended and Restated Credit Agreement, dated as of May 6, 2020, and as further amended by that certain Second Amendment to Amended and Restated Credit Agreement, dated as of July 23, 2020), with certain lenders for whom Barclays Bank PLC is acting as the administrative agent. The amendment provides for the waiver of certain financial covenants through December 31, 2021 and allows the Company to borrow up to the entire $250 million facility size during this period. During this covenant waiver period, the Company will be required to maintain a minimum liquidity of $25 million which will include both unrestricted cash and credit facility availability. In connection with the amendment, the Company added six hotels to the credit facility’s borrowing base which now has a total of 24 properties. The amendment provided the Company’s credit facility lenders with pledges of the equity in the 24 borrowing base hotels. The amendment places additional limits on the Company’s ability to incur debt, pay dividends, and make capital expenditures during the covenant waiver period. During the covenant waiver period interest will be calculated as LIBOR (subject to a 0.5% floor) plus a spread of 2.50% if borrowings remain at or below $200 million and a spread of 3.0% if borrowings exceed $200 million. We were in compliance with all modified financial covenants at September 30, 2021.

Our mortgage debt agreements contain “cash trap” provisions that are triggered when the hotel’s operating results fall below a certain debt service coverage ratio or debt yield. When these provisions are triggered, all of the excess cash flow generated by the hotel is deposited directly into cash management accounts for the benefit of our lenders until a specified debt service coverage ratio or debt yield is reached. Such provisions do not allow the lender the right to accelerate repayment of the underlying debt. As of September 30, 2021, the debt service coverage ratios or debt yields for all of our mortgage loans were below the minimum thresholds such that the cash trap provision of each respective loan could be enforced. As of September 30, 2021, none of our mortgage debt lenders has enforced cash trap provisions. We do not expect that such cash traps will affect our ability to satisfy our short-term liquidity requirements.

We expect to meet our short-term liquidity requirements generally through existing cash balances and availability under our credit facility. We believe that our existing cash balances and availability under our credit facility will be adequate to fund operating obligations, pay interest on any borrowings and fund dividends in accordance with the requirements for qualification as a REIT under the Code. We expect to meet our long-term liquidity requirements, such as hotel property acquisitions and debt maturities or repayments through additional long-term secured and unsecured borrowings, the issuance of additional equity or debt securities or the possible sale of existing assets.

The COVID-19 pandemic has caused, and is continuing to cause, significant disruption in the financial markets both globally and in the United States, and will continue to impact, possibly materially, our business, financial condition and results of operations. We cannot predict the degree, or duration, to which our operations will be affected by the COVID-19 outbreak, and the effects could be material. While we believe the liquidity provided by our unrestricted cash and credit facility availability, and aggressive cost reduction initiatives will enable us to fund our current obligations for the foreseeable future, COVID-19 has resulted in significant disruption of global financial markets, which could have a negative impact on our ability to access capital in the future. Because the situation is ongoing, and because the duration and severity remain unclear, it is difficult to forecast any impacts on our future results.

Dividend Policy

Our common share dividend policy has been to distribute, annually, approximately 100% of our annual taxable income. We suspended common share dividends after the March 2020 payment due to the decline in operating performance caused by the COVID-19 pandemic. We plan to pay dividends required to maintain REIT status. The aggregate amount of dividends and distributions declared for the nine months ended September 30, 2021 was $0.00 per common share and LTIP unit. The amount of any dividends is determined by our Board of Trustees.

Chatham declared a dividend of $0.48307 per share of 6.625% Series A Cumulative Redeemable Preferred Shares payable on October 15, 2021 to shareholders of record as of September 30, 2021.

Capital Expenditures

We intend to maintain each hotel property in good repair and condition and in conformity with applicable laws and regulations and in accordance with the franchisors' standards and any agreed-upon requirements in our management and loan agreements. After we acquire a hotel property, we may be required to complete a property improvement plan (“PIP”) in order to be granted a new franchise license for that particular hotel property. PIPs are intended to bring the hotel property up to the franchisors' standards. Certain of our loans require that we escrow, for property improvement purposes, at the hotels collateralizing these loans, amounts up to 5% of gross revenue from such hotels. We intend to spend amounts necessary to comply with any reasonable loan or franchisor requirements and otherwise to the extent that such expenditures are in the best interest of the hotel. To the extent that we spend more on capital expenditures than is available from our operations, we intend to fund those capital expenditures with available cash and borrowings under our revolving credit facility.

For the nine months ended September 30, 2021 and 2020, we invested approximately $5.2 million and $13.9 million for renovations and other non-recurring capital expenditures on our existing hotels, respectively. We expect to invest an additional $1.1 million on renovations, discretionary and emergency expenditures on our existing hotels for the remainder of 2021, including improvements required under any brand PIP.

We are developing a Home2 Suites by Hilton hotel in the Warner Center submarket of Los Angeles, CA on a parcel of land owned by us. We expect that the total development costs for construction of the hotel to be approximately $70 million, which includes the cost of the land. We have incurred $64.2 million of costs to date, which includes $6.6 million of the land acquisition costs and $57.6 million of other development costs.

Off-Balance Sheet Arrangements

We had no material off-balance sheet arrangements at September 30, 2021.

Contractual Obligations

The following table sets forth our contractual obligations as of September 30, 2021 and the effect these obligations are expected to have on our liquidity and cash flow in future periods (in thousands).

	Payments Due by Period				
Contractual Obligations	**Total**	**Less Than One Year**	**One to Three Years**	**Three to Five Years**	**More Than Five Years**
Corporate office lease (1)	$ 4,374	$ 211	$ 1,727	$ 1,814	$ 622
Revolving credit facility, including interest (2)	71,283	740	70,543	—	—
Construction loan (2)	39,389	625	5,004	33,760	—
Ground leases	71,328	305	2,438	2,487	66,098
Property loans, including interest (2)	474,953	7,366	147,374	320,213	—
Total	$ 661,327	$ 9,247	$ 227,086	$ 358,274	$ 66,720

1. The Company entered into a corporate office lease in 2015. The lease is for eleven years and includes a 12-month rent abatement period and certain tenant improvement allowances. The Company shares the space with related parties and is reimbursed for the pro-rata share of rentable space occupied by related parties.

2. Does not reflect paydowns or additional borrowings under the revolving credit facility or construction loan after September 30, 2021. Interest payments are based on the interest rate in effect as of September 30, 2021. See Note 8, “Debt” to our unaudited consolidated financial statements for additional information relating to our property loans.

In addition to the above listed obligations, we pay management and franchise fees to our hotel management companies and franchisors based on the revenues of our hotels. The table above also does not include $1.1 million that we expect to invest on renovations, discretionary and emergency capital expenditures on our existing hotels for the remainder of 2021, or $5.8 million of estimated remaining costs associated with our Los Angeles hotel development. Our contracts associated with these planned capital expenditures contain clauses that allow us to cancel all or some portion of the work. If cancellation of a contract occurred, our commitment would be any costs incurred up to the cancellation date, in addition to any costs associated with the discharge of the contract.

Inflation

Operators of hotels, in general, possess the ability to adjust room rates daily to reflect the effects of inflation. However, competitive pressures may limit the ability of our management companies to raise room rates.

Seasonality

Demand for our hotels is affected by recurring seasonal patterns. Generally, we expect that we will have lower revenue, operating income and cash flow in the first and fourth quarters and higher revenue, operating income and cash flow in the second and third quarters. These general trends are, however, influenced by overall economic cycles and the geographic locations of our hotels.

Critical Accounting Policies

Our consolidated financial statements have been prepared in conformity with GAAP, which requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of our financial statements and the reported amounts of revenues and expenses during the reporting period. While we do not believe the reported amounts would be materially different, application of these policies involves the exercise of judgment and the use of assumptions as to future uncertainties and, as a result, actual results could differ from these estimates. We evaluate our estimates and judgments on an ongoing basis. We base our estimates on experience and on various other assumptions that are believed to be reasonable under the circumstances. All of our significant accounting policies, including certain critical accounting policies, are disclosed in our Annual Report on Form 10-K for the year ended December 31, 2020.

Recently Issued Accounting Standards

Refer to Note 2, Summary of Significant Accounting Policies for all new recently issued accounting standards.

Item 3. Quantitative and Qualitative Disclosures about Market Risk.

We may be exposed to interest rate changes primarily as a result of our assumption of long-term debt in connection with our acquisitions and upon refinancing of existing debt. Our interest rate risk management objectives are to limit the impact of interest rate changes on earnings and cash flows and to lower overall borrowing costs. To achieve these objectives, we seek to borrow primarily at fixed rates or variable rates with the lowest margins available and, in some cases, with the ability to convert variable rates to fixed rates. With respect to variable rate financing, we will assess interest rate risk by identifying and monitoring changes in interest rate exposures that may adversely impact expected future cash flows and by evaluating hedging opportunities.

The Company estimates the fair value of its fixed rate debt by discounting the future cash flows of each instrument at estimated market rates. Rates take into consideration general market conditions, maturity and fair value of the underlying collateral. The estimated fair value of the Company's fixed rate debt at September 30, 2021 and December 31, 2020 was $450.7 million and $462.6 million, respectively.

At September 30, 2021, our consolidated debt was comprised of floating and fixed interest rate debt. The fair value of our fixed rate debt indicates the estimated principal amount of debt having the same debt service requirements that could have been borrowed at the date presented, at then current market interest rates. The following table provides information about the maturities of our financial instruments as of September 30, 2021 that are sensitive to changes in interest rates (dollars in thousands):

	2021	2022	2023	2024	2025	Thereafter	Total/ Weighted Average	Fair Value
Floating rate:								
Debt	—	$70,000	—	$ 32,283	—	—	$ 102,283	$ 102,319
Average interest rate	—	3.45%	—	7.75 %	—	—	4.81 %	
Fixed rate:								
Debt	$2,448	$9,249	$ 117,875	$ 296,617	$ 15,935	—	$ 442,124	$ 450,725
Average interest rate	4.63 %	4.63 %	4.66 %	4.64 %	4.25 %	—	4.63 %	

Our credit facility is currently subject to a 0.5% LIBOR floor and our construction loan is subject to a 0.25% LIBOR floor. At September 30, 2021, 1-month LIBOR was 0.08%. We estimate that a hypothetical 100 basis points increase in LIBOR would result in additional interest of approximately $0.7 million annually. This assumes that the amount of floating rate debt outstanding on our revolving credit facility remains $70.0 million and the amount outstanding on our construction loan remains $32.3 million, the balances as of September 30, 2021.

Item 4. Controls and Procedures.

Disclosure Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we have evaluated the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Exchange Act Rule 13a-15(b) as of the end of the period covered by this report. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that these disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed by us in reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms, and that such information is accumulated and communicated to our management to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

There have been no changes in our internal control over financial reporting that occurred during the last fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings.

The Company is subject to various claims, lawsuits and legal proceedings, including routine litigation arising in the ordinary course of business, regarding the operation of its hotels, its managers and other Company matters. While it is not possible to ascertain the ultimate outcome of such matters, the Company believes that the aggregate identifiable amount of such liabilities, if any, will not have a material adverse impact on its financial condition or results of operations.

Item 1A. Risk Factors.

Our Annual Report on Form 10-K for the year ended December 31, 2020 includes detailed discussions of our risk factors under the heading “Risk Factors.”

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

None.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

None.

Item 6. Exhibits.

The following exhibits are filed as part of this report:

Exhibit Number	Description of Exhibit
3.1	Articles of Amendment and Restatement of Chatham Lodging Trust [1]
3.2	Second Amended and Restated Bylaws of Chatham Lodging Trust[2]
3.3	Articles Supplementary to the Company's Declaration of Trust designating the 6.625% Series A Cumulative Redeemable Preferred Shares of Beneficial Interest, $0.01 par value per share[3]
10.33	Fourth Amendment to Amended and Restated Credit Agreement, dated as of October 26, 2021, among Chatham Lodging Trust, Chatham Lodging, L.P., as borrower, the several banks and other financial institutions or entities that are parties thereto, as lenders, and Barclays Bank PLC, as administrative agent.
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section302 of the Sarbanes-Oxley Act of 2002
32.1*	Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section906 of the Sarbanes-Oxley Act of 2002
101.INS	The instance document does not appear in the interactive data file because its XBRL tags are embedded within the inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File - the cover page interactive data file does not appear in the interactive date file because its XBRL tags are embedded within the inline XBRL document.

* Furnished herewith. Such certification shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.

(1) Incorporated by reference to Exhibit 3.1 to the Company's Annual Report on Form 10-K filed with the SEC on February 29, 2016 (File No. 001-34693).

(2) Incorporated by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K filed with the SEC on April 21, 2015 (File No. 001-34693).

(3) Incorporated by reference to Exhibit 3.3 of the Company's Registration Statement on Form 8-A filed with the SEC on June 25, 2021 (File No. 001-34693).

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CHATHAM LODGING TRUST

Dated:	November 4, 2021	By: /s/ JEREMY B. WEGNER **Jeremy B. Wegner** Senior Vice President and Chief Financial Officer (Principal Financial and Accounting Officer and duly authorized officer of the registrant)

FOURTH AMENDMENT TO AMENDED AND RESTATED CREDIT AGREEMENT AND SECOND AMENDMENT TO PLEDGE AGREEMENT

FOURTH AMENDMENT TO AMENDED AND RESTATED CREDIT AGREEMENT AND SECOND AMENDMENT TO PLEDGE AGREEMENT, dated as of October 26, 2021 (this "Amendment") to the Credit Agreement (defined below), among CHATHAM LODGING TRUST, a Maryland real estate investment trust (the "REIT"), CHATHAM LODGING, L.P., a Delaware limited partnership (the "Borrower"), the several banks and other financial institutions or entities that are parties hereto (the "Lenders"), and BARCLAYS BANK PLC, as administrative agent (in such capacity, the "Administrative Agent").

W I T N E S S E T H:

WHEREAS, the Borrower, the REIT, the Administrative Agent, the Lenders, Barclays Bank PLC, Citigroup Global Markets Inc., Regions Capital Markets and U.S. Bank National Association, as joint lead arrangers and bookrunners, Regions Bank, as syndication agent, Citibank, N.A. and U.S. Bank National Association, as co-documentation agents, are parties to the Amended and Restated Credit Agreement, dated as of March 8, 2018 (the "Original Credit Agreement"), as amended by that certain First Amendment to Amended and Restated Credit Agreement, dated as of May 6, 2020, that certain Second Amendment to Amended and Restated Credit Agreement, dated as of July 23, 2020, and that certain Third Amendment to Amended and Restated Credit Agreement and First Amendment to Pledge Agreement, dated as of December 16, 2020 (the "Third Amendment"; the Original Credit Agreement, as amended, the "Credit Agreement");

WHEREAS, pursuant to Section 10.1 of the Credit Agreement, the Administrative Agent and the Required Lenders (or, solely in the case of Section 2, Section 4(a) and Section 5, the Supermajority Lenders) have agreed to the amendments herein solely upon the terms and conditions provided for in this Amendment.

NOW, THEREFORE, in consideration of the premises herein contained and for other good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto agree as follows:

1. Defined Terms. Unless otherwise noted herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

2. Additional Borrowing Base Properties. The Supermajority Lenders agree that each of the Real Properties described on Annex I hereto (the "Additional Borrowing Base Properties") shall be added as a Borrowing Base Property as of the Amendment Effective Date; provided that, (x) to the extent that the Borrower has certified to the Administrative Agent and the Lenders that it is unable to deliver one or more Third Party Reports pursuant to Section 6(d) hereof, the Borrower shall deliver to the Administrative Agent such Third Party Reports in form and substance reasonably satisfactory to the Administrative Agent on or prior to the date that is 90 days after the date hereof, provided that, such 90 days may be extended by two additional 30 day periods upon written request from the Borrower to the Administrative Agent certifying that the Borrower is diligently prosecuting the delivery of such Third Party Reports and (y) upon the

failure to deliver timely any such Third Party Report, automatically, without any action by the Administrative Agent or the Lenders or notice to the Borrower, (i) the applicable Real Property shall cease to be a Borrowing Base Property, and (ii) the Borrowing Base with respect to the applicable Real Property shall be reduced by the amount included in the calculation of the Borrowing Base in respect of such Real Property. If any Additional Borrowing Base Property is removed from the Borrowing Base in accordance with this Section 2 and has not been Disposed of by the applicable owner thereof, then such Real Property shall be a Negative Pledge Property during the Modified Compliance Period. After the Pledge Agreement Termination Date, Borrowing Base Properties may be removed from the Borrowing Base in accordance with the Credit Agreement and the Borrower may, at its sole cost and expense, request the Administrative Agent to release the direct and/or indirect Capital Stock of such Properties from the Lien of the Pledge Agreement.

3. Reporting. Notwithstanding Section 4(a) hereof, nothing in this Amendment shall modify, affect or waive the Borrower or the REIT's continuing obligation to comply with the reporting requirements set forth in Section 6.1 of the Credit Agreement during the Extended Modification Period (notwithstanding that the Temporarily Modified Financial Covenants has been waived during the Extended Modification Period) or otherwise (including, without limitation, the Borrower and the REIT's obligation to provide a schedule of the computations used in determining compliance with the covenants contained in Section 7.1 of the Credit Agreement (notwithstanding that the Temporarily Modified Financial Covenants has been waived during the Extended Modification Period)) under Section 6.2(b) of the Credit Agreement; provided that, the Borrower shall not be required to furnish to the Administrative Agent and the Lenders notice of any Default or Event of Default relating to the Temporarily Modified Financial Covenants during the Extended Modification Period. Each reference to the "Extended Modification Period" in this Section 3 shall mean the "Extended Modification Period" as amended by this Amendment.

4. Amendments to Credit Agreement.

(a) The definition of "Extended Modification Period" in Section 3 of the Third Amendment is hereby amended by replacing the date "December 31, 2021" where it appears therein with the date "March 31, 2022".

(b) Section 1.1 of the Credit Agreement is hereby amended further by inserting the following new definitions in the appropriate alphabetical order:

"Extension Non-Consenting Lender": means Citizens Financial Group Inc.

"Fourth Amendment Effective Date" means October 26, 2021.

(c) Section 2.6 of the Credit Agreement is hereby amended and restated in its entirety as follows:

"2.6 Extension of Revolving Credit Termination Date.

(a) On or prior to the Fourth Amendment Effective Date, the Borrower may request one one-year extension of the Revolving Credit Termination Date by delivering to the Administrative Agent a written notice (the "Extension Request"), which the Administrative Agent shall distribute promptly to the Lenders, provided that, (i) the Borrower may not submit more than one Extension Request (except as provided in Section 2.6(b) below) and (ii) the Revolving Credit Termination Date, as extended, shall not be later than the earlier of (x) March 8, 2023 and (y) the date that is one year prior to the earliest maturity date of any Incremental Term Loans, if any. The Administrative Agent and the Lenders acknowledge and agree that the Extension Request has been deemed given by the Borrower on the Fourth Amendment Effective Date. The extension of the Revolving Credit Termination Date pursuant to this Section 2.6(a) shall become automatically effective on the date on which the following conditions have been satisfied (and by execution of the Fourth Amendment to Amended and Restated Credit Agreement, dated as of the Fourth Amendment Effective Date, the Administrative Agent and the Lenders acknowledge and agree that the following conditions have been deemed satisfied):

(i) the Administrative Agent shall have received the Extension Request;

(ii) no Default or Event of Default shall have occurred and be continuing either on the date that the Borrower delivers the Extension Request, or on the original Revolving Credit Termination Date immediately prior to or after giving effect to such extension, provided that, the Borrower shall deliver a certificate from a Responsible Officer together with the Extension Request certifying that no Default or Event of Default shall have occurred and be continuing on such date; and

(iii) the Borrower shall have paid to the Administrative Agent, for distribution to each Lender, a one-time fee in an amount equal to 0.15% of the Revolving Credit Commitment of such Lender on such date (or, if the Revolving Credit Commitments have been terminated, the aggregate principal amount of the Revolving Credit Loans then outstanding).

(b) The Borrower may request two (2) six-month extensions of the Revolving Credit Termination Date by delivering to the Administrative Agent an Extension Request, which the Administrative Agent shall distribute promptly to the Lenders, provided that, (i) the Borrower may not submit more than two (2) Extension Requests and (ii) the Revolving Credit Termination Date, as extended, shall not be later than the earlier of (x) March 8, 2024 and (y) the date that is one year prior to the earliest maturity date of any Incremental Term Loans, if any.

(c) The first extension of the Revolving Credit Termination Date (the "First Extended Revolving Credit Termination Date") pursuant to Section 2.6(b) shall become automatically effective on the date on which the following conditions have been satisfied:

(i) the Administrative Agent shall have received the Extension Request not more than 120 days prior to, and ending not less than 30 days prior to, the Revolving Credit Termination Date;

(ii) no Default or Event of Default shall have occurred and be continuing either on the date that the Borrower delivers the Extension Request, or on the original Revolving Credit Termination Date immediately prior to or after giving effect to such extension, provided that, the Borrower shall deliver a certificate from a Responsible Officer together with the Extension Request certifying that no Default or Event of Default shall have occurred and be continuing on such date;

(iii) the Borrower shall have paid to the Administrative Agent, for distribution to each Lender (and, in the case of the Extension Non-Consenting Lender, only to the extent the Extension Non-Consenting Lender has agreed to extend its Revolving Credit Commitment), a one-time fee in an amount equal to 0.075% of the Revolving Credit Commitment of such Lender on such date (or, if the Revolving Credit Commitments have been terminated, the aggregate principal amount of the Revolving Credit Loans then outstanding); and

(iv) subject to the terms of clause (e) of this Section 2.6, solely in the case of an extension of the Revolving Credit Commitment of the Extension Non-Consenting Lender, the Extension Non-Consenting Lender shall have agreed to extend the Revolving Credit Termination Date for such additional term, in its sole discretion.

(d) The second extension of the Revolving Credit Termination Date pursuant to Section 2.6(b) shall become automatically effective on the date on which the following conditions have been satisfied:

(i) the Administrative Agent shall have received the Extension Request not more than 120 days prior to, and ending not less than 30 days prior to, the First Extended Revolving Credit Termination Date;

(ii) the First Extended Revolving Credit Termination Date shall have occurred;

(iii) no Default or Event of Default shall have occurred and be continuing either on the date that the Borrower delivers the Extension Request, or on the First Extended Revolving Credit Termination Date immediately prior to or after giving effect to such extension, provided that, the Borrower shall deliver a certificate from a Responsible Officer together with the Extension Request certifying that no Default or Event of Default shall have occurred and be continuing on such date;

(iv) the Borrower shall have paid to the Administrative Agent, for distribution to each Lender (and, if applicable, in the case of the Extension Non-Consenting Lender, only to the extent the Extension Non-Consenting Lender has agreed to extend its Revolving Credit Commitment), a one-time fee in an amount equal to 0.075% of the Revolving Credit Commitment of such Lender on such date (or, if the Revolving Credit Commitments have been terminated, the aggregate principal amount of the Revolving Credit Loans then outstanding); and

(v) if applicable, subject to the terms of clause (e) of this Section 2.6, solely in the case of an extension of the Revolving Credit Commitment of the Extension Non-Consenting Lender, the Extension Non-Consenting Lender shall have agreed to extend the Revolving Credit Termination Date for such additional term, in its sole discretion.

(e) If the Extension Non-Consenting Lender does not agree to extend the Revolving Credit Termination Date with respect to its Revolving Credit Commitment pursuant to Section 2.6(c)(iv) or, if applicable, Section 2.6(d)(v), the Administrative Agent shall promptly so notify the other Lenders, and each such Lender may, in its sole discretion, give written notice to the Administrative Agent not later than ten (10) days prior to then-current Revolving Credit Termination Date of the amount of the Extension Non-Consenting Lender’s Revolving Credit Commitments for which it is willing to accept an assignment. If such Lenders notify the Administrative Agent that they are willing to accept assignments of such Revolving Credit Commitments in an aggregate amount that exceeds the amount of the Revolving Credit Commitments of the Extension Non-Consenting Lender, such Revolving Credit Commitments shall be allocated among such Lenders willing to accept such assignments in such amounts as are agreed between the Borrower and the Administrative Agent. If, after giving effect to the assignments of Revolving Credit Commitments described above, there remains any Revolving Credit Commitments of the Extension Non-Consenting Lender that have not been assigned, the Borrower may arrange for one or more Assignee(s) to assume effective as of the Revolving Credit Termination Date, the Extension Non-Consenting Lender’s Revolving Credit Commitment and all of the obligations of the Extension Non-Consenting Lender under this Agreement thereafter arising. Each assignment pursuant to this Section 2.6(e) shall be effected in accordance with Section 10.6.

(f) To the extent that the Revolving Credit Termination Date is not extended as to the Extension Non-Consenting Lender’s Revolving Credit Commitment pursuant to Section 2.6(c)(iv) or, if applicable, Section 2.6(d)(v), and the Revolving Credit Commitment of the Extension Non-Consenting Lender is not assumed in accordance with Section 2.6(e) on or prior to then-current Revolving Credit Termination Date, the Revolving Credit Commitment of the Extension Non-Consenting Lender that has not been assigned shall automatically terminate in whole on such unextended Revolving Credit Termination Date without any further notice or other action by the Borrower, any Lender or any other Person; provided that such Extension Non-Consenting Lender’s obligations under Section 9.7 shall survive the Revolving Credit Termination Date as to matters occurring prior to such date. If the Extension Non-Consenting Lender shall fail to notify the Administrative Agent and the Borrower in writing of its consent to any request for an extension of the Revolving Credit Termination Date at least 30 days prior to the then-current Revolving Credit Termination Date, it will be deemed to have denied such request."

(d) Section 9 of the Credit Agreement is hereby amended by inserting at the end thereof the following language as new Section 9.15:

"9.15 Erroneous Payment.

(a) Each Lender and each Issuing Lender (and each Participant of any of the foregoing, by its acceptance of a Participation Amount) hereby acknowledges and agrees that if the Administrative Agent notifies such Lender or Issuing Lender that the Administrative Agent has determined in its sole discretion that any funds (or any portion thereof) received by such Lender or Issuing Lender (any of the foregoing, a "Recipient") from the Administrative Agent (or any of its Affiliates) were erroneously transmitted to, or otherwise erroneously or mistakenly received by, such Recipient (whether or not known to such Recipient) (whether as a payment, prepayment or repayment of principal, interest, fees or otherwise; individually and collectively, a "Payment") and demands the return of such Payment, such Recipient shall promptly, but in no event later than two (2) Business Days thereafter, return to the Administrative Agent the amount of any such Payment as to which such a demand was made. A notice of the Administrative Agent to any Recipient under this Section shall be conclusive, absent manifest error.

(b) Without limitation of clause (a) above, each Recipient further acknowledges and agrees that if such Recipient receives a Payment from the Administrative Agent (or any of its Affiliates) (x) that is in an amount, or on a date different from the amount and/or date specified in a notice of payment sent by the Administrative Agent (or any of its Affiliates) with respect to such Payment (a "Payment Notice"), (y) that was not preceded or accompanied by a Payment Notice, or (z) that such Recipient otherwise becomes aware was transmitted, or received, in error or by mistake (in whole or in part), in each case, it understands and agrees at the time of receipt of such Payment that an error has been made (and that it is deemed to have knowledge of such error) with respect to such Payment. Each Recipient agrees that, in each such case, it shall promptly notify the Administrative Agent of such occurrence and, upon demand from the Administrative Agent, it shall promptly, but in no event later than two (2) Business Days thereafter, return to the Administrative Agent the amount of any such Payment (or portion thereof) as to which such a demand was made.

(c) Any Payment required to be returned by a Recipient under this Section shall be made in same day funds in the currency so received, together with interest thereon in respect of each day from and including the date such Payment (or portion thereof) was received by such Recipient to the date such amount is repaid to the Administrative Agent at the greater of the Federal Funds Effective Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation from time to time in effect. Each Recipient hereby agrees that it shall not assert and, to the fullest extent permitted by applicable law, hereby waives, any right to retain such Payment, and any claim, counterclaim, defense or right of set-off or recoupment or similar right to any demand by the Administrative Agent for the return of any Payment received, including without limitation any defense based on "discharge for value" or any similar doctrine.

(d) The Borrower and each other Loan Party hereby agrees that (x) in the event an erroneous Payment (or portion thereof) is not recovered from any Lender that has received such Payment (or portion thereof) for any reason, the Administrative Agent shall be subrogated to all the rights of such Lender with respect to such amount and (y) an erroneous Payment shall not pay, prepay, repay, discharge or otherwise satisfy any Obligations owed by the Borrower or any other Loan Party except, in each case, to the extent such erroneous Payment is, and with respect to the amount of such erroneous Payment that is, comprised of funds of the Borrower or any other Loan Party."

(e) Schedule 1.1A (Borrowing Base Properties) of the Credit Agreement is hereby amended by deleting such Schedule in its entirety and substituting in lieu therefor the new Schedule 1.1A as set forth on Exhibit B to this Amendment.

5. Amendments to Pledge Agreement. Schedule 2 of the Pledge Agreement is hereby amended by deleting such Schedule in its entirety and substituting in lieu therefor the new Schedule 2 as set forth on Annex II to this Amendment.

6. Conditions to Effectiveness. This Amendment shall become effective upon the date (the "Amendment Effective Date") on which the following conditions shall have been satisfied (it being acknowledged and agreed that such conditions have been satisfied by the execution and delivery of this Amendment by Administrative Agent and the applicable Lenders):

(a) Amendment Documents. The Administrative Agent shall have received:

(i) this Amendment, executed and delivered by a duly authorized officer of each of the REIT, the Borrower and the applicable Lenders; and

(ii) an Acknowledgment and Consent (the "Acknowledgment and Consent") substantially in the form of Exhibit A attached hereto, duly executed and delivered by the REIT and the Guarantors.

(b) Administrative Agent Fee; Costs and Expenses. The Administrative Agent shall have received the fees required to be paid pursuant to this Amendment together with all reasonable out-of-pocket expenses for which invoices have been presented (including reasonable fees, disbursements and other charges of counsel to the Administrative Agent), on or before the Amendment Effective Date.

(c) Approvals. All governmental and third party approvals (including landlords' and other consents) necessary in connection with the continuing operations of the Group Members and the transactions contemplated hereby shall have been obtained and be in full force and effect, and all applicable waiting periods shall have expired without any action being taken or threatened by any competent authority that would restrain, prevent or otherwise impose adverse conditions on the financing contemplated hereby.

(d) Additional Borrowing Base Properties. The Administrative Agent shall have received, for each of the Additional Borrowing Base Properties, each of the documents required by Section 5.3 of the Credit Agreement other than, subject to Section 2 hereof, those Third Party Reports which the Borrower certifies it is unable to obtain on or prior to the Amendment Effective Date, due to timing restrictions, including those arising from COVID-19 pandemic.

(e) No Material Adverse Effect. Other than such events that have been disclosed by the Borrower to the Administrative Agent and the Lenders in writing prior to the Amendment Effective Date, no event or condition shall have occurred since December 31, 2020 which has or could reasonably be expected to have a Material Adverse Effect.

7. Representations and Warranties. The REIT and the Borrower hereby jointly and severally represent and warrant to the Administrative Agent and each Lender that (before and after giving effect to this Amendment):

(a) Other than as previously notified to the Administrative Agent, each of the representations and warranties made by any Group Member herein or in or pursuant to the Loan Documents is true and correct in all material respects on and as of the Amendment Effective Date as if made on and as of such date, provided that, (x) to the extent that any such representation or warranty relates to a specific earlier date, it shall be true and correct as of such earlier date, (y) to the extent that any such representation and warranty is qualified as to “materiality”, “Material Adverse Effect” or similar language, it shall be true and correct as so qualified on such respective dates and (z) solely with respect to the representation in Section 4.2 of the Credit Agreement, other than such events that have been disclosed by the Borrower to the Administrative Agent and the Lenders in writing prior to the Amendment Effective Date.

(b) After giving effect to this Amendment, no Default or Event of Default has occurred and is continuing.

(c) After the due execution and delivery of this Amendment, the Capital Stock of each Person that directly owns any Real Property (other than any Real Property subject to a mortgage securing Non-Recourse Indebtedness) is subject to a perfected first priority security interest in favor of the Administrative Agent.

8. Limited Effect; Ratification. Except as expressly provided hereby, all of the terms and provisions of the Credit Agreement and the other Loan Documents are and shall remain in full force and effect. The amendments contained herein shall not be construed as a waiver or amendment of any other provision of the Credit Agreement or the other Loan Documents or for any purpose except as expressly set forth herein or a consent to any further or future action on the part of the Borrower that would require the waiver or consent of the Administrative Agent or the Lenders. Each Loan Party (a) ratifies and confirms all provisions of the Loan Documents to which it is a party as amended by this Amendment, (b) ratifies and confirms that all Liens granted, conveyed, or assigned to or for the benefit of Administrative Agent and the Lenders under the Loan Documents are not released, reduced, or otherwise

adversely affected by this Amendment and continue to guarantee, assure, and secure full payment of the Obligations and (c) agrees to perform such acts and duly authorize, execute, acknowledge, deliver, file, and record such additional d instruments, certificates or documents, and take such actions, as Administrative Agent may reasonably request in order to create, perfect, preserve, and protect those guaranties, assurances, and Liens.

9. GOVERNING LAW. THIS AMENDMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

10. Miscellaneous. This Amendment may be executed by one or more of the parties to this Amendment on any number of separate counterparts, and all of said counterparts taken together shall be deemed to constitute one and the same instrument. A set of the copies of this Amendment signed by all the parties shall be lodged with the Borrower and the Administrative Agent. This Amendment may be delivered by facsimile transmission or electronic mail of the relevant signature pages hereof.

(b) On and after the Amendment Effective Date, each reference in the Credit Agreement to “this Agreement”, “hereunder”, “hereof”, “herein”, or words of like import referring to the Credit Agreement, and each reference in the other Loan Documents to the “Credit Agreement”, “thereunder”, “thereof’, or words of like import referring to the Credit Agreement shall mean and be a reference to the Credit Agreement as amended hereby. This Amendment shall constitute a Loan Document for all purposes of the Credit Agreement and the other Loan Documents.

[SIGNATURES FOLLOW]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed and delivered by their respective proper and duty authorized officers as of the day and year first above written.

CHATHAM LODGING TRUST, as the REIT

By: /s/ ERIC KENTOFF
Name: Eric Kentoff
Title: SVP, Secretary & General Counsel

CHATHAM LODGING, L.P., as Borrower

By: Chatham Lodging Trust, its general partner

By: /s/ ERIC KENTOFF
Name: Eric Kentoff
Title: SVP, Secretary & General Counsel

BARCLAYS BANK PLC,
as Administrative Agent and a Lender

By: /s/ CRAIG J. MALLOY
Name: Craig J. Malloy
Title: Director

Bank of America, N.A.,
as a Lender

By: /s/ KYLE PEARSON
Name: Kyle Pearson
Title: Vice President

BMO HARRIS BANK, NA,
as a Lender

By: /s/ GWENDOLYN GATZ
Name: Gwendolyn Gatz
Title: Director

Citibank N.A.,
as a Lender

By: /s/ DAVID BOUTON
Name: David Bouton
Title: Authorized Signatory

REGIONS BANK,
as a Lender

By: /s/ GHI S. GAVIN
Name: Ghi S. Gavin
Title: Senior Vice President

U.S. BANK NATIONAL ASSOCIATION,
as a Lender

By: /s/ LORI Y. JENSEN
Name: Lori Y. Jensen
Title: Senior Vice President

Wells Fargo Bank, National Association,
as a Lender

By: /s/ ANAND J. JOBANPUTRA
Name: Anand J. Jobanputra
Title: Managing Director

EXHIBIT A

ACKNOWLEDGMENT AND CONSENT

Reference is made to the (i) FOURTH AMENDMENT TO AMENDED AND RESTATED CREDIT AGREEMENT, dated as of October [__], 2021 (the "Amendment"), (ii) the AMENDED AND RESTATED CREDIT AGREEMENT, dated as of March 8, 2018 (as previously amended, supplemented, or otherwise modified prior to the date hereof, the "Credit Agreement"), among CHATHAM LODGING TRUST, a Maryland real estate investment trust (the "REIT"), CHATHAM LODGING, L.P., a Delaware limited partnership (the "Borrower"), the several banks and other financial institutions or entities from time to time parties thereto (the "Lenders"), BARCLAYS BANK PLC, CITIGROUP GLOBAL MARKETS INC., REGIONS CAPITAL MARKETS and U.S. BANK NATIONAL ASSOCIATION, as joint lead arrangers and bookrunners (in such capacity, the "Arrangers"), REGIONS BANK, as syndication agent (in such capacity, the "Syndication Agent"), CITIBANK, N.A. and U.S. BANK NATIONAL ASSOCIATION, as co-documentation agents (in such capacity, the "Co-Documentation Agents"), and BARCLAYS BANK PLC, as administrative agent (the "Credit Agreement") and (iii) the Guarantee Agreement (as defined in the Credit Agreement), dated as of November 25, 2015, made by each of the signatories thereto, in favor of the Administrative Agent for the benefit of the Lenders. Unless otherwise defined herein, capitalized terms used herein and defined in the Credit Agreement are used herein as therein defined.

Each of the undersigned parties to the Guarantee Agreement and the other Loan Documents hereby (a) consents to the Amendment, (b) acknowledges and agrees that the guarantees made by such party contained in the Guarantee Agreement are, and shall remain, in full force and effect after giving effect to the Amendment and (c) ratifies and confirms all provisions of the Loan Documents to which it is a party as amended by the Amendment.

THIS ACKNOWLEDGMENT AND CONSENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

[SIGNATURES FOLLOW]

IN WITNESS WHEREOF, the parties hereto have caused this Acknowledgment and Consent to be duty executed and delivered by their respective proper and duly authorized officers as of the day and year first above written.

CHATHAM LODGING TRUST,
a Maryland real estate investment trust

By: /s/ ERIC KENTOFF
Name: Eric Kentoff
Title: SVP, Secretary & General Counsel

[SIGNATURE PAGE CONTINUES]

CHATHAM ADDISON QUORUM CY LLC,
CHATHAM BLOOMINGTON HS LLC,
CHATHAM BRENTWOOD HS LLC,
CHATHAM BURLINGTON HG LLC,
CHATHAM DALLAS DT LLC,
CHATHAM CHERRY CREEK HP LLC,
CHATHAM DALLAS HS LLC,
CHATHAM DEDHAM RI LLC,
CHATHAM DENVER TECH HG LLC,
CHATHAM EXETER HAS LLC,
CHATHAM FARMINGTON HS LLC,
CHATHAM GASLAMP RI LLC,
CHATHAM HOLTSVILLE RI LLC,
CHATHAM HOLTSVILLE RI UTILITY LLC,
CHATHAM HOUSTON WEST UNIV CY LLC,
CHATHAM HOUSTON WEST UNIV RI LLC,
CHATHAM LUGANO LLC,
CHATHAM MAITLAND HS LLC,
CHATHAM PORTLAND DT LLC,
CHATHAM WASHINGTON DC LLC,
CHATHAM WHITE PLAINS RI LLC,
CHATHAM PORTSMOUTH LLC,
CHATHAM SUMMERVILLE CY LLC,
CHATHAM SUMMERVILLE RI LLC,
CHATHAM SPRINGFILED VA LLC,
CHATHAM AUSTIN RI LLC,
CHATHAM AUSTIN TPS LLC,
CHATHAM NEW ROCHELLE RI LLC,
CHATHAM NEW ROCHELLE RI LEASECO LLC,
each a Delaware limited liability company

By: Chatham Lodging, L.P.,
a Delaware limited partnership,
its member

By: Chatham Lodging Trust,
a Maryland real estate investment trust,
its general partner

By: /s/ ERIC KENTOFF
Name: Eric Kentoff
Title: SVP, Secretary & General Counsel

EXHIBIT B

Schedule 1.1A

Borrowing Base Properties

Property	Owner	Fee/Leasehold
Courtyard Dallas Addison Quorum Drive 15160 Quorum Drive Addison, TX 75001	Chatham Addison Quorum CY LLC, a Delaware limited liability company	Fee
Homewood Suites 2261 Killebrew Drive Bloomington, Minnesota 55425	Chatham Bloomington HS LLC, a Delaware limited liability company	Fee
Homewood Suites 5107 Peter Taylor Park Drive Brentwood, Tennessee 37027	Chatham Brentwood HS LLC, a Delaware limited liability company	Fee
Hilton Garden Inn 5 Wheeler Road Burlington, Massachusetts 01803	Chatham Burlington HG LLC, a Delaware limited liability company	Fee
Courtyard Dallas Downtown 310 South Houston Street Dallas, TX 75202	Chatham Dallas DT LLC, a Delaware limited liability company	Fee
Homewood Suites 2747 North Stemmons Freeway Dallas, Texas 75207	Chatham Dallas HS LLC, a Delaware limited liability company	Fee
Hilton Garden Inn Denver Tech 7675 East Union Avenue Denver, CO 80237	Chatham Denver Tech HG LLC, a Delaware limited liability company	Fee
Homewood Suites 2 Farm Glen Boulevard Farmington, Connecticut 06032	Chatham Farmington HS LLC, a Delaware limited liability company	Fee
Hampton Inn & Suites 59 Portsmouth Avenue Exeter, New Hampshire 03833	Chatham Exeter HAS LLC, a Delaware limited liability company	Fee
Hyatt Place 4150 E. Mississippi Avenue Denver, Colorado 80246	Chatham Cherry Creek HP LLC, a Delaware limited liability company	Fee
Residence Inn 25 Middle Avenue Holtsville, New York 11742	Chatham Holtsville RI LLC, a Delaware limited liability company Chatham Holtsville RI Utility LLC, a Delaware limited liability company	Fee Ground Leasehold
Homewood Suites 290 Southhall Lane Maitland, Florida 32751	Chatham Maitland HS LLC, a Delaware limited liability company	Fee

Hampton Inn 209 Fore Street Portland, Maine 04101	Chatham Portland DT LLC, a Delaware limited liability company	Fee
Hilton Garden Inn Portsmouth Downtown 100 High Street Portsmouth, NH 03801	Chatham Portsmouth LLC, a Delaware limited liability company	Fee
Courtyard Charleston Summerville 1510 Rose Drive Summerville, SC 29483	Chatham Summerville CY LLC, a Delaware limited liability company	Fee
Residence Inn Charleston Summerville 1528 North Main Street Summerville, SC 29486	Chatham Summerville RI LLC, a Delaware limited liability company	Fee
Residence Inn 801 New Hampshire Avenue Northwest Washington, DC 20037	Chatham Washington DC LLC, a Delaware limited liability company	Fee
Residence Inn 5 Barker Avenue White Plains, New York 10601	Chatham White Plains RI LLC, a Delaware limited liability company	Fee
Residence Inn Dedham 259 Elm Street, Dedham, MA 02026	Chatham Dedham RI LLC, a Delaware limited liability company	Fee
Courtyard Houston West University 2929 Westpark Drive, Houston, TX 77005	Chatham Houston West Univ CY LLC, a Delaware limited liability company	Fee
Residence Inn Houston West University 2939 Westpark Drive, Houston, TX 77005	Chatham Houston West Univ RI LLC, a Delaware limited liability company	Fee
Embassy Suites Springfield 8100 Loisdale Drive, Springfield, VA 22150	Chatham Springfield VA LLC, a Delaware limited liability company	Fee
Residence Inn Gaslamp Quarter San Diego 356 6th Ave., San Diego, CA 92101	Chatham Gaslamp RI LLC, a Delaware limited liability company	Fee
Residence Inn Fort Lauderdale 3333 NE 32nd Ave., Fort Lauderdale, FL 33308	Chatham Lugano LLC, a Delaware limited liability company	Fee
Residence Inn by Marriott 11301 Burnet Road, Austin, TX 78758	Chatham Austin RI LLC, a Delaware limited liability company	Fee

TownePlace Suites 2232 West Braker Lane, Austin, TX 78758	Chatham Austin TPS LLC, a Delaware limited liability company	Fee
Residence Inn by Marriott 35 LeCount Place, New Rochelle, NY 10801	Chatham New Rochelle RI LLC, a Delaware limited liability company Chatham New Rochelle RI Leaseco LLC, a Delaware limited liability company	Fee Ground Leasehold

ANNEX I

ADDITIONAL BORROWING BASE PROPERTIES

PROPERTY	OWNER	FEE / LEASEHOLD
Residence Inn by Marriott 11301 Burnet Road, Austin, TX 78758	Chatham Austin RI LLC	Fee
TownePlace Suites 2232 West Braker Lane, Austin, TX 78758	Chatham Austin TPS LLC	Fee
Residence Inn by Marriott 35 LeCount Place, New Rochelle, NY 10801	Chatham New Rochelle RI LLC Chatham New Rochelle RI Leaseco LLC	Fee Ground Leasehold

ANNEX II

Schedule 2

DESCRIPTION OF PLEDGED STOCK

Pledged Stock:

Pledgor	Issuer	Class of Stock	Stock Certificate No.	Percentage Interest
Chatham Lodging, L.P.	Chatham Addison Quorum CY LLC	N/A	N/A	100%
Chatham Lodging, L.P.	Chatham Bloomington HS LLC	N/A	N/A	100%
Chatham Lodging, L.P.	Chatham Brentwood HS LLC	N/A	N/A	100%
Chatham Lodging, L.P.	Chatham Burlington HG LLC	N/A	N/A	100%
Chatham Lodging, L.P.	Chatham Cherry Creek HP LLC	N/A	N/A	100%
Chatham Lodging, L.P.	Chatham Dallas HS LLC	N/A	N/A	100%
Chatham Lodging, L.P.	Chatham Denver Tech HG LLC	N/A	N/A	100%
Chatham Lodging, L.P.	Chatham Exeter HAS LLC	N/A	N/A	100%
Chatham Lodging, L.P.	Chatham Farmington HS LLC	N/A	N/A	100%
Chatham Lodging, L.P.	Chatham Holtsville RI LLC	N/A	N/A	100%
Chatham Lodging, L.P.	Chatham Holtsville RI Utility LLC	N/A	N/A	100%
Chatham Lodging, L.P.	Chatham Maitland HS LLC	N/A	N/A	100%
Chatham Lodging, L.P.	Chatham Portland DT LLC	N/A	N/A	100%
Chatham Lodging, L.P.	Chatham Washington DC LLC	N/A	N/A	100%
Chatham Lodging, L.P.	Chatham White Plains RI LLC	N/A	N/A	100%
Chatham Lodging, L.P.	Chatham Portsmouth LLC	N/A	N/A	100%
Chatham Lodging, L.P.	Chatham Summerville CY LLC	N/A	N/A	100%
Chatham Lodging, L.P.	Chatham Summerville RI LLC	N/A	N/A	100%
Chatham Lodging, L.P.	Chatham Dallas DT LLC	N/A	N/A	100%
Chatham Lodging, L.P.	Chatham Dedham RI LLC	N/A	N/A	100%
Chatham Lodging, L.P.	Chatham Houston West Univ CY LLC	N/A	N/A	100%

Chatham Lodging, L.P.	Chatham Houston West Univ RI LLC	N/A	N/A	100%
Chatham Lodging, L.P.	Chatham Springfield VA LLC	N/A	N/A	100%
Chatham Lodging, L.P.	Chatham Gaslamp RI LLC	N/A	N/A	100%
Chatham Lodging, L.P.	Chatham Lugano LLC	N/A	N/A	100%
Chatham Lodging, L.P.	Chatham Austin RI LLC	N/A	N/A	100%
Chatham Lodging, L.P.	Chatham Austin TPS LLC	N/A		100%
Chatham Lodging, L.P.	Chatham New Rochelle RI LLC	N/A	N/A	100%
Chatham Lodging, L.P.	Chatham New Rochelle RI LLC	N/A	N/A	100%

EXHIBIT 31.1

Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Jeffrey H. Fisher, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Chatham Lodging Trust;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c. Evaluated the effectiveness of the registrant’s disclosure controls and procedures, and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and
   d. Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

1. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of trustees (or persons performing the equivalent functions):
   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

CHATHAM LODGING TRUST

Dated: November 4, 2021

/s/ JEFFREY H. FISHER

Jeffrey H. Fisher

Chairman,PresidentandChiefExecutiveOfficer

EXHIBIT 31.2

Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Jeremy B. Wegner, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Chatham Lodging Trust;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures, and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and
   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

1. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of trustees (or persons performing the equivalent functions):
   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

CHATHAM LODGING TRUST

Dated: November 4, 2021

/s/ JEREMY B. WEGNER
Jeremy B. Wegner
Senior Vice President and Chief Financial Officer

EXHIBIT 32.1

Certification Pursuant To
18 U.S.C. Section 1350,
as Adopted Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of Chatham Lodging Trust (the “Company”) on Form 10-Q for the period ended September 30, 2021 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Jeffrey H. Fisher, Chairman, President and Chief Executive Officer of the Company and I, Jeremy B. Wegner, Senior Vice President and Chief Financial Officer of the Company, certify, to our knowledge, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

CHATHAM LODGING TRUST

Dated: November 4, 2021

/s/ JEFFREY H. FISHER
Jeffrey H. Fisher
Chairman, President and Chief Executive Officer

/s/ JEREMY B. WEGNER
Jeremy B. Wegner
Senior Vice President and Chief Financial Officer