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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended June 30, 2014

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.)**
50 Cocoanut Row, Suite 211 **Palm Beach, Florida**	**33480**
(Address of Principal Executive Offices)	**(Zip Code)**

(561) 802-4477

(Registrant's Telephone Number, Including Area Code)

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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post 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	☐ (Do not check if a smaller reporting company)	Smaller reporting company	☐

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 August 8, 2014**
Common Shares of Beneficial Interest ($0.01 par value per share)	26,878,072

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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)

	June 30, 2014	December 31, 2013
	(unaudited)	
Assets:		
Investment in hotel properties, net	$ 970,954	$ 652,877
Cash and cash equivalents	11,935	4,221
Restricted cash	8,060	4,605
Investment in unconsolidated real estate entities	3,321	774
Hotel receivables (net of allowance for doubtful accounts of $59 and $30, respectively)	3,803	2,455
Deferred costs, net	6,840	7,113
Prepaid expenses and other assets	2,760	1,879
Total assets	$ 1,007,673	$ 673,924
Liabilities and Equity:		
Mortgage debt	$ 444,535	$ 222,063
Revolving credit facility	98,000	50,000
Accounts payable and accrued expenses	13,992	12,799
Distributions and losses in excess of investments of unconsolidated real estate entities	—	1,576
Distributions payable	2,260	1,950
Total liabilities	558,787	288,388
Commitments and contingencies		
Equity:		
Shareholders' Equity:		
Preferred shares, $0.01 par value, 100,000,000 shares authorized and unissued at June 30, 2014 and December 31, 2013	—	—
Common shares, $0.01 par value, 500,000,000 shares authorized; 26,877,757 and 26,295,558 shares issued and outstanding at June 30, 2014 and December 31, 2013, respectively	266	261
Additional paid-in capital	445,427	433,900
Accumulated deficit	729	(50,792)
Total shareholders' equity	446,422	383,369
Noncontrolling Interests:		
Noncontrolling Interest in Operating Partnership	2,464	2,167
Total equity	448,886	385,536
Total liabilities and equity	$ 1,007,673	$ 673,924

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 June 30,		For the six months ended June 30,	
	2014	2013	2014	2013
Revenue:				
Room	$ 43,978	$ 28,960	$ 77,935	$ 53,195
Food and beverage	585	199	1,213	349
Other	2,021	1,202	3,629	2,213
Cost reimbursements from unconsolidated real estate entities	493	385	1,165	768
Total revenue	47,077	30,746	83,942	56,525
Expenses:				
Hotel operating expenses:				
Room	8,802	6,065	16,557	11,615
Food and beverage	432	182	899	317
Telephone expense	285	216	572	407
Other hotel operating	507	378	950	727
General and administrative	3,847	2,680	7,274	5,186
Franchise and marketing fees	3,602	2,243	6,394	4,144
Advertising and promotions	859	651	1,689	1,308
Utilities	1,482	1,117	3,102	2,183
Repairs and maintenance	2,057	1,556	4,056	3,001
Management fees	1,396	887	2,490	1,631
Insurance	217	176	433	348
Total hotel operating expenses	23,486	16,151	44,416	30,867
Depreciation and amortization	7,365	4,026	13,680	7,778
Property taxes and insurance	2,809	2,045	5,458	4,032
General and administrative	2,364	2,064	4,686	4,046
Hotel property acquisition costs and other charges	5,559	1,059	7,041	1,236
Reimbursed costs from unconsolidated real estate entities	493	385	1,165	768
Total operating expenses	42,076	25,730	76,446	48,727
Operating income	5,001	5,016	7,496	7,798
Interest and other income	12	111	26	115
Interest expense, including amortization of deferred fees	(4,362)	(2,817)	(8,100)	(5,658)
Loss on early extinguishment of debt	—	—	(184)	(933)
Loss from unconsolidated real estate entities	(2,000)	(89)	(2,316)	(720)
Net gain from remeasurement and sale of investment in unconsolidated real estate entities	66,701	—	66,701	—
Income before income tax expense	65,352	2,221	63,623	602
Income tax expense	(38)	(45)	(41)	(45)
Net income	65,314	2,176	63,582	557
Net income attributable to noncontrolling interests	(108)	—	(108)	—
Net income attributable to common shareholders	$ 65,206	$ 2,176	$ 63,474	$ 557
Income per Common Share - Basic:				
Net income attributable to common shareholders (Note 11)	$ 2.46	$ 0.12	$ 2.40	$ 0.02
Income per Common Share - Diluted:				
Net income attributable to common shareholders (Note 11)	$ 2.44	$ 0.11	$ 2.38	$ 0.02
Weighted average number of common shares outstanding:				
Basic	26,437,878	18,147,108	26,355,237	17,682,199
Diluted	26,734,919	18,383,626	26,637,261	17,897,255
Distributions per common share:	$ 0.24	$ 0.21	$ 0.45	$ 0.42

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)

	Common Shares		Additional Paid - In Capital	Accumulated Deficit	Total Shareholders' Equity	Noncontrolling Interest in Operating Partnership	Total Equity
	Shares	Amount					
Balance, January 1, 2013	13,908,907	$ 137	$ 240,355	$ (35,491)	$ 205,001	$ 1,611	$ 206,612
Issuance of shares pursuant to Equity Incentive Plan	22,536	—	337	—	337	—	337
Issuance of shares, net of offering costs of $6,746	8,568,500	86	127,335	—	127,421	—	127,421
Issuance of restricted time-based shares	40,829	—	—	—	—	—	—
Issuance of performance based shares	17,731	—	—	—	—	—	—
Repurchase of common shares	(445)	—	(7)	—	(7)	—	(7)
Amortization of share based compensation	—	—	520	—	520	391	911
Dividends declared on common shares ($0.42 per share)	—	—	—	(7,764)	(7,764)	—	(7,764)
Distributions declared on LTIP units ($0.42 per unit)	—	—	—	—	—	(108)	(108)
Net income	—	—	—	557	557	—	557
Balance, June 30, 2013	22,558,058	$ 223	$ 368,540	$ (42,698)	$ 326,065	$ 1,894	$ 327,959
Balance, January 1, 2014	26,295,558	$ 261	$ 433,900	$ (50,792)	$ 383,369	$ 2,167	$ 385,536
Issuance of shares pursuant to Equity Incentive Plan	16,542	—	337	—	337	—	337
Issuance of shares, net of offering costs of $461	486,969	5	10,506	—	10,511	—	10,511
Issuance of restricted time-based shares	48,213	—	—	—	—	—	—
Issuance of performance based shares	31,342	—	—	—	—	—	—
Repurchase of common shares	(867)	—	(18)	—	(18)	—	(18)
Amortization of share based compensation	—	—	616	—	616	391	1,007
Dividends declared on common shares ($0.45 per share)	—	—	—	(11,953)	(11,953)	—	(11,953)
Distributions declared on LTIP units ($0.45 per unit)	—	—	—	—	—	(116)	(116)
Reallocation of noncontrolling interest	—	—	86	—	86	(86)	—
Net income	—	—	—	63,474	63,474	108	63,582
Balance, June 30, 2014	26,877,757	$ 266	$ 445,427	$ 729	$ 446,422	$ 2,464	$ 448,886

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 six months ended June 30,	
	2014	2013
Cash flows from operating activities:		
Net income	$ 63,582	$ 557
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	13,623	7,739
Amortization of deferred franchise fees	57	40
Amortization of deferred financing fees included in interest expense	749	556
Net gain from remeasurement and sale of investment in unconsolidated real estate entities	(66,701)	—
Loss on early extinguishment of debt	184	933
Loss on write-off of deferred franchise fee	—	64
Share based compensation	1,213	1,080
Loss from unconsolidated real estate entities	2,316	720
Changes in assets and liabilities:		
Hotel receivables	(389)	(204)
Deferred costs	(136)	296
Prepaid expenses and other assets	(619)	(630)
Accounts payable and accrued expenses	1,225	964
Net cash provided by operating activities	15,104	12,115
Cash flows from investing activities:		
Improvements and additions to hotel properties	(7,721)	(7,128)
Acquisition of hotel properties, net of cash acquired	(265,288)	(74,769)
Distributions from unconsolidated entities	449	908
Investment in unconsolidated real estate entities	—	(1,649)
Restricted cash	(3,455)	263
Net cash used in investing activities	(276,015)	(82,375)
Cash flows from financing activities:		
Borrowings on revolving credit facility	126,000	88,500
Repayments on revolving credit facility	(78,000)	(137,500)
Payments on debt	(1,342)	(807)
Proceeds from the issuance of debt	256,000	117,033
Principal prepayment of mortgage debt	(32,186)	(100,130)
Payment of financing costs	(531)	(965)
Payment of offering costs	(511)	(6,746)
Proceeds from issuance of common shares	10,972	134,166
In-substance repurchase of vested common shares	(18)	(7)
Distributions-common shares/units	(11,759)	(9,090)
Net cash provided by financing activities	268,625	84,454
Net change in cash and cash equivalents	7,714	14,194
Cash and cash equivalents, beginning of period	4,221	4,496
Cash and cash equivalents, end of period	$ 11,935	$ 18,690
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ 7,129	$ 5,241
Cash paid for income taxes	$ 165	$ 50

Supplemental disclosure of non-cash investing and financing information:

On January 15, 2014, the Company issued 16,542 shares to its independent trustees pursuant to the Company's Equity Incentive Plan as compensation for services performed in 2013. On January 15, 2013, the Company issued 22,536 shares to its independent trustees pursuant to the Company's Equity Incentive Plan as compensation for services performed in 2012.

As of June 30, 2014, the Company had accrued distributions payable of $2,260. These distributions were paid on July 25, 2014 except for $89 related to accrued but unpaid distributions on unvested performance based shares (See Note 12). As of June 30, 2013, the Company had accrued distributions payable of $1,657. These distributions were paid on April 26, 2013 except for $60 related to accrued but unpaid distributions on unvested performance based shares.

Accrued share based compensation of $206 and $169 is included in accounts payable and accrued expenses as of June 30, 2014 and 2013, respectively.

Accrued capital improvements of $424 and $806 are included in accounts payable and accrued expenses as of June 30, 2014 and 2013, respectively.

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

CHATHAM LODGING TRUST
Notes to the Consolidated Financial Statements
(unaudited)

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 was organized to invest primarily in premium-branded upscale extended-stay and select-service hotels.

In January 2014, the Company established an At the Market Equity Offering ("ATM Plan") whereby, from time to time, we may publicly offer and sell up to $50 million of our common shares by means of ordinary brokers’ transactions on the New York Stock Exchange, 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, with Cantor Fitzgerald & Co. acting as sales agent. As of June 30, 2014, we had issued 486,820 shares under the ATM Plan at a weighted average price of $22.53. As of June 30, 2014, there was approximately $39.0 million of common shares available for issuance under the ATM Plan.

In January 2014, the Company established a dividend reinvestment and stock purchase plan ("DRSPP"). 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 DRSPP. As of June 30, 2014, we had issued 149 shares under the DRSPP at a weighted average price of $22.12. As of June 30, 2014, there was approximately $25.0 million of common shares available for issuance under the DRSPP.

The net proceeds from any share offerings 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% 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, which are presented as non-controlling interests on our consolidated balance sheets.

As of June 30, 2014, the Company owned 29 hotels with an aggregate of 4,342 rooms located in 15 states and the District of Columbia. The Company also owns a 10.3% noncontrolling interest in a joint venture (the “NewINK JV”) with NorthStar Realty Finance Corp (“NorthStar”), which owns 47 hotels comprising an aggregate of 6,097 rooms, and owns a 5.0% noncontrolling interest in a joint venture (the "Torrance JV") with Cerberus Capital Management ("Cerberus") that owns the 248-room Residence Inn by Marriott in Torrance, CA.

To qualify as a REIT, the Company cannot operate the hotels. Therefore, the Operating Partnership and its subsidiaries lease our wholly owned hotels to taxable REIT subsidiary lessees (“TRS Lessees”), which are wholly owned by one of the Company’s taxable REIT subsidiary (“TRS”) holding companies. The Company indirectly owns its interest in 47 of the NewINK JV hotels and its interest in the Torrance JV through the Operating Partnership. All of the NewINK JV hotels and the Torrance JV hotel are leased to TRS Lessees, in which the Company indirectly owns noncontrolling interests through one of its TRS holding companies. 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 room 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 June 30, 2014, Island Hospitality Management Inc. (“IHM”), which is 90% owned by Jeffrey H. Fisher, the Company's Chairman, President and Chief Executive Officer, managed 27 of the Company’s wholly owned hotels and Concord Hospitality Enterprises Company managed two of the Company’s wholly owned hotels. As of June 30, 2014, all of the NewINK JV hotels were managed by IHM. The Torrance JV hotel is managed by Marriott International, Inc. ("Marriott").

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 presentation 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 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, 2013, which are included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2013.

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. Recently Issued Accounting Standards

In April 2014, the FASB issued amendments to guidance for reporting discontinued operations and disposals of components of an entity. The amended guidance requires that a disposal representing a strategic shift that has (or will have) a major effect on an entity's operations and financial results or a business activity classified as held for sale upon acquisition should be reported as discontinued operations. The amendments also expand the disclosure requirements for discontinued operations and adds new disclosures for individually significant dispositions that do not qualify as discontinued operations. The amendments are effective prospectively for fiscal years, and interim reporting periods within those years, beginning after December 15, 2014 (early adoption is permitted only for disposals that have not been previously reported). Early adoption is permitted for disposals that have not been reported in financial statements previously issued. We adopted this accounting standard update effective January 1, 2014 and do not expect the implementation of the amended guidance to have a material impact on the Company's consolidated financial position of results of operations, but do expect these amendments to impact the Company determination of which future property disposals qualify as discontinued operations as well as requiring additional disclosures about discontinued operations.

On May 28, 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers, which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The ASU will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective. The new standard is effective for the Company on January 1, 2017. Early application is not permitted. The standard permits the use of either the retrospective or cumulative effect transition method. The Company is evaluating the effect that AUS 2014-09 will have on its consolidated financial statements and related disclosures. The Company has not yet selected a transition method nor has it determined the effect of the standard on its financial statements.

4. Acquisition of Hotel Properties

Hotel Purchase Price Allocation

The allocation of the purchase price for the Silicon Valley hotels (hereinafter the "Silicon Valley Hotels") includes the following hotels (i) Residence Inn Silicon Valley I, (ii) Residence Inn Silicon Valley II, (iii) Residence Inn San Mateo and (iv) Residence Inn Mountain View, based on the fair value on the date of their acquisition was (in thousands):

		Silicon Valley Hotels (Preliminary)
Acquisition date		6/9/2014
Number of Rooms		751
Land	$	149,385
Building and improvements		156,902
Furniture, fixtures and equipment		17,565
Cash		25
Accounts receivable		959
Prepaid expenses and other assets		289
Net assets acquired	$	325,125
Less: Fair value of interest in the Silicon Valley Hotels and NewINK JV	$	(59,813)
Net assets acquired, net of cash and Fair Value of interest in the Silicon Valley Hotels and New INK JV	$	265,287

The Company incurred acquisition costs of $4.8 million and $5.1 million, respectively, during the three and six months ended June 30, 2014 and $1.1 million and $1.2 million, respectively, during the three and six months ended June 30, 2013.

The amount of revenue and operating income from the new hotels acquired in 2014 are as follows (in thousands):

	For the three months ended June 30, 2014		For the six months ended June 30, 2014	
	Revenue	Operating Income	Revenue	Operating Income
Silicon Valley Hotels	$ 3,075	$ 2,113	3,075	$ 2,113
Total	**$ 3,075**	**$ 2,113**	**$ 3,075**	**$ 2,113**

Pro Forma Financial Information

The following condensed pro forma financial information presents the unaudited results of operations for the three and six months ended June 30, 2014 and 2013 as if the hotels acquired in 2014 and 2013 had taken place on January 1, 2013 and 2012. The unaudited pro forma results have been prepared for comparative purposes only and are not necessarily indicative of what actual results of operations would have been had the acquisitions taken place on January 1, 2013 and 2012, nor do they purport to represent the results of operations for future periods (in thousands, except share and per share data).

	For the three months ended June 30,		For the six months ended June 30,	
	2014	2013	2014	2013
Pro forma total revenue	$ 56,383	$ 51,034	$ 103,511	$ 94,462
Pro forma net income (loss)	$ 3,404	$ 65,465	$ (799)	$ 67,601
Pro forma income (loss) per share:				
Basic	$ 0.13	$ 2.44	$ (0.03)	$ 2.52
Diluted	$ 0.13	$ 2.42	$ (0.03)	$ 2.50
Weighted average Common Shares Outstanding				
Basic	26,877,757	26,877,757	26,877,757	26,877,757
Diluted	27,174,798	27,114,275	26,877,757	27,092,813

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 $59 thousand and $30 thousand as of June 30, 2014 and December 31, 2013, respectively.

6. Investment in Hotel Properties

Investment in hotel properties as of June 30, 2014 and December 31, 2013 consisted of the following (in thousands):

	June 30, 2014	December 31, 2013
Land and improvements	$ 244,236	$ 94,847
Building and improvements	720,061	559,713
Furniture, fixtures and equipment	56,179	36,628
Renovations in progress	6,392	4,006
	1,026,868	695,194
Less accumulated depreciation	(55,914)	(42,317)
Investment in hotel properties, net	**$ 970,954**	**$ 652,877**

7. Investment in Unconsolidated Entities

On April 17, 2013, the Company acquired a 5.0% interest for $1.7 million in the Torrance JV. The Torrance JV acquired the 248-room Residence Inn by Marriott in Torrance, CA for $31.0 million. The Company accounts for this investment under the equity method. During the three and six months ended June 30, 2014 and 2013, the Company received cash distributions from the Torrance JV as follows (in thousands):

	For the three months ended June 30,		For the six months ended June 30,	
	2014	2013	2014	2013
Cash generated from other activities and excess cash	$ —	$ 908	$ 38	$ 908
Total	**$ —**	**$ 908**	**$ 38**	**$ 908**

The Company owned a 10.3% interest in a joint venture (the "Innkeepers JV") with Cerberus Capital Management ("Cerberus"), which owned 51 hotels comprising an aggregate of 6,848 rooms until June 9, 2014. The Company accounted for this investment under the equity method. During the three and six months ended June 30, 2014 and 2013, the Company received cash distributions from the Innkeepers JV as follows (in thousands):

	For the three months ended June 30,		For the six months ended June 30,	
	2014	2013	2014	2013
Cash generated from other activities and excess cash	$ —	$ —	$ 411	$ —
Total	**$ —**	**$ —**	**$ 411**	**$ —**

On June 9, 2014, the Company completed the sale of its joint venture with Cerberus, the Innkeepers JV, which owned a 51-hotel, 6,848-room portfolio, to a new joint venture between affiliates of NorthStar and the Company's operating partnership (the "NewINK JV") in which NorthStar effectively acquired Cerberus' 89.7% interest in 47 of the 51 hotels from the Innkeepers JV. The remaining four hotels, each of which is a Residence Inn that are located in Silicon Valley, CA, were purchased by the Company (see note 4). The Company owns a 10.3% interest in the NewINK JV, which owns 47 hotels comprising an aggregate of 6,097 rooms. The Company accounts for this investment under the equity method. The remeasurement gain of the Company's interest in the four Silicon Valley Hotels as a result of the step acquisition was approximately $18.8 million and the net gain from the Company's promote interest in the Innkeepers JV was approximately $47.9 million (credited toward the purchase of the Silicon Valley Hotels), resulting in a total gain of $66.7 million from the transaction. The Company's gain resulting from this transaction will be rolled tax deferred between the basis of the Company's investment in the NewINK JV and the Company's basis in the four Silicon Valley Hotels. During the three and six months ended June 30, 2014 and 2013, the Company received no cash distributions from the NewINK JV.

The Company's ownership interests in the NewINK JV is subject to change in the event that either the Company or NorthStar calls for additional capital contributions to the respective JV's for certain non-discretionary requirements, or solely in the case of a capital call by NorthStar necessary for the conduct of business, including contributions to fund costs and expenses related to capital expenditures. The Company manages each of the NewINK JV and the Torrance JV (collectively, the "JV") and will receive a promote interest in each applicable JV if it meets certain return thresholds. NorthStar and Cerberus may also approve certain actions by each respective JV without the Company's consent, including certain property dispositions conducted at arm's length, certain actions related to the restructuring of each JV and removal of the Company as managing member in the event the Company fails to fulfill its material obligations under the applicable joint venture agreement.

The Company's investment in the Innkeepers JV investment is $0.0 million at June 30, 2014. The Company's investment in the NewINK JV is $2.5 million at June 30, 2014. The Company's investment in the Torrance JV is $0.8 million at June 30, 2014. The following table sets forth the combined components of net income (loss), including the Company's share, related to the Innkeepers JV and NewINK JV for the three and six months ended June 30, 2014 and 2013 (in thousands):

	For the three months ended June 30,		For the six months ended June 30,	
	2014	2013	2014	2013
Revenue	$ 72,857	$ 70,914	$ 136,570	$ 132,207
Total hotel operating expenses	39,359	38,531	76,358	75,361
Operating income	$ 33,498	$ 32,383	$ 60,212	$ 56,846
Net income (loss) from continuing operations	$ (19,843)	$ 1,443	$ (23,177)	$ (4,552)
Gain (loss) on sale of hotels	$ —	$ (2,517)	$ (5)	$ (2,659)
Net income (loss)	$ (19,843)	$ (1,074)	$ (23,182)	$ (7,211)
Total income (loss) from unconsolidated real estate entities attributable to Chatham	**$ (2,039)**	**$ (110)**	**$ (2,382)**	**$ (741)**

8. Debt

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

Collateral	Interest Rate	Maturity Date	6/30/14 Property Carrying Value	Balance Outstanding on Loan as of June 30, 2014	Balance Outstanding on Loan as of December 31, 2013
Senior Secured Revolving Credit Facility (1)	2.66%	November 5, 2016	$ 235,426	$ 98,000	$ 50,000
SpringHill Suites by Marriott Washington, PA	5.84%	April 1, 2015	11,719	4,849	4,937
Courtyard by Marriott Altoona, PA	5.96%	April 1, 2016	10,744	6,276	6,378
Residence Inn by Marriott New Rochelle, NY	5.75%	September 1, 2021	21,265	14,993	15,150
Residence Inn by Marriott San Diego, CA	4.66%	February 6, 2023	47,631	30,305	30,546
Homewood Suites by Hilton San Antonio, TX	4.59%	February 6, 2023	29,883	17,314	17,454
Residence Inn by Marriott Vienna, VA	4.49%	February 6, 2023	33,473	23,730	23,925
Courtyard by Marriott Houston, TX	4.19%	May 6, 2023	33,028	19,644	19,812
Hyatt Place Pittsburgh, PA	4.65%	July 6, 2023	38,809	23,844	24,028
Residence Inn by Marriott Bellevue, WA	4.97%	December 6, 2023	70,144	47,580	47,580
Residence Inn by Marriott Garden Grove, CA (2)	4.79%	April 6, 2024	43,713	34,000	32,253
Residence Inn by Marriott Silicon Valley I, CA (3)	4.64%	July 6, 2024	92,533	64,800	—
Residence Inn by Marriott Silicon Valley II, CA (3)	4.64%	July 6, 2024	101,644	70,700	—
Residence Inn by Marriott San Mateo, CA (3)	4.64%	July 6, 2024	72,489	48,600	—
Residence Inn by Marriott Mountain View, CA (3)	4.64%	July 6, 2024	56,264	37,900	—
Total			**$ 898,765**	**$ 542,535**	**$ 272,063**

(1) Thirteen properties in the borrowing base serve as collateral for borrowings under the senior secured revolving credit facility at June 30, 2014. The interest rate for the senior secured revolving credit facility is variable and based on LIBOR plus 2.5%.

(2) On March 21, 2014, the Company refinanced the mortgage for the Residence Inn Garden Grove hotel. The new loan has a 10-year term and a 30-year amortization payment schedule but is interest only for the first 12 months. The Company incurred $0.2 million in costs for early extinguishment of debt related to the old loan.

(3) On June 9, 2014, the Company obtained 4 new mortgage loans secured by a first mortgage for the Silicon Valley I, Silicon Valley II, San Mateo and Mountain View hotels. The new loans have a 10-year term and a 30-year amortization payment schedule but are interest only for the first 60 months.

The Company entered into an amendment (the "Amendment") to its amended and restated senior secured revolving credit facility on December 11, 2013. The Amendment extends the maturity date to November 5, 2016 and includes an option to extend the maturity date by an additional year. The senior secured revolving credit facility includes limitations on the extent of allowable distributions to the Company not to exceed the greater of 95% of Adjusted Funds from Operations (as defined in the senior secured revolving credit facility) and the minimum amount of distributions required for the Company to maintain its REIT status. Other key terms are as follows:

Facility amount	$175 million
Accordion feature	Increase additional $50 million
LIBOR floor	None
Interest rate applicable margin	200-300 basis points, based on leverage ratio
Unused fee	25 basis points if less than 50% unused, 35 basis points if more than 50% unused
Minimum fixed charge coverage ratio	1.5x

At June 30, 2014 and December 31, 2013, the Company had $98.0 million and $50.0 million, respectively, of outstanding borrowings under its senior secured revolving credit facility. At June 30, 2014, the maximum borrowing availability under the senior secured revolving credit facility was $175.0 million.

The Company estimates the fair value of its fixed rate debt, which is all of the Company's mortgage loans, by discounting the future cash flows of each instrument at estimated market rates. 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 June 30, 2014 and December 31, 2013 was $446.4 million and $220.0 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. The Company's only variable rate debt is under its senior secured revolving credit facility. The estimated fair value of the Company's variable rate debt as of June 30, 2014 and December 31, 2013 was $98.0 million and $50.0 million, respectively.

As of June 30, 2014, the Company was in compliance with all of its financial covenants. At June 30, 2014, the Company's consolidated fixed charge coverage ratio was 2.87. Future scheduled principal payments of debt obligations as of June 30, 2014, for each of the next five calendar years and thereafter are as follows (in thousands):

	Amount
2014 (remaining six months)	$ 1,317
2015	8,313
2016	107,533
2017	3,802
2018	3,980
Thereafter	417,590
Total	**$ 542,535**

9. Income Taxes

The Company's TRSs are subject to federal and state income taxes. The Company's TRSs are structured under two TRS holding companies, which are referred to as TRS 1 and TRS 2, that are treated separately for income tax purposes.

The components of income tax expense for the following periods are as follows (in thousands):

	For the three months ended June 30,		For the six months ended June 30,	
	2014	2013	2014	2013
Federal	$ 28	$ 35	$ 30	$ 35
State	10	10	11	10
Tax expense	$ 38	$ 45	$ 41	$ 45

At June 30, 2014, TRS 1 had a gross deferred tax asset associated with future tax deductions of $3.2 million. TRS 1 has continued to record a full valuation allowance equal to 100% of the gross deferred tax asset due to the uncertainty of realizing the benefit of its deferred assets due to the cumulative taxable losses incurred by TRS 1 since its inception. TRS 2 has a gross deferred tax asset of $0.0 million as of June 30, 2014.

10. Dividends Declared and Paid

The Company declared total common share dividends of $0.24 per share and distributions on long-term incentive plan ("LTIP") units of $0.24 per unit for the three months ended June 30, 2014 and $0.45 per share and distributions on LTIP units of $0.45 per unit for the six months ended June 30, 2014. The dividends and distributions were as follows:

	Record Date	Payment Date	Common share distribution amount	LTIP unit distribution amount
January	1/31/2014	2/28/2014	$ 0.07	$ 0.07
February	2/28/2014	3/28/2014	0.07	0.07
March	3/31/2014	4/25/2014	0.07	0.07
1st Quarter 2014			**$ 0.21**	**$ 0.21**
April	4/30/2014	5/30/2014	$ 0.08	$ 0.08
May	5/30/2014	6/27/2014	0.08	0.08
June	6/30/2014	7/25/2014	0.08	$ 0.08
2nd Quarter 2014			**$ 0.24**	**$ 0.24**
Total 2014			**$ 0.45**	**$ 0.45**

11. 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. 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. The following is a reconciliation of the amounts used in calculating basic and diluted net loss per share (in thousands, except share and per share data):

	For the three months ended June 30,		For the six months ended June 30,	
	2014	2013	2014	2013
Numerator:				
Net income attributable to common shareholders	$ 65,206	$ 2,176	$ 63,474	$ 557
Dividends paid on unvested shares and units	(69)	(73)	(145)	(151)
Net income attributable to common shareholders	$ 65,137	$ 2,103	$ 63,329	$ 406
Denominator:				
Weighted average number of common shares - basic	26,437,878	18,147,108	26,355,237	17,682,199
Effect of dilutive securities:				
Unvested shares	297,041	236,518	282,024	215,056
Weighted average number of common shares - diluted	26,734,919	18,383,626	26,637,261	17,897,255
Basic income per Common Share:				
Net income attributable to common shareholders per weighted average basic common share	$ 2.46	$ 0.12	$ 2.40	$ 0.02
Diluted income per Common Share:				
Net income attributable to common shareholders per weighted average diluted common share	$ 2.44	$ 0.11	$ 2.38	$ 0.02

12. 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 years, though compensation for the Company's independent trustees includes shares granted that vest immediately. The Company pays dividends on unvested shares and units, except for performance based shares, for which dividends on unvested performance based shares are not paid until those shares are vested. Certain awards may provide for accelerated vesting if there is a change in control. In January 2014 and 2013, the Company issued 16,542 and 22,536 common shares, respectively, to its independent trustees as compensation for services performed in 2013 and 2012. The quantity of shares was calculated based on the average of the closing prices for the Company's common shares on the New York Stock Exchange for the last ten trading days preceding the reporting date. The Company would have distributed 9,137 common shares for services performed in 2014 had this liability classified award been satisfied as of June 30, 2014. As of June 30, 2014, there were 2,296,458 common shares available for issuance under the Equity Incentive Plan.

Restricted Share Awards

A summary of the shares granted to executive officers pursuant to the Equity Incentive Plan as of June 30, 2014 are:

Award Type	Award Date	Total Shares Granted	Vested as of June 30, 2014
2012 Time-based Awards	2/23/2012	61,376	40,918
2012 Performance-based Awards	2/23/2012	53,191	35,462
2013 Time-based Awards	1/29/2013	40,829	13,611
2013 Performance-based Awards	5/17/2013	40,829	13,611
2014 Time-based Awards	1/31/2014	48,213	—
2014 Performance-based Awards	1/31/2014	38,805	—

Time-based shares will vest over a three-year period. The performance-based shares will be issued and vest over a three-year period only if and to the extent that long-term performance criteria established by the Board of Trustees are met and the recipient remains employed by the Company through the vesting date.

The Company measures compensation expense for time-based vesting restricted share awards based upon the fair market value of its common shares at the date of grant. For the performance-based shares granted in 2012, 2013 and 2014, compensation expense is based on a valuation of $10.20, $10.93 and $13.17, respectively, per performance share granted, which takes into account that some or all of the awards may not vest if long-term performance criteria are not met during the vesting period. Compensation expense is recognized on a straight-line basis over the vesting period and is included in general and administrative expense in the accompanying consolidated statements of operations. The Company pays dividends on non-vested time-based restricted shares. Dividends for performance-based shares are accrued and paid annually only if and to the extent that long-term performance criteria established by the Board of Trustees are met and the recipient remains employed by the Company on the vesting date.

A summary of the Company's restricted share awards for the six months ended June 30, 2014 and year ended December 31, 2013 is as follows:

	June 30, 2014		December 31, 2013	
	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	$ 158,035	$ 12.39	$ 140,077	$ 12.70
Granted	87,018	17.46	81,658	13.43
Vested	(65,412)	12.17	(63,700)	14.39
Non-vested at end of the period	**$ 179,641**	**$ 14.92**	**$ 158,035**	**$ 12.39**

As of June 30, 2014 and December 31, 2013, there were $2.1 million and $1.2 million, respectively, of unrecognized compensation costs related to restricted share awards. As of June 30, 2014, these costs were expected to be recognized over a weighted–average period of approximately 2.1 years. For the three months ended June 30, 2014 and 2013, the Company recognized approximately $0.3 million and $0.2 million, respectively and for the six months ended June 30, 2014 and 2013, the Company recognized approximately $0.6 million and $0.5 million, respectively of expense related to the restricted share awards. This expense is included in general and administrative expenses in the accompanying consolidated statements of operations.

Long-Term Incentive Plan Units

The Company recorded $0.2 million and $0.2 million in compensation expense related to the LTIP units for the three months ended June 30, 2014 and 2013, respectively and $0.4 million and $0.4 million in compensation expense related to the LTIP units for the six months ended June 30, 2014 and 2013, respectively. As of June 30, 2014 and December 31, 2013, there was $0.6 million and $1.0 million, respectively, of total unrecognized compensation cost related to LTIP units. This cost is expected to be recognized over approximately 0.9 years, which represents the weighted average remaining vesting period of the LTIP units. Upon the closing of the Company's equity offering on September 30, 2013, the Company determined that a revaluation event occurred, as defined in the Internal Revenue Code of 1986, as amended, and 26,250 LTIP units of one of the officers of the Company achieved full parity with the common Operating Partnership units with respect to liquidating distributions and all other purposes. Three-fifths of these units have vested as of June 30, 2014. As of June 4, 2014, the Company determined that a revaluation event occurred, as defined in the Internal Revenue Code of 1986, as amended, and 231,525 LTIP units of the other two officers of the Company achieved full parity with the common Operating Partnership units with respect to liquidating distributions and all other purposes. Four-fifths of these units have vested June 30, 2014. Accordingly, these LTIP units will be allocated their pro-rata share of the Company's net income.

13. Commitments and Contingencies

Litigation

The nature of the operations of the hotels exposes the hotels, the Company and the Operating Partnership to the risk of claims and litigation in the normal course of their business. The Company is not presently subject to any material litigation nor, to the Company’s knowledge, is any material litigation threatened against the Company or its properties.

Hotel Ground Rent

The Altoona hotel is subject to a ground lease with an expiration date of April 30, 2029 with an extension option of up to 12 additional terms of five years each. Monthly payments are determined by the quarterly average room occupancy of the hotel. Rent is equal to approximately $7,500 per month when monthly occupancy is less than 85% and can increase up to approximately $20,000 per month if occupancy is 100%, with minimum rent increased on an annual basis by two and one-half percent (2.5%).

At the New Rochelle Residence Inn, there is 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.

Future minimum rental payments under the terms of all non-cancellable operating ground leases under which the Company is the lessee are expensed on a straight-line basis regardless of when payments are due. The following is a schedule of the minimum future obligation payments required under the ground, air rights and garages leases as of June 30, 2014, for the remainder of 2014 and for each of the next four calendar years and thereafter (in thousands):

	Amount
2014 (remaining six months)	$ 104
2015	210
2016	212
2017	214
2018	217
Thereafter	11,228
Total	$ 12,185

Management Agreements

The management agreements with Concord have an initial ten-year term that expires on February 28, 2017 and will renew automatically for successive one-year terms unless terminated by the TRS lessee or the manager by written notice to the other party no later than 90 days prior to the then current term's expiration date. The management agreements may be terminated for cause, including the failure of the managed hotel operating performance to meet specified levels. If the Company were to terminate the management agreements during the first nine years of the term other than for breach or default by the manager, the Company would be responsible for paying termination fees to the manager.

The management agreements with IHM have an initial term of five years and may be renewed for two five-year periods at IHM's option by written notice to us no later than 90 days prior to the then current term's expiration date. 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.

Terms of the Company's management agreements are:

Property	Management Company	Base Management Fee	Monthly Accounting Fee	Monthly Revenue Management Fee	Incentive Management Fee
Courtyard Altoona	Concord	4.0%	1,211	—	—%
Springhill Suites Washington	Concord	4.0%	991	—	—%
Homewood Suites by Hilton Boston-Billerica/ Bedford/ Burlington	IHM	2.0%	1,000	550	1.0%
Homewood Suites by Hilton Minneapolis-Mall of America	IHM	2.0%	1,000	550	1.0%
Homewood Suites by Hilton Nashville-Brentwood	IHM	2.0%	1,000	550	1.0%
Homewood Suites by Hilton Dallas-Market Center	IHM	2.0%	1,000	550	1.0%
Homewood Suites by Hilton Hartford-Farmington	IHM	2.0%	1,000	550	1.0%
Homewood Suites by Hilton Orlando-Maitland	IHM	2.0%	1,000	550	1.0%
Homewood Suites by Hilton Carlsbad (North San Diego County)	IHM	3.0%	1,000	—	1.0%
Hampton Inn & Suites Houston-Medical Center	IHM	3.0%	1,000	—	1.0%
Residence Inn Long Island Holtsville	IHM	3.0%	1,000	—	1.0%
Residence Inn White Plains	IHM	3.0%	1,000	—	1.0%
Residence Inn New Rochelle	IHM	3.0%	1,000	—	1.0%
Residence Inn Garden Grove	IHM	2.5%	1,000	—	1.0%
Residence Inn Mission Valley	IHM	2.5%	1,000	—	1.0%
Homewood Suites by Hilton San Antonio River Walk	IHM	2.5%	1,000	—	1.0%
Residence Inn Washington DC	IHM	2.5%	1,000	—	1.0%
Residence Inn Tysons Corner	IHM	2.5%	1,000	—	1.0%
Hampton Inn Portland Downtown	IHM	3.0%	1,000	550	1.0%
Courtyard Houston	IHM	3.0%	1,000	550	1.0%
Hyatt Place Pittsburgh North Shore	IHM	3.0%	1,500	1,000	1.0%
Hampton Inn Exeter	IHM	3.0%	1,200	1,000	1.0%
Hilton Garden Inn Denver Tech	IHM	3.0%	1,500	1,000	1.0%
Residence Inn Bellevue	IHM	3.0%	1,200	1,000	1.0%
Springhill Suites Savannah	IHM	3.0%	1,200	1,000	1.0%
Residence Inn Silicon Valley I	IHM	3.0%	1,200	1,000	1.0%
Residence Inn Silicon Valley II	IHM	3.0%	1,200	1,000	1.0%
Residence Inn San Mateo	IHM	3.0%	1,200	1,000	1.0%
Residence Inn Mountain View	IHM	3.0%	1,200	1,000	1.0%

Management fees totaled approximately $1.4 million and $0.9 million, respectively, for the three months ended June 30, 2014 and 2013, respectively and approximately $2.5 million and $1.6 million, respectively, for the six months ended June 30, 2014 and 2013.

Franchise Agreements

Terms of the Company's Franchise agreements are:

Property	Franchise/Royalty Fee	Marketing/Program Fee	Expiration
Homewood Suites by Hilton Boston-Billerica/ Bedford/ Burlington	4.0%	4.0%	2025
Homewood Suites by Hilton Minneapolis-Mall of America	4.0%	4.0%	2025
Homewood Suites by Hilton Nashville-Brentwood	4.0%	4.0%	2025
Homewood Suites by Hilton Dallas-Market Center	4.0%	4.0%	2025
Homewood Suites by Hilton Hartford-Farmington	4.0%	4.0%	2025
Homewood Suites by Hilton Orlando-Maitland	4.0%	4.0%	2025
Homewood Suites by Hilton Carlsbad (North San Diego County)	4.0%	4.0%	2028
Hampton Inn & Suites Houston-Medical Center	5.0%	4.0%	2020
Courtyard Altoona	5.5%	2.0%	2030
Springhill Suites Washington	5.0%	2.5%	2030
Residence Inn Long Island Holtsville	5.5%	2.5%	2025
Residence Inn White Plains	5.5%	2.5%	2030
Residence Inn New Rochelle	5.5%	2.5%	2030
Residence Inn Garden Grove	5.0%	2.5%	2031
Residence Inn Mission Valley	5.0%	2.5%	2031
Homewood Suites by Hilton San Antonio River Walk	4.0%	4.0%	2026
Residence Inn Washington DC	5.5%	2.5%	2033
Residence Inn Tysons Corner	5.0%	2.5%	2031
Hampton Inn Portland Downtown	6.0%	4.0%	2032
Courtyard Houston	5.5%	2.0%	2030
Hyatt Place Pittsburgh North Shore	5.0%	3.5%	2030
Hampton Inn Exeter	6.0%	4.0%	2031
Hilton Garden Inn Denver Tech	4.3%	5.5%	2028
Residence Inn Bellevue	5.5%	2.5%	2033
Springhill Suites Savannah	5.0%	2.5%	2033
Residence Inn Silicon Valley I	5.5%	2.5%	2029
Residence Inn Silicon Valley II	5.5%	2.5%	2029
Residence Inn San Mateo	5.5%	2.5%	2029
Residence Inn Mountain View	5.5%	2.5%	2029

Franchise fees totaled approximately $3.6 million and $2.2 million, respectively, for the three months ended June 30, 2014 and 2013, respectively and approximately $6.4 million and $4.1 million, respectively, for the six months ended June 30, 2014 and 2013.

14. Related Party Transactions

Mr. Fisher owns 90% of IHM. As of June 30, 2014, the Company had hotel management agreements with IHM to manage 27 of its hotels. As of June 30, 2014, all 47 hotels owned by the NewINK JV are managed by IHM. Hotel management, revenue management and accounting fees paid to IHM for the Chatham properties for the three months ended June 30, 2014 and 2013 were $1.3 million and $0.7 million, respectively and for the six months ended June 30, 2014 and 2013 were $2.3 million and $1.4 million, respectively. At June 30, 2014 and December 31, 2013, the amounts due to IHM were $0.8 million and $0.5 million, respectively.

Cost reimbursements from unconsolidated real estate entities revenue represent reimbursements of costs incurred on behalf of the Innkeepers JV and NewINK JV. These costs relate primarily to corporate payroll costs at the JVs where the Company is the employer. 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 from the JVs are recorded based upon the occurrence of a reimbursed activity.

15. Subsequent Events

On July 2, 2014, the Company obtained debt secured by a first mortgage on the Savannah Hotel of $30.0 million. The loan has a 10-year term and a 30-year amortization payment schedule but is interest only for the first 60 months. The interest rate on the loan is 4.62%.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

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, 2013. In this report, we used the terms "the Company, "we" or "our" to refer to Chatham Lodging Trust and its consolidated subsidiaries, unless the context indicates otherwise.

Statement Regarding Forward-Looking Information

The following information contains forward-looking statements 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, 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. Some factors that might cause such a difference include the following: the 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 and inaccuracies of our accounting estimates. 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 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, 2013, as updated elsewhere in Part II, Item 1A of this report.

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 premium-branded upscale extended-stay and 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®, Hilton Garden Inn by Hilton®, Hampton Inn® and Hampton Inn and Suites®.

Our long-term goal is to maintain our leverage at a ratio of net debt to investment in hotels (at cost) at levels lower than current levels. However, we and our Board of Trustees are comfortable at levels in excess of current levels at this point of the hotel economic cycle especially given the borrowing rates available in today's credit markets. This provides us with balance sheet flexibility to use debt to fund external growth via acquisitions. Our leverage ratio at June 30, 2014 is 51%, which is up from 36% at December 31, 2013.

Future growth through acquisitions could be funded by issuances of both common and preferred shares or the issuance of partnership interests in our Operating Partnership, draw-downs under our senior secured revolving credit facility, the incurrence or assumption of debt, available cash, proceeds from dispositions of assets or distributions from our 10.3% investment in a new joint venture with affiliates of NorthStar Realty Finance Corp. ("NorthStar") that owns 47 hotels (the "NewINK JV"), or distributions from our 5.0% investment in a joint venture with Cerberus Capital Management ("Cerberus") that owns the Residence Inn by Marriott in Torrance, CA (the "Torrance JV"). We intend to acquire quality assets at attractive prices, improve their returns through knowledgeable asset management and seasoned, proven hotel management while remaining prudently leveraged.

We believe the remainder of 2014 and beyond will offer attractive growth for the lodging industry and for us because lodging demand is projected to surpass supply growth for the next few years. Increased demand is correlative to economic growth in the U.S. and with Gross Domestic Product ("GDP") expected to moderately grow, we believe demand will increase.

We elected to qualify for treatment as 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, Chatham Lodging, L.P. (the “Operating Partnership”), and its subsidiaries lease our hotel properties to taxable REIT lessee subsidiaries (“TRS Lessees”), who will in turn engage eligible independent contractors to manage the hotels. Each of these 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.

Recent Developments

On June 9, 2014, the Company completed the sale of its joint venture with Cerberus, the Innkeepers JV, which owned a 51-hotel, 6,848-room portfolio, to a new joint venture between affiliates of NorthStar and the Company’s operating partnership (the “NewINK JV”) in which NorthStar effectively acquired Cerberus' 89.7% interest in 47 of the 51 hotels from the Innkeepers JV. The remaining four hotels, each of which is a Residence Inn that are located in Silicon Valley, California, were purchased by the Company. The Company owns a 10.3% interest in the NewINK JV, which owns 47 hotels comprising an aggregate of 6,097 rooms. The Company accounts for this investment under the equity method. The remeasurement gain of the Company's interest in the four Silicon Valley Hotels as a result of the step acquisition was approximately $18.8 million and the net gain from the Company's promote interest in the Innkeepers JV was approximately $47.9 million (credited toward the purchase of the Silicon Valley Hotels), resulting in a total gain of $66.7 million from the transaction. The Company's gain resulting from this transaction will be rolled tax deferred between the basis of the Company's investment in the NewINK JV and the Company's basis in the four Silicon Valley Hotels. During the three and six months ended June 30, 2014 and 2013, the Company received no cash distributions from the NewINK JV.

Financial Condition and Operating Performance Metrics

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

- Revenue Per Available Room (“RevPAR”),
- Average Daily Rate (“ADR”),
- Occupancy percentage,
- Funds From Operations (“FFO”),
- Adjusted FFO,
- Earnings before interest, taxes, depreciation and amortization (“EBITDA”), and
- Adjusted 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. RevPAR, which is calculated as total room revenue divided by total number of available rooms, is an important metric for monitoring hotel operating performance, and more specifically hotel revenue.

“Non-GAAP Financial Measures” provides a detailed discussion of our use of FFO, Adjusted FFO, EBITDA and Adjusted EBITDA and a reconciliation of FFO, Adjusted FFO, EBITDA and Adjusted EBITDA to net income or loss, measurements recognized by generally accepted accounting principles in the United States (“GAAP”).

Results of Operations

Industry outlook

We believe that the hotel industry's performance is correlated to the performance of the economy overall, and specifically, key economic indicators such as GDP growth, employment trends, corporate travel and corporate profits. We expect a continuing improvement in the performance of the hotel industry as GDP is forecast to grow approximately 2.1% to 2.3% in 2014, unemployment is forecast to continue to decline and corporate profits and travel expense are expected to continue to rise. As reported by Smith Travel Research, monthly industry RevPAR has been higher year over year since March 2010, so we are into the 5th year of RevPAR growth in what some believe will be a larger cycle. As a comparison, the period from 1992 to 2000 saw nine consecutive years of RevPAR growth. As reported by Smith Travel Research, industry RevPAR in 2013 was up 5.6% and was up 7.5% year to date through June 30, 2014 compared to the same periods in the respective prior year. Industry analysts such as Smith Travel Research and PKF Hospitality are projecting industry RevPAR to grow approximately 6% in 2014 based on sustained economic growth, lack of new supply and increased business travel spending. Of the projected growth, industry analysts believe growth in ADR will comprise the majority of the expected RevPAR growth. Primary hotel franchisors Marriott, Hilton, Hyatt and Starwood are projecting 2014 RevPAR growth in North America in a range of 6-7%. We are currently projecting RevPAR at our hotels to grow 6.5% to 7.5% in 2014 with ADR comprising approximately 60% of our RevPAR growth. Looking further ahead to 2015, Smith Travel Research and PKF Hospitality, predict that RevPAR will continue to grow in 2015 with preliminary estimates between 4.9% and 7.5%.

Comparison of the three months ended June 30, 2014 to the three months ended June 30, 2013

Results of operations for the three months ended June 30, 2014 include the operating activities of our 29 wholly-owned hotels and our investments in the NewINK JV, Innkeepers JV and the Torrance JV. We owned 21 hotels at June 30, 2013. Accordingly, the comparisons below are influenced by the fact that eight hotels and the Torrance JV were not owned by us for all of the second quarter of 2013. Four hotels were acquired during the second half of 2013 and four hotels in the Silicon Valley, CA area were acquired on June 9, 2014.

As reported by Smith Travel Research, industry RevPAR for the three months ended June 30, 2014 and 2013 was up 8.2% and up 5.0%, respectively, as compared to the second quarter for 2013 and 2012. RevPAR at our hotels was up 9.6% and 3.5%, respectively, in the 2014 and 2013 periods as compared to the second quarter of 2013 and 2012. The second quarter of 2013 was adversely impacted by renovations that occurred at our Washington, D.C. hotel, which operated without a brand for the second quarter of 2013 until it was rebranded to a Residence Inn by Marriott on September 20, 2013.

Revenues

Revenue consists of the following (in thousands):

	For the three months ended		
	June 30, 2014	June 30, 2013	% Change
Room	$ 43,978	$ 28,960	51.9%
Food and beverage	585	199	194.0%
Other	2,021	1,202	68.1%
Cost reimbursements from unconsolidated real estate entities	493	385	28.1%
Total revenue	**$ 47,077**	**$ 30,746**	**53.1%**

Total revenue was $47.1 million for the quarter ended June 30, 2014, up $16.4 million compared to total revenue of $30.7 million for the 2013 period. Total revenue related to the four hotels acquired in the second half of 2013 contributed $8.1 million of the increase and the four hotels in Silicon Valley contributed $3.1 million of the increase. 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 was $44.0 million and $29.0 million for the quarters ended June 30, 2014 and 2013, respectively, with $7.0 million of this increase attributable to the four hotels acquired in the second half of 2013 and $3.0 million attributable to the four Silicon Valley hotels acquired in June 2014. For the 21 comparable hotels, room revenue was up $4.6 million, or 15.9%, driven primarily by RevPAR growth of 9.6%.

Food and beverage revenue was $0.6 million and $0.2 million for three months ended June 30, 2014 and 2013, respectively. The increase relates to the Hyatt Place Pittsburgh Hotel and the Denver Tech Hotel, which were acquired during or after the second quarter of 2013 and have food and beverage operations.

Other operating revenue, comprised of meeting room, gift shop, in-room movie and other ancillary amenities revenue, was $2.0 million and $1.2 million for the quarters ended June 30, 2014 and 2013, respectively. Total other operating revenue related to the four hotels acquired in the second half of 2013 contributed $0.5 million of the increase with the remaining increase of $0.3 million attributable to the 21 comparable hotels.

Cost reimbursements from unconsolidated real estate entities, comprised of payroll costs at the Innkeepers and NewINK JVs where the Company is the employer, were $0.5 million and $0.4 million for the three months ended June 30, 2014 and 2013, respectively. The increase is due to higher annual incentive compensation for dedicated joint venture employees.

Since room revenue is the primary component of total revenue, our revenue results are dependent on maintaining and improving hotel occupancy, ADR and RevPAR at our hotels. Occupancy, ADR, and RevPAR results for the 29 wholly owned hotels are presented in the following table in each period to reflect operation of the hotels regardless of our ownership interest during the periods presented:

	For the three months ended June 30, 2014	For the three months ended June 30, 2013
Occupancy	86.8%	83.7%
ADR	$ 153.71	$ 145.46
RevPar	$ 133.37	$ 121.73

The RevPar increase of 9.6% was due to an increase in ADR of 5.7% and an increase in occupancy of 3.7%. Occupancy at the D.C. hotel increased 34.4% in the 2014 second quarter over the second quarter of 2013.

Hotel Operating Expenses

Hotel operating expenses consist of the following (in thousands):

	For the three months ended		
	June 30, 2014	June 30, 2013	% Change
Hotel operating expenses:			
Room	$ 8,802	$ 6,065	45.1%
Food and beverage	432	182	137.4%
Telephone	285	216	31.9%
Other	507	378	34.1%
General and administrative	3,847	2,680	43.5%
Franchise and marketing fees	3,602	2,243	60.6%
Advertising and promotions	859	651	32.0%
Utilities	1,482	1,117	32.7%
Repairs and maintenance	2,057	1,556	32.2%
Management fees	1,396	887	57.4%
Insurance	217	176	23.3%
Total hotel operating expenses	**$ 23,486**	**$ 16,151**	**45.4%**

Hotel operating expenses increased $7.3 million to $23.5 million for the three months ended June 30, 2014 from $16.2 million for the three months ended June 30, 2013. Total hotel operating expenses related to the four hotels acquired in the second half of 2013 contributed $4.0 million of the increase and the four hotels in Silicon Valley acquired in June 2014 contributed $0.9 million of the increase. For the 21 comparable hotels, total hotel operating expenses increased $2.4 million or 14.9%.

Room expenses, which are the most significant component of hotel operating expenses, increased $2.7 million from $6.1 million in 2013 to $8.8 million in 2014. Total room expenses related to the four hotels acquired in the second half of 2013 contributed $1.4 million of the increase and the four hotels in Silicon Valley acquired in June 2014 contributed $0.3 million of the increase. For the 21 comparable hotels, total room operating expenses increased $1.0 million or 16.5%. Expenses increased due to increased occupancy related expenses and other direct expenses that vary with revenue. Accordingly, room expenses increased 45.1% compared to the 51.9% increase in room revenue in the year over year period.

The remaining hotel operating expenses increased $4.6 million, from $10.1 million in 2013 to $14.7 million in 2014, which 45.6% increase is generally consistent with the increase in the number of rooms owned in 2014 compared to 2013 of 49.3%. The number of rooms for the quarter increased from 2,909 rooms in 2013 to 4,342 rooms in 2014 due to acquisitions. The increase in remaining hotel operating expenses attributable to the recent acquisitions is $3.2 million. Food and beverage expense increased due to the Hyatt Place Pittsburgh and Denver Tech hotels that were acquired during or after the second quarter of 2013 and have food and beverage operations, whereas most of our other hotels have limited for sale food and beverage activities.

Depreciation and Amortization

Depreciation and amortization expense increased $3.4 million from $4.0 million for the three months ended June 30, 2013 to $7.4 million for the three months ended June 30, 2014. The increase is due to the four hotels acquired in the second half of 2013, which contributed $1.5 million of the increase, while the four hotels in Silicon Valley acquired in June 2014 contributed $1.0 million of the increase. The remaining increase is attributable to renovations performed in 2013 and 2014. Depreciation is recorded on our hotel buildings up to 40 years from the date of acquisition. Depreciable lives of hotel furniture, fixtures and equipment are generally three to ten years 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 and Insurance

Total property taxes and insurance expenses increased $0.8 million from $2.0 million for the three months ended June 30, 2013 to $2.8 million for the three months ended June 30, 2014. The four hotels acquired in the second half of 2013 contributed $0.3 million of the increase, while the four hotels in Silicon Valley acquired in June 2014 contributed $0.2 million of the increase.

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 (“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 $0.6 million and $0.5 million for the three months ended June 30, 2014 and 2013, respectively) increased $0.4 million to $1.9 million in 2014 from $1.5 million in 2013, with the increase due to higher employee compensation.

Hotel Property Acquisition Costs and Other Charges

Hotel property acquisition costs and other charges increased $4.5 million from $1.1 million for the three months ended June 30, 2013 to $5.6 million for the three months ended June 30, 2014. Hotel property acquisition costs of $4.8 million in the 2014 period related to our acquisitions of the four recently acquired Silicon Valley hotels. Acquisition-related costs are expensed when incurred. The Company incurred other charges of $0.7 million in the 2014 period related to matters associated with the unsolicited offer from Blue Mountain Capital Management and matters related to its proxy settlement agreement with the HG Vora Group. The expense is primarily comprised of attorney's fees of $0.6 million and financial advisory expenses of $0.1 million.

Reimbursed Costs from Unconsolidated Real Estate Entities

Reimbursed costs from unconsolidated real estate entities, comprised of corporate payroll costs at the Innkeepers and NewINK JVs where the Company is the employer were $0.5 million and $0.4 million for the quarters ended June 30, 2014 and 2013, respectively. These costs were offset by the cost reimbursements from unconsolidated real estate entities included in revenues.

Interest and Other Income

Interest on cash and cash equivalents and other income decreased $98 thousand from $0.1 million for the three months ended June 30, 2013 to $12 thousand for the three months ended June 30, 2014.

Interest Expense, including amortization of deferred fees

Interest expense increased $1.6 million from $2.8 million for the three months ended June 30, 2013 to $4.4 million for the three months ended June 30, 2014 and is comprised of the following (in thousands):

	For the three months ended		
	June 30, 2014	June 30, 2013	% Change
Mortgage debt interest	$ 3,367	$ 1,945	73.1%
Credit facility interest and unused fees	640	624	2.6%
Amortization of deferred financing costs	355	248	43.1%
Total	**$ 4,362**	**$ 2,817**	**54.8%**

The increase in interest expense for the three months ended June 30, 2014 as compared to the three months ended June 30, 2013 is due to interest expense of $1.5 million on loans acquired during the second quarter of 2013 and after June 30, 2013 of $293.8 million, including the four new loans of $222.0 million on the Silicon Valley hotels acquired on June 9, 2014. The increase in deferred financing costs relates to the new loans issued after the second quarter of 2013.

Loss from Unconsolidated Real Estate Entities

Loss from unconsolidated real estate entities increased $1.9 million from a loss of $0.1 million for the three months ended June 30, 2013 to a loss of $2.0 million for the three months ended June 30, 2014. The increase is due to costs related to the sale of the Innkeepers JV to NewINK JV.

Gain on Sale from Unconsolidated Real Estate Entities

Gain on sales from unconsolidated real estate entities increased $66.7 million from 2013. The increase is due to the sale of Cerberus' 89.7% interest in 51 hotels in the Innkeepers JV. The gain includes the Company's pro rata share of a promote interest.

Income Tax Expense

Income tax expense decreased $7 thousand from $45 thousand for the three months ended June 30, 2013 to $38 thousand for the three months ended June 30, 2014. We are subject to income taxes based on the taxable income of our taxable REIT subsidiary holding companies at a combined federal and state tax rate of approximately 40%.

Net income

Net income was $65.3 million for the three months ended June 30, 2014, compared to net income of $2.2 million for the three months ended June 30, 2013. The net income was due to the factors discussed above.

Material Trends or Uncertainties

We are not aware of any material trends or uncertainties, favorable or unfavorable, that may be reasonably anticipated to have a material impact on either the capital resources or the revenues or income to be derived from the acquisition and operation of properties, loans and other permitted investments, other than those referred to in the risk factors identified in the “Risk Factors” section of this report and our Annual Report on Form 10-K for the year ended December 31, 2013.

Comparison of the six months ended June 30, 2014 to the six months ended June 30, 2013

Results of operations for the six months ended June 30, 2014 include the operating activities of our 29 wholly-owned hotels and our investments in the NewINK JV, Innkeepers JV and the Torrance JV. We owned 19 hotels at December 31, 2012. Accordingly, the comparisons below are influenced by the fact that six hotels and the Torrance JV were acquired during 2013, and four hotels in the Silicon Valley, CA area were acquired on June 9, 2014.

As reported by Smith Travel Research, industry RevPAR for the six months ended June 30, 2014 and 2013 was up 6.8% and up 5.6%, respectively, as compared to 2013 and 2012. RevPAR at our hotels was up 8.9% and 4.0%, respectively, in the 2014 and 2013 periods as compared to 2013 and 2012. Our RevPAR performance in 2013 was adversely impacted by renovations that occurred at our Washington, D.C. hotel, which operated without a brand for eight months in 2013 until it was rebranded to a Residence Inn by Marriott on September 20, 2013.

Revenues

Revenue consists of the following (in thousands):

	Six Months Ended		
	June 30, 2014	June 30, 2013	% Change
Room	$ 77,935	$ 53,195	46.5%
Food and beverage	1,213	349	247.6%
Other	3,629	2,213	64.0%
Cost reimbursements from unconsolidated real estate entities	1,165	768	51.7%
Total revenue	$ 83,942	$ 56,525	48.5%

Total revenue was $83.9 million for the six months ended June 30, 2014, up $27.4 million compared to total revenue of $56.5 million for the 2013 period. Total revenue related to the four hotels acquired during the second half of 2013 contributed $14.7 million of the increase and the four hotels in Silicon Valley acquired in June 2014 contributed $3.1 million of the increase. 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 was $77.9 million and $53.2 million for the six months ended June 30, 2014 and 2013, respectively, with $13.2 million of this increase attributable to the four hotels acquired during the second half of 2013 and $3.0 million attributable to the four Silicon Valley hotels. For the 21 comparable hotels, room revenue was up $8.5 million, or 15.9%, driven primarily by RevPAR growth of 8.9%.

Food and beverage revenue was $1.2 million and $0.3 million for the six months ended June 30, 2014 and 2013, respectively. The increase relates to the Hyatt Place Pittsburgh Hotel, the Houston Courtyard hotel and the Denver Tech hotel, which were acquired during or after the first quarter of 2013 and have food and beverage operations.

Other operating revenue, comprised of meeting room, gift shop, in-room movie and other ancillary amenities revenue, was $3.6 million and $2.2 million for the six months ended June 30, 2014 and 2013, respectively. Total other operating revenue related to the eight hotels not owned at June 30, 2013 contributed $0.9 million of the increase with the remaining increase of $0.3 million attributable to increased occupancy and $0.2 million attributable to Hyatt Place Pittsburgh that was acquired on June 17, 2013.

Cost reimbursements from unconsolidated real estate entities, comprised of payroll costs at the Innkeepers and NewINK JVs where the Company is the employer, were $1.2 million and $0.8 million for the six months ended June 30, 2014 and 2013, respectively. The increase is due to higher annual incentive compensation for dedicated joint venture employees.

Since room revenue is the primary component of total revenue, our revenue results are dependent on maintaining and improving hotel occupancy, ADR and RevPAR at our hotels. Occupancy, ADR, and RevPAR results for the 29 wholly owned hotels are presented in the following table in each period to reflect operation of the hotels regardless of our ownership interest during the periods presented:

	For the six months ended June 30, 2014	For the six months ended June 30, 2013
Occupancy	82.3%	79.2%
ADR	$ 149.65	$ 142.80
RevPar	$ 123.13	$ 113.10

The RevPAR increase of 8.9% was due to an increase in ADR of 4.8% and an increase in occupancy of 3.9%. Occupancy at the D.C. hotel increased 38.9% in 2014 over 2013. Excluding the D.C. hotel, 2014 RevPAR was up 7.6%.

Hotel Operating Expenses

Hotel operating expenses consist of the following (in thousands):

	Six Months Ended		
	June 30, 2014	June 30, 2013	% Change
Hotel operating expenses:			
Room	$ 16,557	$ 11,615	42.5%
Food and beverage	899	317	183.6%
Telephone	572	407	40.5%
Other	950	727	30.7%
General and administrative	7,274	5,186	40.3%
Franchise and marketing fees	6,394	4,144	54.3%
Advertising and promotions	1,689	1,308	29.1%
Utilities	3,102	2,183	42.1%
Repairs and maintenance	4,056	3,001	35.2%
Management fees	2,490	1,631	52.7%
Insurance	433	348	24.4%
Total hotel operating expenses	**$ 44,416**	**$ 30,867**	**43.9%**

Hotel operating expenses increased $13.5 million to $44.4 million for the six months ended June 30, 2014 from $30.9 million in 2013. Total hotel operating expenses related to the four hotels acquired during the second half of 2013 contributed $7.7 million of the increase and the four hotels in Silicon Valley acquired in June 2014 contributed $1.0 million of the increase. For the 21 comparable hotels, total hotel operating expenses increased $4.8 million or 15.8%.

Room expenses, which are the most significant component of hotel operating expenses, increased $4.9 million from $11.6 million in 2013 to $16.5 million in 2014. Total room expenses related to the four hotels acquired during the second half of 2013 contributed $2.7 million of the increase and the four hotels in Silicon Valley acquired in June 2014 contributed $0.3 million of the increase. For the 21 comparable hotels, total room operating expenses increased $1.9 million or 16.4%. Expenses increased due to increased occupancy related expenses and other direct expenses that vary with revenue. Accordingly, room expenses increased 42.5% compared to the 46.5% increase in room revenue.

The remaining hotel operating expenses increased $8.6 million, from $19.3 million in 2013 to $27.9 million in 2014, which 44.7% increase is consistent with the increase in the number of rooms owned in 2014 compared to 2013 of 49.3%. The number of rooms for the year increased from 2,909 rooms in 2013 to 4,342 rooms in 2014 due to acquisitions. The increase in remaining hotel operating expenses attributable to the recent acquisitions is $5.6 million. Food and beverage expense increased due to the Hyatt Place Pittsburgh, Houston Courtyard and Denver Tech hotels that were acquired during 2013 and have food and beverage operations where as most of our other hotels have limited for sale food and beverage activities.

Depreciation and Amortization

Depreciation and amortization expense increased $5.9 million from $7.8 million for the six months ended June 30, 2013 to $13.7 million for the six months ended June 30, 2014. The increase is due to the four hotels acquired during the second half of 2013, which contributed $2.9 million of the increase, while the four hotels in Silicon Valley acquired in June 2014 which contributed $1.0 million of the increase. The remaining increase is attributable to renovations performed in 2013 and 2014. Depreciation is recorded on our hotel buildings up to 40 years from the date of acquisition. Depreciable lives of hotel furniture, fixtures and equipment are generally three to ten years 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 and Insurance

Total property taxes and insurance expenses increased $1.4 million from $4.0 million for the six months ended June 30, 2013 to $5.4 million for the six months ended June 30, 2014. The four hotels acquired during the second half of 2013 contributed $0.6 million of the increase and the four hotels in Silicon Valley acquired in June 2014 contributed $0.2 million of the increase. The remainder of the increase is for increased values at the 21 comparable hotels.

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 (“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 $1.2 million and $1.0 million for the six months ended June 30, 2014 and 2013, respectively) increased $0.5 million to $3.5 million in 2014 from $3.0 million in 2013 with the increase due to higher employee compensation associated with additional employees, base salary and incentive compensation.

Hotel Property Acquisition Costs and Other Charges

Hotel property acquisition costs and other charges increased $5.8 million from $1.2 million for the six months ended June 30, 2013 to $7.0 million for the six months ended June 30, 2014. Hotel property acquisition cost of $4.8 million in the 2014 period related to our acquisitions of the four recently acquired Silicon Valley hotels. Acquisition-related costs are expensed when incurred. The Company incurred other charges of $1.9 million in the 2014 period related to matters associated with the unsolicited offer from Blue Mountain Capital Management and matters related to its proxy settlement agreement with the HG Vora Group. The expense is primarily comprised of attorney's fees of $1.0 million, financial advisory expenses of $0.9 million.

Reimbursed Costs from Unconsolidated Real Estate Entities

Reimbursed costs from unconsolidated real estate entities, comprised of corporate payroll costs at the Innkeepers and NewINK JVs where the Company is the employer were $1.2 million and $0.8 million for the six months ended June 30, 2014 and 2013, respectively. These costs were offset by the cost reimbursements from unconsolidated real estate entities included in revenues.

Interest and Other Income

Interest on cash and cash equivalents and other income decreased $89 thousand from $0.1 million for the six months ended June 30, 2013 to $26 thousand for the six months ended June 30, 2014.

Interest Expense, including amortization of deferred fees

Interest expense increased $2.4 million from $5.7 million for the six months ended June 30, 2013 to $8.1 million for the six months ended June 30, 2014 and is comprised of the following (in thousands):

	Six Months Ended		
	June 30, 2014	June 30, 2013	% Change
Mortgage debt interest	$ 6,190	$ 3,847	60.9 %
Credit facility interest and unused fees	1,161	1,255	(7.5)%
Amortization of deferred financing costs	749	556	34.7 %
Total	**$ 8,100**	**$ 5,658**	**43.2 %**

The increase in interest expense for the six months ended June 30, 2014 as compared to the six months ended June 30, 2013 is due to interest expense of $2.3 million on loans acquired during June 2013 and after June 30, 2013 of $293.8 million, including the four new loans with an aggregate principal balance of $222.0 million secured by the four Silicon Valley hotels acquired on June 9, 2014. Lower credit facility interest is due to a decrease in the weighted average borrowings to $66.6 million in 2014 compared to $80.8 million in 2013. The increase in deferred financing costs relates to the new loans issued in 2013 and 2014.

Loss on early extinguishment of debt

Loss on early extinguishment of debt decreased $0.7 million from $0.9 million for the six months ended June 30, 2013 to $0.2 million for the six months ended June 30, 2014 due to refinancing or paying off four loans in 2013 and one loan in 2014.

Loss from Unconsolidated Real Estate Entities

Loss from unconsolidated real estate entities increased $1.6 million from a loss of $0.7 million for the six months ended June 30, 2013 to a loss of $2.3 million for the six months ended June 30, 2014. The increase is due to costs related to the sale of the Innkeepers JV to NewINK JV.

Gain on Sale from Unconsolidated Real Estate Entities

Gain on sales from unconsolidated real estate entities increased $66.7 million from 2013. The increase is due to the sale of Cerberus' 89.7% interest in 51 hotels in the Innkeepers JV. The gain includes the Company's pro rata share of a promote interest.

Income Tax Expense

Income tax expense decreased $4 thousand from $45 thousand for the six months ended June 30, 2013 to $41 thousand for the six months ended June 30, 2014. We are subject to income taxes based on the taxable income of our taxable REIT subsidiary holding companies at a combined federal and state tax rate of approximately 40%.

Net income

Net income was $63.6 million for the six months ended June 30, 2014, compared to net income of $0.6 million for the six months ended June 30, 2013. The net income was due to the factors discussed above.

Material Trends or Uncertainties

We are not aware of any material trends or uncertainties, favorable or unfavorable, that may be reasonably anticipated to have a material impact on either the capital resources or the revenues or income to be derived from the acquisition and operation of properties, loans and other permitted investments, other than those referred to in the risk factors identified in the “Risk Factors” section of this report and our Annual Report on Form 10-K for the year ended December 31, 2013.

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, and (4) Adjusted EBITDA. These non-GAAP financial measures could 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 and Adjusted 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 and Adjusted EBITDA are not measures of our liquidity, nor are FFO, Adjusted FFO, EBITDA or Adjusted 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 and Adjusted 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, items classified by GAAP as extraordinary, 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 performance of our underlying hotel properties. We believe that these items are more representative of our asset base and our acquisition and disposition activities than our ongoing operations, and that by excluding the effects of the items, FFO is useful to investors in comparing our operating performance between periods and between REITs that report FFO using the NAREIT definition.

We further adjust FFO for certain additional items that are not in NAREIT's definition of FFO, including hotel property acquisition costs and other charges, losses on the early extinguishment of debt and similar items related to our unconsolidated real estate entities that we believe do not represent recurring 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 six months ended June 30, 2014 and 2013 (in thousands, except share data):

	For the three months ended June 30,		*For the six months ended* June 30,	
	2014	**2013**	**2014**	**2013**
Funds From Operations ("FFO"):				
Net income	$ 65,314	$ 2,176	$ 63,582	$ 557
Noncontrolling interests	(108)	—	(108)	—
Net gain from remeasurement and sale of investment in unconsolidated real estate entities	(66,701)	—	(66,701)	—
Loss on the sale of assets within the unconsolidated real estate entity	—	259	1	273
Depreciation	7,335	4,003	13,623	7,739
Adjustments for unconsolidated real estate entity items	1,229	1,285	2,435	2,526
FFO attributable to common shareholders	**7,069**	**7,723**	**12,832**	**11,095**
Hotel property acquisition costs and other charges	5,559	1,059	7,041	1,236
Loss on early extinguishment of debt	—	—	184	933
Adjustments for unconsolidated real estate entity items	2,218	5	2,220	8
Adjusted FFO	**$ 14,846**	**$ 8,787**	**$ 22,277**	**$ 13,272**
Weighted average number of common shares				
Basic	26,437,878	18,147,108	26,355,237	17,682,199
Diluted	26,734,919	18,383,626	26,637,261	17,897,255

Diluted per share count may differ from GAAP per share count when FFO or Adjusted FFO is positive. Unvested restricted shares and unvested long-term incentive plan units that could potentially dilute basic earnings per share in the future would not 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.

We calculate EBITDA for purposes of the credit facility debt covenants as net income or loss excluding: (1) interest expense; (2) provision for income taxes, including income taxes applicable to sale of assets; (3) depreciation and amortization; and (4) unconsolidated real estate entity items including interest, depreciation and amortization. We believe EBITDA is useful to investors in evaluating our operating performance because it helps investors compare 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, we use EBITDA as one measure in determining the value of hotel acquisitions and dispositions.

We further adjust EBITDA for certain additional items, including hotel property acquisition costs and other charges, gains or losses on the sale of real estate, losses on the early extinguishment of debt, amortization of non-cash share-based compensation and similar items related to our unconsolidated real estate entities which we believe are not indicative of the performance of our underlying hotel properties entities. We believe that Adjusted EBITDA provides investors with another financial measure that may facilitate comparisons of operating performance between periods and between REITs that report similar measures.

The following is a reconciliation of net increase to EBITDA and Adjusted EBITDA for the three and six months ended June 30, 2014 and 2013 (in thousands):

	For the three months ended June 30,		*For the six months ended* June 30,	
	2014	**2013**	**2014**	**2013**
Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA"):				
Net income	$ 65,314	$ 2,176	$ 63,582	$ 557
Interest expense	4,362	2,817	8,100	5,658
Income tax expense	38	45	41	45
Depreciation and amortization	7,365	4,026	13,680	7,778
Adjustments for unconsolidated real estate entity items	2,765	2,768	5,389	5,563
Noncontrolling interests	(108)	—	(108)	—
EBITDA	**79,736**	**11,832**	**90,684**	**19,601**
Hotel property acquisition costs and other charges	5,559	1,059	7,041	1,236
Loss on early extinguishment of debt	—	—	184	933
Adjustments for unconsolidated real estate entity items	2,296	5	2,298	8
Net gain from remeasurement and sale of investment in unconsolidated real estate entities	(66,701)	—	(66,701)	—
Loss on the sale of assets within the unconsolidated real estate entity	—	259	1	273
Share based compensation	628	531	1,213	1,080
Adjusted EBITDA	**$ 21,518**	**$ 13,686**	**$ 34,720**	**$ 23,131**

Although we present FFO, Adjusted FFO, EBITDA and Adjusted 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 and Adjusted EBITDA do not reflect our cash expenditures, or future requirements, for capital expenditures or contractual commitments;
- FFO, Adjusted FFO, EBITDA and Adjusted EBITDA do not reflect changes in, or cash requirements for, our working capital needs;
- FFO, Adjusted FFO, EBITDA and Adjusted EBITDA do not reflect funds available to make cash distributions;
- EBITDA and Adjusted 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 and Adjusted 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 and Adjusted 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 and Adjusted EBITDA differently than we do, limiting their usefulness as a comparative measure.

In addition, FFO, Adjusted FFO, EBITDA and Adjusted 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 and Adjusted EBITDA are not measures of our liquidity. Because of these limitations, FFO, Adjusted FFO, EBITDA and Adjusted 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 and Adjusted 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 and debt repayments and distributions to equity holders.

As of June 30, 2014 and December 31, 2013, we had cash and cash equivalents of approximately $11.9 million and $4.2 million, respectively. We typically maintain approximately $5.0 million of unrestricted cash and cash equivalents. Additionally, we had $77.0 million available under our $175.0 million senior secured revolving credit facility as of June 30, 2014. On July 9, 2014, we repaid $33.0 million on our senior secured revolving credit facility using $29.4 million of the net proceeds from the issuance of a loan on the Savannah hotel with the remainder funded with excess cash.

For the six months ended June 30, 2014, net cash flows provided by operations were $15.1 million, comprised of net income of $63.6 million and primarily significant non-cash expenses, including $14.4 million of depreciation and amortization, net gain from the sale of interests in unconsolidated real estate entities of $66.7 million, $0.2 million from the extinguishment of debt, $1.2 million of share-based compensation expense and $2.3 million related to the loss from unconsolidated 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 $0.1 million. Net cash flows used in investing activities were $276.0 million, primarily related to the purchase of the 4 Silicon Valley hotels for $265.3 million, capital improvements on our 29 wholly owned hotels of $7.7 million, $3.4 million related to the required escrow deposits of restricted cash, reduced by distributions of $0.4 million from unconsolidated real estate entities. Net cash flows provided by financing activities were $268.6 million, comprised of proceeds from the issuance of new mortgage loans of $256.0 million, net borrowings on our senior secured revolving credit facility of $48.0 million, $10.9 million raised from our At The Market Equity Offering ("ATM Plan"), principal payments or payoffs on mortgage debt of $33.5 million, payments of deferred financing and offering costs of $1.0 million and distributions to shareholders of $11.8 million.

For the six months ended June 30, 2013, net cash flows provided by operations were $12.1 million, as our net income of $0.6 million was due in significant part to non-cash expenses, including $8.4 million of depreciation and amortization, $0.9 million from the extinguishment of debt, $1.1 million of share-based compensation expense and a $0.7 million from the loss from unconsolidated 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 $0.4 million. Net cash flows used by investing activities were $82.4 million, primarily related to the purchase of the Houston CY Hotel and Pittsburgh Hotel of $74.8 million, capital improvements on our 21 wholly owned hotels of $7.1 million, investment in the Torrance JV of $1.7 million, offset by $0.3 million related to the receipt of restricted cash and $0.9 million net proceeds from mortgage financing. Net cash flows provided by financing activities were $84.5 million, comprised primarily of $134.2 million raised from our January and June 2013 follow-on common share offerings, and proceeds from the issuance of refinanced and new mortgage loans of $117.0 million, offset by new repayments on our senior secured revolving credit facility of $49 million, principal payments on mortgage debt of $100.9 million, payments of deferred financing and offering costs of $7.7 million and distributions to shareholders of $9.1 million.

We paid regular quarterly dividends and distributions on common shares and LTIP units beginning with the third quarter of 2010 through 2012. In January 2013, we changed our dividend payment frequency from a quarterly dividend to a monthly dividend. In April 2014, we changed the monthly dividend from $0.07 to $0.08 per month per common share and LTIP unit. We declared total dividends of $0.42 and $0.45 per common share and LTIP unit for the six months ended June 30, 2013 and 2014, respectively.

Liquidity and Capital Resources

We intend to maintain our leverage over the long term at a ratio of net debt to investment in hotels (at cost) (defined as our initial acquisition price plus the gross amount of any subsequent capital investment and excluding any impairment charges) to a level lower than where we currently operate, and a subsequent decrease in hotel property values will not necessarily cause us to repay debt to comply with this limitation. However, our Board of Trustees believes that increasing our leverage limit at this stage of the lodging recovery cycle is appropriate, so we will continue to make acquisitions where suitable. Our leverage ratio at June 30, 2014 is 51%, which is up from 36% at December 31, 2013. We will pay down borrowings on our secured revolving credit facility with excess cash flow until we find other uses of cash such as investments in our existing hotels, hotel acquisitions or further joint venture investments.

At June 30, 2014 and December 31, 2013, we had $98.0 million and $50.0 million, respectively, in borrowings under our senior secured revolving credit facility. At June 30, 2014, there were 13 properties in the borrowing base under the credit agreement and the maximum borrowing availability under the revolving credit facility was approximately $175.0 million. We also had mortgage debt on individual hotels aggregating $444.5 million and $222.1 million at June 30, 2014 and December 31, 2013, respectively.

The maturity date of the credit facility is November 5, 2016 and includes an option to extend the maturity date by an additional year. Other key features of the credit facility are as follows:

Facility amount	$175 million
Accordion feature	Increase additional $50 million
LIBOR floor	None
Interest rate applicable margin	200-300 basis points, based on leverage ratio
Unused fee	25 basis points if less than 50% unused, 35 basis points if more than 50% unused
Minimum fixed charge coverage ratio	1.5x

The credit facility contains representations, warranties, covenants, terms and conditions customary for transactions 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 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. We were in compliance with all financial covenants at June 30, 2014. We expect to meet all financial covenants during the remainder of 2014 based upon our current projections.

We expect to meet our short-term liquidity requirements generally through net cash provided by operations, existing cash balances and, if necessary, short-term borrowings under our credit facility or through the encumbrance of any unencumbered hotels. We believe that our net cash provided by operations 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, including through our dividend reinvestment and stock purchase plan ("DRSPP") or ATM Plan, each as described below, or the possible sale of existing assets.

Through our DRSPP, which was established in January 2014, shareholders may purchase additional common shares by reinvesting some or all of the cash dividends received on our common shares. Shareholders may also make optional cash purchases of our common shares subject to certain limitations detailed in the prospectus for the DRSPP. As of June 30, 2014, we had issued 149 shares under the DRSPP at a weighted average price of $22.12. As of June 30, 2014, there was approximately $25.0 million of common shares available for issuance under the DRSPP.

In January 2014, we also established an ATM Plan whereby, from time to time, we may publicly offer and sell up to $50 million of our common shares by means of ordinary brokers' transactions on the New York Stock Exchange, 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, with Cantor Fitzgerald & Co. acting as sales agent. As of June 30, 2014, we had issued 486,820 shares under the ATM Plan at a weighted average price of $22.53. As of June 30, 2014, there was approximately $39.0 million of common shares available for issuance under the ATM Plan.

We intend to continue to invest in hotel properties only as suitable opportunities arise. We intend to finance our future investments with the net proceeds from additional issuances of common and preferred shares, issuances of units of limited partnership interest in our operating partnership or other securities or borrowings. The success of our acquisition strategy depends, in part, on our ability to access additional capital through issuances of equity securities and borrowings. There can be no assurance that we will continue to make investments in properties that meet our investment criteria. Additionally, we may choose to dispose of certain hotels that do not meet our long-term investment objectives as a means to provide liquidity.

Dividend Policy

Our current common share dividend policy is generally to distribute, annually, at least 100% of our annual taxable income. The amount of any dividends is determined by our Board of Trustees. Our Board of Trustees approved a change in the frequency of our dividend payments to monthly in January 2013, with a targeted monthly dividend of $0.07 per common share and LTIP unit for 2013. In April 2014, our Board of Trustees approved an increase to our monthly dividend to $0.08 per common share and LTIP unit. The aggregate amount of dividends declared for the six months ended June 30, 2014 were $0.45 per common share and LTIP unit.

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 franchisor's 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 franchisor's 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 the revolving credit facility.

For the three months ended June 30, 2014 and 2013, we invested approximately $4.0 million and $4.8 million, respectively, and for the six months ended June 30, 2014 and 2013, we invested approximately $7.7 million and $8.7 million, respectively, on capital investments in our hotels. We expect to invest an additional $8.3 million on capital improvements on our existing hotels for the remainder of 2014.

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

Contractual Obligations

The following table sets forth our contractual obligations as of June 30, 2014, and the effect these obligations are expected to have on our liquidity and cash flow in future periods (in thousands). We had no other material off-balance sheet arrangements at June 30, 2014 other than non-recourse debt associated with the NewINK JV and the Torrance JV as discussed below.

	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	$ 44	$ 20	$ 24	$ —	$ —
Revolving credit facility, including interest (1)	104,765	1,400	103,365	—	—
Ground leases	12,185	104	422	431	11,228
Property loans, including interest (1)	597,837	15,484	48,663	37,581	496,109
Total	$ 714,831	$ 17,008	$ 152,474	$ 38,012	$ 507,337

(1) Does not reflect paydowns or additional borrowings under the revolving credit facility after June 30, 2014. Interest payments are based on the interest rate in effect as of June 30, 2014. See Note 8, "Debt" to our unaudited consolidated financial statements for additional information relating to our property loans.

In addition, we pay management fees to our hotel management companies based on the revenues of our hotels.

The Company's ownership interests in the NewINK JV and the Torrance JV are subject to change in the event that either Chatham, NorthStar or Cerberus calls for additional capital contributions to the respective JVs, as applicable, necessary for the conduct of that JV's business, including contributions to fund costs and expenses related to capital expenditures. We manage the NewINK JV and the Torrance JV and will receive a promote interest in the applicable JV if it meets certain return thresholds. NorthStar and Cerberus may also approve certain actions by their respective JV without the Company's consent, including certain property dispositions conducted at arm's length, certain actions related to the restructuring of either JV and removal of the Company as managing member in the event the Company fails to fulfill its material obligations under either joint venture agreement.

In connection with certain non-recourse mortgage loans in either the NewINK JV or the Torrance JV, our Operating Partnership could require us to repay our pro rata share of portions of their indebtedness in connection with certain customary non-recourse carve-out provisions such as environmental conditions, misuse of funds, and material misrepresentations.

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, 2013.

Recently Issued Accounting Standards

In April 2014, the FASB issued amendments to guidance for reporting discontinued operations and disposals of components of an entity. The amended guidance requires that a disposal representing a strategic shift that has (or will have) a major effect on an entity's operations and financial results or a business activity classified as held for sale upon acquisition should be reported as discontinued operations. The amendments also expand the disclosure requirements for discontinued operations and add new disclosures for individually significant dispositions that do not qualify as discontinued operations. The amendments are effective prospectively for fiscal years, and interim reporting periods within those years, beginning after December 15, 2014 (early adoption is permitted only for disposals that have not been previously reported). Early adoption is permitted for disposals that have not been reported in financial statements previously issued. We adopted this accounting standard update effective January 1, 2014 and do not expect the implementation of the amended guidance to have a material impact on the Company's consolidated financial position of results of operations, but do expect these amendments to impact the Company determination of which future property disposals qualify as discontinued operations as well as requiring additional disclosures about discontinued operations.

On May 28, 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers, which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The ASU will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective. The new standard is effective for the Company on January 1, 2017. Early application is not permitted. The standard permits the use of either the retrospective or cumulative effect transition method. The Company is evaluating the effect that AUS 2014-09 will have on its consolidated financial statements and related disclosures. The Company has not yet selected a transition method nor has it determined the effect of the standard on it financial statements.

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. 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 will 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 and maturity and fair value of the underlying collateral. The estimated fair value of the Company's fixed rate debt at June 30, 2014 and December 31, 2013 was $446.4 million and $220.0 million, respectively.

At June 30, 2014, 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 June 30, 2014 that are sensitive to changes in interest rates (in thousands):

	2014	2015	2016	2017	2018	Thereafter	Total	Fair Value
Floating rate:								
Debt	—	—	$ 98,000	—	—	—	$ 98,000	$ 97,989
Average interest rate (1)	—	—	2.66%	—	—	—	2.66%	
Fixed rate:								
Debt	$1,317	$8,313	$9,533	$ 3,802	$ 3,980	$417,590	$ 444,535	$ 446,376
Average interest rate	4.91%	5.41%	5.51%	4.77%	4.77%	4.69%	4.73%	

(1) LIBOR of 0.16% plus a margin of 2.50% at June 30, 2014.

We estimate that a hypothetical one-percentage point increase in the variable interest rate would result in additional interest expense of approximately $1.0 million annually. This assumes that the amount outstanding under our floating rate debt remains at $98.0 million, the balance as of June 30, 2014.

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.

We are not presently subject to any material litigation nor, to our knowledge, is any material litigation threatened against us or our properties. See Note 13 in the Notes to the Consolidated Financial Statements, "Commitments and Contingencies – Litigation".

Item 1A. Risk Factors.

The following risk factor supplements our risk factors described in Item 1A of the Company's Annual Report on Form 10-K for the year ended December 31, 2013. Except as set forth below, there have been no material changes in the risk factors described in Item 1A of the Company's Annual Report on Form 10-K for the year ended December 31, 2013.

Risks Related to Our Business and Properties

If we determine to make significant capital expenditures to any or all of the four Silicon Valley hotels we acquired in June 2014 to redevelop or expand these hotels, the performance of these hotels may be adversely impacted during such redevelopment or expansion and the future performance of these hotels may be dependent on the successful completion of the capital expenditure program developed for each hotel.

We are currently considering investing approximately $59 million in the redevelopment or expansion of the four Silicon Valley hotels we acquired in June 2014. If we determine to move forward with this possible redevelopment or expansion, no assurance can be given that the capital expenditure program developed for each hotel will be completed on time, on budget or at all. If we adopt these capital expenditure programs and the programs are not completed successfully, it could have an impact on the expected performance of these hotels. Further, while these capital expenditure programs are being implemented at these hotels, guest rooms and certain public spaces may be out of service, which could have a material impact on the financial performance of the hotels and our company.

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.

A previously disclosed in a Form 8-K filed by the Company on June 10, 2014 (the "June 8-K"), on June 9, 2014, the Company acquired a 10.3% interest in the NewINK JV,which is comprised of two joint ventures between affiliates of NorthStar and the Company that collectively own a 47-hotel portfolio that was formerly part of the Innkeepers JV. Concurrent with the closing of NewINK JV and the Company's acquisition of four hotels in the Silicon Valley region of California (the "Four-Pack Acquisition"), wholly-owned subsidiaries of the Company and NorthStar entered into amended and restated limited liability company agreements for the two joint venture entities that comprise the NewINK JV (the "NewINK JV Agreements"), which agreements sets forth the terms and conditions of, among other things, the management and economics of the NewINK JV.

Pursuant to the NewINK JV Agreements, Company will manage the day-to-day operations of the NewINK JV, subject to the approval of NorthStar of transactions with affiliates of the Company and Major Decisions (as defined in the NewINK JV Agreements), while NorthStar shall have unilateral decision-making control over, among other things, certain property dispositions conducted at arm's length, the financing of the NewINK JV, certain liquidity events and, upon a Termination Event (as defined in the NewINK JV Agreements), removal of the Company as a managing member.

The Company will be entitled to receive a promote interest in the joint ventures based on the respective joint ventures meeting certain return thresholds. The Company's ownership interest in the NewINK JV is subject to change in the event that either Chatham or NorthStar calls for additional capital contributions for certain non-discretionary requirements described in the NewINK JV Agreements or, solely in the case of a capital call by NorthStar, necessary for the conduct of business.

Additionally, as previously disclosed in Item 2.03 of the June 8-K, in connection with its funding of the Four-Pack Acquisition, the Company closed on four separate mortgage loans having an aggregate principal balance of $222 million, including the mortgage on the Company's Residence Inn Silicon Valley II hotel having an initial principal balance of $70.6 million (the "Silicon Valley II Mortgage"). The Silicon Valley II Mortgage was issued pursuant to that certain loan agreement, dated as of June 9, 2014, between Gran Prix Sili II LLC, as borrower, and JP Morgan Chase Bank, National Association, as lender (the "Silicon Valley II Loan Agreement"). A description of the four mortgage loans on the hotels comprising the Four Pack Acquisition is included in Item 2.03 of the June 8-K, which is incorporated by reference herein.

The foregoing summaries of the NewINK JV Agreements and the Silicon Valley II Loan Agreement do not purport to be complete and are qualified in their entirety by reference to the NewINK JV Agreement and the Silicon Valley II Loan Agreements, respectively, copies of which are filed as Exhibits 10.2, 10.3 and 10.4 to this report and are incorporated herein by reference.

Item 6. Exhibits.

The following exhibits are filed as part of this report:

Exhibit Number	Description of Exhibit
3.1	Form of Amended and Restated Declaration of Trust of Chatham Lodging Trust (1)
3.2	Articles Supplementary (2)
3.3	Amended and Restated Bylaws of Chatham Lodging Trust (3)
10.1	Purchase and Sale Agreement, dated as of May 8, 2014, by and among the entities set forth on Schedule A thereto, Chatham Lodging, LP, NewINK JV and certain individual owners.
10.2	Third Amended and Restated Limited Liability Company Agreement of INK Acquisition LLC, dated as of June 9, 2014, by and between Platform Member-T, LLC and Chatham Lodging, L.P.
10.3	Second Amended and Restated Limited Liability Company Agreement of INK Acquisition III LLC, dated as of June 9, 2014, by and between Platform Member Holdings-T Cam2, LLC and Chatham TRS Holding, Inc.
10.4	Loan Agreement, dated as of June 9, 2014, between Gran Prix Sili II LLC, as borrower, and JP Morgan Chase Bank, National Association, as lender
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 Section 302 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 Section 302 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 Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

(1) Incorporated by reference to Amendment No. 4 to the Registrant's Registration Statement on Form S-11 filed with the SEC on February 12, 2010 (File No. 333-162889)
(2) Incorporated by reference to the Company's Current Report on Form 8-K filed with the SEC on November 13, 2013.
(3) Incorporated by reference to the Company's Current Report on Form 8-K filed with the SEC on January 13, 2014.

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: August 8, 2014

/s/ DENNIS M. CRAVEN

Dennis M. Craven
Executive Vice President and Chief Financial Officer
(Principal Financial and Accounting Officer)

PURCHASE AND SALE AGREEMENT

by and among

THE ENTITIES SET FORTH ON SCHEDULE A ATTACHED HERETO,

collectively, SELLERS,

CHATHAM LODGING, L.P.,
solely for purposes of Section 2(a) hereof,

THE INDIVIDUAL OWNERS AND OPERATING LESSEES LISTED ON THE SIGNATURE PAGES HERETO,
solely for purposes of Section 43 hereof

and

NEWINK, LLC,

PURCHASER.

Premises: THE PROPERTIES SET FORTH ON SCHEDULE B ATTACHED HERETO

Dated as of May 8, 2014

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THIS PURCHASE AND SALE AGREEMENT (this "Agreement") made as of the 8th day of May, 2014 (the "Effective Date"), by and among (i) **THE ENTITIES SET FORTH ON SCHEDULE A ATTACHED HERETO** (individually, a "Seller" or collectively, the "Sellers"), jointly and severally, having an address c/o Cerberus Real Estate Capital Management, LLC, 875 Third Avenue, 12th Floor, New York, New York 10022, (ii) **CHATHAM LODGING, L.P.**, solely for purposes of Section 2(a) hereof, (iii) **NewINK, LLC**, a Delaware limited liability company, having an address at c/o NorthStar Realty Finance Corp., 399 Park Avenue, 18th Floor, New York, New York 10022 ("Purchaser") and (iv) the **INDIVIDUAL OWNERS AND OPERATING LESSEES**, solely for purposes of Section 43 hereof. Sellers and Purchaser may hereinafter be referred to individually as a "Party" and collectively as the "Parties".

W I T N E S S E T H :

WHEREAS, Sellers are the owners of a Percentage Interest (as hereinafter defined) (the "Transferred Interests") in INK Acquisition LLC, INK Acquisition III LLC, INK Acquisition IV LLC, INK Acquisition V LLC, INK Acquisition VI LLC, and INK Acquisition VII LLC, as applicable (each, a "Transferred Entity" and, collectively, the "Transferred Entities") as described on the structure chart attached hereto as Schedule I (the "Current Structure Chart") pursuant to the operating agreements of the Transferred Entities (the "Operating Agreements"). For purposes of this Agreement, the term "Percentage Interest" shall have the meaning set forth in the applicable Operating Agreements;

WHEREAS, each Transferred Entity owns one hundred percent (100%) of the direct or indirect ownership and other interests (the "JV Interests") in certain entities (each, a "JV Entity" and, collectively, the "JV Entities"), as shown on the Current Structure Chart, including, without limitation, the entities that hold fee title or ground leasehold, as applicable, interests in the Properties (as hereinafter defined) (each, an "Individual Owner" and, collectively, the "Individual Owners") and in the case of Ink Acquisition III LLC, the operating tenants (individually, an "Operating Lessee" and collectively, the "Operating Lessees") with rights to the Properties;

WHEREAS, each Individual Owner is the owner and holder of the fee simple estate (or in the case of the Individual Property (as hereinafter defined) located in Fort Lauderdale, Florida, the leasehold estate) in and to each plot, piece and parcel of land (individually, the "Individual Land" and collectively, the "Land") more commonly known by the address as set forth next to its name, and legally described, on Schedule B attached hereto, together with the buildings and all other improvements (individually, a "Building" and collectively, the "Buildings") located on the Individual Land owned by the Individual Owner (the Buildings and the Land being sometimes collectively referred to hereinafter as the "Premises" and each Individual Land with the Building or Buildings located thereon, an "Individual Premises"); and

WHEREAS, Sellers desire to sell the Transferred Interests to Purchaser, and Purchaser desires to purchase the Transferred Interests (as set forth in the terms and provisions of the Operating Agreements) from Sellers, upon and subject to the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and agreements herein contained, the Parties hereto covenant and agree as follows:

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2. PURCHASE AND SALE.

(a) Specified Hotel Transaction.

(i) Immediately before the Closing, the members of the Transferred Entities shall cause each of INK Acquisition IV LLC, INK Acquisition V LLC, INK Acquisition VI LLC and INK Acquisition VII LLC to merge with and into INK Acquisition LLC (the "Mergers");

(ii) Immediately following the Mergers and immediately prior to the Closing, the members of INK Acquisition LLC ("INK I") shall cause INK I to distribute to Chatham Lodging, L.P. ("Chatham LP") 100% of INK I's right, title and interest in and to the membership interests in Grand Prix San Mateo LLC, Grand Prix Mountain View LLC, Grand Prix Sili I LLC and Grand Prix Sili II LLC (the Properties owned by such entities, the "Specified Hotels", and the membership interests in such entities, collectively, the "Specified Hotel Interests", and such distribution, the "Specified Hotel Transaction"). Sellers and Purchaser acknowledge and agree that, in a liquidation of INK I and INK Acquisition III LLC (collectively, the "Final Transferred Entities") following the Mergers and the sale of their assets for cash in an amount equal to the Grossed Up

Purchase Price (as hereinafter defined), Net Cash Flow (as hereinafter defined) of the Final Transferred Entities would be distributed 78% to the Sellers, on the one hand, and 22% to Chatham LP and Chatham TRS Holding, Inc., on the other hand, it being understood and agreed by the Parties that such percentage interests set forth in this sentence are estimates only and that the actual percentage interests will be determined based upon Section 7 of each of the limited liability company agreements of the Transferred Entities as determined on the Closing Date or such earlier date as such determination is required to be made under such agreements, as applicable) (such percentages, collectively, the "Existing Sharing Percentages"). Solely for federal income tax purposes, the Parties and Chatham LP shall treat the distribution of the Specified Hotel Interests and the payment of the Specified Hotel Transaction Consideration (as hereinafter defined) as (i) a deemed pro-rata distribution of the Specified Hotel Interests to the members of INK I with a value equal to the Deemed Pro-Rata Distribution Amount (as hereinafter defined) in a tax-deferred distribution under Section 731 of the Internal Revenue Code of 1986, as amended (the "Code"), (ii) a deemed disproportion distribution of the Specified Hotel Interests to Chatham LP with a value equal to the Deemed Disproportionate Distribution Amount in a tax-deferred distribution under Section 731 of the Code, and (iii) immediately after the deemed distributions required to in clauses (i) and (ii), the deemed taxable sale by CRE-Ink REIT Member LLC to Chatham LP of CRE-Ink REIT Member LLC's portion of Specified Hotel Interests deemed distributed to CRE-Ink REIT Member LLC in the deemed distribution referred to in clause (i) for an amount equal to the Specified Hotel Transaction Consideration. The Parties shall not take any position inconsistent with the one described in the preceding sentence. For purposes of interpretation of this Agreement, the Specified Hotels shall be considered Individual Properties and the entities whose interests are being distributed in the Specified Hotel Transaction shall be considered JV Entities. Capitalized terms used in this Section 2(a)(ii) and not otherwise defined shall have the meanings set forth on Schedule E attached hereto. Notwithstanding anything to the contrary contained herein, if Purchaser and Chatham LP jointly so elect, upon not less than five (5) business days' notice to Sellers, the Specified Hotel Transaction will not occur and instead Purchaser shall indirectly acquire the Specified Hotel Interests by means of Purchaser's acquisition of the Transferred Interests pursuant to the terms and provisions hereof, provided that in such event Chatham LP will be released from all obligations under this Agreement and Purchaser shall be required to pay the Specified Hotel Transaction Consideration.

(b) Principal Transaction. At the Closing, immediately after the consummation of the Specified Hotel Transaction, each of the Sellers listed in Schedule A shall sell, assign and convey to Purchaser, and Purchaser shall purchase and acquire from each such Seller, subject to the terms and conditions of this Agreement and the Operating Agreement of such Transferred Entity, all of its right, title and interest in and to such Seller's Percentage Interest in the Transferred Entity listed opposite such Seller's name on Schedule B-2, in each case, free and clear of all liens, encumbrances, claims, or other rights other than those arising under the Operating Agreement of such Transferred Entity (the "Principal Transaction"); and

(c) As a result of the transactions contemplated by Sections 2(a) and (b) above, Purchaser shall indirectly acquire, all of Sellers' indirect interest in and to the JV Interests including, without limitation, the Individual Owners and Operating Lessees and the following:

a. the Premises, which shall include, without limitation, (i) all easements, rights of way, privileges, appurtenances and other similar rights, if any, pertaining thereto, (ii) all right, title and interest of each Individual Owner, if any, in and to any land lying in the bed of any street, road or avenue opened or proposed, public or private, in front of or adjoining any portion of the Land, to the center line thereof and (iii) subject to Section 12 below, all right, title and interest of each Individual Owner, in and to any award received following the Closing Date solely with respect to damage to any portion of the Land by reason of change of grade of any street, and the Buildings;

b. the Leases (as hereinafter defined) in effect on the Closing Date;

c. the Buildings and all fixtures on the Land or in the Buildings which constitute real property under applicable law, including, without limitation, the hotels located on the Premises;

d. all fixtures, furniture, furnishings, equipment, machinery, inventory, tools, vehicles, signs, appliances, vehicles, art work and other items of tangible personal property which are owned by any Individual Owner or Operating Lessee or located at any of the Premises or used or usable in connection with the business conducted at the Premises (other than property owned by tenants) (collectively, the "FF&E");

e. all china, paper goods, tablecloths, glassware and silverware, linens, uniforms, engineering, maintenance, cleaning and housekeeping and other supplies, matches and ashtrays, soap and other toiletries, stationery, menus, directories and other printed materials, and all other supplies and materials and similar items, which are located at the Premises or used or usable in connection with the business conducted at the Premises, as of the Closing (collectively, the "Supplies");

f. all computer hardware and equipment, telephones, scanners, facsimile machines, postal machines, telecommunications and information technology systems located at or used in connection with the Premises, and all computer software used at or in connection with the Premises (subject to the terms of the applicable license agreement, if any), to the extent the same are owned by any Operating Lessee or any Individual Owner (collectively, the "IT Systems");

g. all food and beverages (alcoholic (if permitted by law) and nonalcoholic) which are located at, used or useable at the Premises

(whether opened or unopened), as of the Closing, including, without limitation, all food and beverages located in mini-bars or elsewhere in guest rooms (collectively, the "F&B");

h. all merchandise located at the Premises and/or held for sale to guests and customers of the Premises as of the Closing, including, without limitation, the inventory held for sale in any gift shop or newsstand operated by any Seller at the Premises, but expressly excluding items owned by tenants (collectively, the "Retail Merchandise");

i. all leases and purchase money security agreements for any equipment, machinery, vehicles, furniture or other personal property located at, or used exclusively in connection with, the Premises which are held by any Operating Lessee or any Individual Owner, together with all deposits made thereunder, to the extent the same and such deposits are transferable with respect to the transactions described herein or the Parties obtain any consent necessary to effectuate such a transfer;

j. all Contracts to the extent the same are transferable with respect to the transactions described herein or the Parties obtain any consent necessary to effectuate such a transfer (collectively, the "Assigned Operating Agreements");

k. all licenses, permits, consents, authorizations, approvals, registrations and certificates issued by any governmental authority which are held by any Individual Owner or any Operating Lessee with respect to the Premises or which otherwise relate to the Premises, including, without limitation, the construction, use or occupancy of the Buildings, any real property or the Business, together with any deposits made by any Seller thereunder, to the extent the same are transferable with respect to the transactions described herein or the Parties obtain any consent necessary to effectuate such a transfer (the "Licenses and Permits");

l. all Hotel Guest Data and Information (as hereinafter defined);

m. all books and records located at, or relating exclusively to, the Business or any of the Premises (as hereinafter defined), but expressly excluding all documents and other materials which (the "Excluded Materials") (i) are legally privileged or constitute attorney work product (provided that, prior to the expiration of the Due Diligence Period, Sellers have advised Purchaser in writing if any such information being withheld from Purchaser materially and adversely effects the Transferred Interests, the JV Interests or the Properties), (ii) are subject to an applicable law or a confidentiality

agreement prohibiting their disclosure by Seller (provided that, prior to the expiration of the Due Diligence Period, Sellers have advised Purchaser in writing if any such information being withheld from Purchaser materially and adversely effects the Transferred Interests, the JV Interests or the Properties), or (iii) constitute confidential internal assessments, memoranda, notes or other informal correspondence prepared by, for or on behalf of any officer or employee of Seller which was not delivered to third parties other than such officers or employees, including, without limitation, all (A) internal financial analyses and appraisals (provided, however, that as part of its due diligence process, Purchaser shall have access to the lease projections used by Chatham Lodging, L.P. and the Sellers to set the rents on the hotel operating leases), and (B) any informal work papers, internal memoranda, internal analysis, internal correspondence and similar documents and materials in each case that were prepared by or for Seller in connection with the transactions described in this Agreement (collectively, the "Books and Records");

n. all plans and specifications, blue prints, architectural plans, engineering diagrams and similar items located at the Premises or in any Seller's, Transferred Entity's or JV Entity's possession or control which relate exclusively to the Premises (collectively, the "Plans and Specifications");

o. all warranties and guaranties with respect to any of the other components of the Properties, to the extent the same are transferable (and Sellers shall, after the Closing, at no cost or expense to Seller, at Purchaser's written direction, use good faith efforts to enforce any of the same on Purchaser's behalf to the extent any of the same cannot be enforced after the Closing and provided Purchaser indemnifies Sellers for any losses sustained by Sellers as a result thereof) (collectively, the "Warranties");

p. all bookings and reservations for guest, meeting, conference and banquet rooms or other facilities at the Premises as of the Closing, including, without limitation, (i) any internet and travel agent reservation agreements and promotions, if any, in effect with respect to each Individual Premises, and (ii) group room bookings and contracts, together with all deposits held by Seller with respect thereto (collectively, the "Bookings");

q. (i) any and all trademarks, service marks, copyrights, logos and trade names, together with all translations, adaptations, derivations, and combinations thereof and including, without limitation, all

goodwill associated therewith, and all applications, registrations, and renewals in connection therewith, (ii) all copyrightable works, all copyrights, and applications, registrations, and renewals in connection therewith, (iii) all trade secrets and business information (including ideas, research and development, know-how, formulas, compositions, marketing processes and techniques, technical data, designs, drawings, customer and supplier lists, pricing and cost information, and business and marketing plans and proposals), (iv) website and email addresses and domain names, telephone numbers and listings, (v) all general intangibles relating to design, development, operation and use of the Buildings and the Hotels, (vi) all rights and work product under construction, service, consulting, engineering, architectural and other contracts, (vii) keys and lock and safe combinations and (viii) all promotional materials, in each case solely to the extent any of the same are owned by Sellers, any Transferred Entity or any JV Entity which relate exclusively to the Premises (collectively the "Intangible Property");

r. all of Grand Prix Ft. Lauderdale LLC's right, title and interest as lessee, under the Fort Lauderdale Ground Lease; and

s. all Accounts Receivable (including the Guest Ledger) as set forth in Sections 7(c)(i) and (ii).

The items described in clauses (a)-(s) above are sometimes referred to individually as an "Individual Property" and collectively as the "Properties."

Upon Purchaser's prior written request, Sellers shall, on or prior to the Closing Date, cause 100% of the limited liability company interests in GP AC Sublessee LLC to be transferred to INK Lessee LLC, free of liens other than as permitted pursuant to this Agreement. For the avoidance of doubt, it is expressly acknowledged and agreed that in no event shall (x) Purchaser, Chatham LP or any other Person be permitted to acquire the Specified Hotels under this Agreement unless the Principal Transaction occurs simultaneously, and (y) the Principal Transaction occur unless Purchaser or Chatham LP simultaneously therewith acquires the Specified Hotels.

3. DUE DILIGENCE PERIOD; ACCESS; RIGHTS OF INSPECTION AND CONFIDENTIALITY.

(a) During the period prior to the Effective Date and continuing until 5:00 p.m., New York time, on May 15, 2014 (the "Due Diligence Period"), and thereafter if this Agreement is not terminated prior to the expiration of the Due Diligence Period in accordance with the terms hereof, Purchaser shall conduct its review and due diligence and physically inspect the Properties in accordance with this Section 3 and the other provisions of this Agreement. Prior to the Effective Date, each Seller has made available to Purchaser on that certain website maintained by Seller's Broker (as hereinafter defined) (the "Datasite"), copies of the documents and/or information relating to the Properties to the extent such documents and information are in such

Seller's possession or control by posting same on the Datasite or otherwise causing the same to be delivered to Purchaser. Each Seller shall permit Purchaser and Purchaser's direct and indirect agents, employees, attorneys, accountants, consultants, advisors, title company, lenders, investors (prospective and current), inspectors, appraisers, engineers, contractors, affiliates, experts, partners, officers and other persons that Purchaser deems reasonably need to know such information (collectively, "Purchaser's Representatives") to examine and audit the same and to make copies of same at Purchaser's expense. Notwithstanding the foregoing, Seller shall have no obligation to make available or deliver to Purchaser any Excluded Materials. Sellers have made available to Purchaser on the Datasite or at the Properties or by otherwise causing the same to be delivered to Purchaser, to the extent in any Seller's possession or control, among other things: plans and specifications; copies of all the Leases and the Contracts and Seller's Books and Records relating to the operation of the Properties. Purchaser acknowledges its receipt of the due diligence materials set forth on the Datasite for the Properties. For purposes of this Agreement, "Manager" shall mean Island Hospitality Management, Inc., a Florida corporation, or any other Person that manages any one or more of the Properties.

(b) Subject to the provisions of Section 3(c), Purchaser's Representatives shall have the right, through the Closing Date, from time to time, upon the advance notice required pursuant to Section 3(c), to enter upon and pass through the Premises and examine the other components of the Properties during normal business hours to examine and inspect the same. Notwithstanding any such inspection, or anything to the contrary herein contained, Purchaser's obligations hereunder shall not be limited or otherwise affected as a result of any fact, circumstance or other matter of any kind discovered following the Effective Date in connection with any such inspection, access or otherwise except as expressly provided in this Agreement (it being agreed that Sellers are permitting Purchaser such right of inspection and access as a courtesy to Purchaser in its preparation for taking title to the Transferred Interests) except as expressly provided in this Agreement.

(c) In conducting any inspection of the Premises or otherwise accessing the Premises, Purchaser shall at all times comply with all laws and regulations of all applicable governmental authorities, and neither Purchaser nor any of Purchaser's Representatives shall (i) (x) conduct any inspection or otherwise access any Individual Premises or (y) contact or have any discussions with any of Manager's employees, agents or representatives, or with any tenants at, or contractors providing services to, the Individual Premises, unless in each case Purchaser has given any Seller at least one (1) business day's notice and, if so elected by such Seller, has a representative of such Seller in attendance at such inspection or meeting, (ii) unreasonably interfere with the business of Seller (or any of its tenants or guests) conducted at the Premises or unreasonably disturb the use or occupancy of any occupant of the Premises, or (iii) damage the Properties unless Purchaser promptly repairs the same. Notwithstanding the foregoing, Purchaser and Purchaser's Representatives may meet with, discuss with and interview the general manager, any director, any executive or any person with a managerial position at any of the Properties, but shall not be entitled to meet with, communicate with or interview any other Individual Property employees other than following the expiration of the Due Diligence Period if Purchaser has delivered the Additional Deposit in connection with hiring them as of the Closing. In conducting the foregoing inspection or otherwise accessing the Premises, Purchaser and Purchaser's Representatives shall at all times

comply with, and shall be subject to, the rights of any guests and any of the tenants under the Leases (and any persons claiming under or through such tenants). Sellers may from time to time establish reasonable rules of conduct for Purchaser and Purchaser's Representatives in furtherance of the foregoing. Purchaser shall schedule and coordinate all inspections, including, without limitation, any environmental tests, or other access with Seller and shall give Seller at least one (1) business days' prior notice thereof. Sellers shall be entitled to have a representative present at all times during each such inspection or other access. Purchaser agrees to pay to the Seller of the applicable Individual Property on demand the cost of repairing and restoring any damage which Purchaser or Purchaser's Representatives shall cause to the Properties that Purchaser does not repair. All inspection fees, appraisal fees, engineering fees and other costs and expenses of any kind incurred by Purchaser or Purchaser's Representatives relating to such inspection and its other access shall be at the sole expense of Purchaser. In the event that the Closing hereunder shall not occur for any reason whatsoever (other than any Seller's default), Purchaser shall (A) if requested by Sellers, promptly deliver to Seller, provided Sellers reimburse Purchaser for the actual out-of-pocket costs thereof, and without representation or warranty, the originals of all tests, reports and inspections of the Premises, made and conducted by Purchaser or Purchaser's Representatives or for Purchaser's benefit which are in the possession or control of Purchaser or Purchaser's Representatives, and (B) promptly return to Seller copies of all due diligence materials delivered by Seller to Purchaser and shall destroy all copies and abstracts thereof except as required by law or the document retention policies of Purchaser or any of its direct or indirect investors or affiliates. Prior to the Closing, Purchaser or Purchaser's Representatives and any others who gain access to the due diligence materials through Purchaser or Purchaser's Representatives shall treat all such due diligence materials as confidential and proprietary to Seller, and shall not disclose to others during the term of this Agreement (or for one (1) year thereafter in the event that the Closing hereunder shall not occur) any such due diligence materials whether verbal or written, or any description whatsoever which may come within the knowledge of Purchaser, Purchaser's Representatives or such other parties, unless, in each instance, Purchaser obtains the prior written consent of the Seller of the applicable Individual Property (except in each such instance as otherwise expressly permitted herein or in the Confidentiality Agreement (as hereinafter defined)). Purchaser and Purchaser's Representatives shall not be permitted to conduct borings of the Premises or drilling in or on the Premises, or any other invasive testing, in connection with the preparation of an environmental audit or in connection with any other inspection of the Premises without the prior written consent of Seller of the applicable Individual Property which shall not be unreasonably withheld (and, if such consent is given, Purchaser shall be obligated to pay to such Seller promptly after written demand the cost of repairing and restoring any borings or holes created or any other damage as aforesaid which is not repaired by Purchaser and, in the event this Agreement is not terminated prior to the expiration of the Due Diligence Period and Purchaser thereafter shall become entitled under any other provision of this Agreement to a return of the Deposit, any such repair or restoration cost remaining unpaid may be withheld from the Deposit (in accordance with Section 4(b)(4) hereof) and paid to Seller before any remaining balance of the Deposit is returned to Purchaser provided that the amount to be so withheld shall not exceed the lesser of (x) the sum of $2,500,000 in the aggregate with respect to all matters under this Agreement for which it is stated that amounts may be withheld from the Deposit or that the Deposit secures an obligation of Purchaser, or (y) the actual reasonable out-of-pocket cost of such repair. Any liens against the Premises, or any portion thereof, arising from the performance of services by third-party contractors retained by Purchaser in connection with Purchaser's due diligence activities

shall be removed by Purchaser as promptly as practicable and in any event not later than ten (10) business days' after Purchaser shall have been notified of the filing of such liens. The provisions of this Section 3(c) shall survive any termination of this Agreement but shall not survive the Closing.

(d) Prior to conducting any physical inspection or testing at any Individual Premises, other than mere visual examination, including without limitation, boring, drilling and sampling of soil, Purchaser shall obtain, and during the period of such inspection or testing shall maintain, at its expense, commercial general liability insurance, including a contractual liability endorsement, and personal injury liability coverage, with the Individual Owner and Operating Lessee of the applicable Individual Property and its managing agent, if any, as additional insureds, from an insurer reasonably acceptable to Seller, which insurance policies must have limits for bodily injury and death of not less than Three Million Dollars and 00/100 ($3,000,000.00) for any one occurrence and not less than Three Million Dollars and 00/100 ($3,000,000.00) for property damage liability for any one occurrence. Prior to making any entry upon any Individual Premises, Purchaser shall furnish to the applicable Seller a certificate of insurance evidencing the foregoing coverages.

(e) Purchaser agrees to indemnify and hold each Seller and its disclosed or undisclosed, direct and indirect, shareholders, officers, directors, trustees, partners, principals, members, employees, agents, affiliates, representatives, consultants, accountants, contractors and attorneys or other advisors, and any successors or assigns of any of the foregoing and Manager (collectively with Sellers, the "Seller Related Parties") harmless from and against any and all losses, costs, damages, liens, claims, liabilities or expenses (including, but not limited to, reasonable attorneys' fees, court costs and disbursements) ("Losses") for personal injury or property damage incurred by any Seller Related Parties arising from or by reason of (to the extent not caused by any Seller Related Parties) (i) Purchaser's and/or Purchaser's Representatives' access to, or inspection of, the Premises, or any tests, inspections or other due diligence conducted by or on behalf of Purchaser and (ii) Purchaser's breach of any of the terms or provisions of this Section 3, provided, notwithstanding anything to the contrary contained herein, Purchaser shall not be obligated to indemnify Seller Related Parties for any Losses (or repair or remediate any condition) relating to a pre-existing condition at the Premises that was merely discovered by Purchaser or a Purchaser Representative. The provisions of this Section 3(e) shall survive the any termination of this Agreement.

(f) Notwithstanding anything to the contrary contained in this Agreement, Purchaser shall have the period commencing on the Effective Date and expiring upon the end of the Due Diligence Period during which to determine that either (i) Purchaser has determined to proceed with the transactions contemplated hereby or (ii) Purchaser has determined to terminate this Agreement pursuant to this clause (f). If Purchaser delivers any Seller a written notice under clause (i) above and has made the Additional Deposit (as hereinafter defined) before the expiration of the Due Diligence Period, then Purchaser shall be deemed to have waived any further right to terminate this Agreement pursuant to this clause (f), the Due Diligence Period shall be deemed to have expired on the date such notice was delivered, and this Agreement shall continue in full force and effect. If Purchaser delivers a notice under clause (ii) above before the expiration of the Due Diligence Period, then Escrow Agent shall immediately refund the Initial Deposit (and

all interest accrued thereon) to Purchaser, and upon such refund, this Agreement shall be deemed canceled and of no further force or effect and no party hereto shall have any further rights or obligations hereunder, except those arising under provisions of this Agreement that expressly survive the termination hereof. Purchaser's failure to deliver any notice pursuant to this clause (f) before the expiration of the Due Diligence Period shall be deemed an election by Purchaser under clause (ii) on the last day of the Due Diligence Period. Purchaser shall have the right to deliver Purchaser's Notice under clauses (i) or (ii) above for any reason or for no reason in Purchaser's sole and absolute discretion. Without limiting the foregoing, if Purchaser elects, in its sole discretion for any reason or for no reason, not to deposit the Additional Deposit with Escrow Agent (as hereinafter defined) before the expiration of the Due Diligence Period, Escrow Agent shall promptly return the Initial Deposit to Purchaser, this Agreement shall be deemed canceled and of no further force or effect and no party hereto shall have any further rights or obligations hereunder, except those arising under provisions of this Agreement that expressly survive the termination hereof. Notwithstanding anything to the contrary contained herein, the Parties acknowledge and agree that, provided Purchaser deposits the Additional Deposit on the Effective Date, Purchaser has waived its right to terminate this Agreement pursuant to this Section 3(f), the Due Diligence Period has expired and Purchaser has elected to proceed with the transactions contemplated hereby pursuant to this Section 3(f) (subject to the other terms and provisions of this Agreement).

(g) Notwithstanding anything contained or implied herein to the contrary (i) except for Sellers' representations, covenants and warranties expressly contained herein (in the case of representations and warranties, as they are qualified by the applicable schedules hereto (as such schedules may be modified or supplemented in the Representation Update)), Purchaser is accepting the Property "AS IS" and "WHERE IS" and anything disclosed in its inspection shall not relieve Purchaser from its obligations hereunder, and (ii) Purchaser shall have no right to terminate this Agreement or obtain a return of the Deposit except as expressly provided in this Agreement.

4. PURCHASE PRICE AND DEPOSIT.

(a) The purchase price to be paid by Purchaser to Sellers equals the amount set forth on Schedule J under the column entitled "Purchase Price" corresponding to the date on which the Closing occurs (the "Purchase Price") (it being acknowledged and agreed by the Parties that the Purchase Price will be adjusted based on the Closing Date, as more particularly set forth on Schedule J), which the Parties agree is to be allocated (the "Allocated Purchase Price") to each Individual Property and Individual Owner (and the components of each Individual Property) as set forth on Schedule B-1 attached hereto. In addition, the Parties agree that the Allocated Equity Purchase Price (as defined on Schedule B-1 attached hereto) shall be allocated to the Transferred Interests in each Transferred Entity and the Specified Hotel Interests as set forth on Schedule B-1, provided, however, that the Parties agree that the Allocated Equity Purchase Price with respect to CRE-Ink-TRS Holding, Inc.'s interest in INK Acquisition III LLC will be set prior to the Closing Date at a mutually agreed upon price not to exceed $100,000.00, and that such amount shall be set forth on Schedule B-1. The Purchase Price owed by Purchaser herein shall be subject to apportionment as provided in Section 7 and elsewhere herein. The Deposit (as hereinafter defined) shall be payable as follows:

(i) Within one (1) business day after the execution of this Agreement by Purchaser, Sellers and Escrow Agent, Purchaser shall deliver to Fidelity National Title Insurance Company (the "Escrow Agent"), as escrow agent, a wire transfer in immediately available federal funds in the amount of Twenty Million Dollars ($20,000,000.00) (the "Initial Deposit") to the escrow account of the Escrow Agent in accordance with the wire instructions set forth on Exhibit 1 (the Initial Deposit and the Additional Deposit, if any, shall hereinafter be collectively referred to as, the "Deposit"). It shall be a condition precedent to the effectiveness of this Agreement that Purchaser shall have timely delivered the Initial Deposit to the Escrow Agent as provided above in this Section 4(a)(i).

(ii) If Purchaser elects, in its sole and absolute discretion, to proceed with the transaction contemplated by this Agreement pursuant to Section 3(f) above, then, on or before 5:00 p.m., New York time, on the last day of the Due Diligence Period, Purchaser shall deliver to Escrow Agent a wire transfer in immediately available federal funds in the amount of Ten Million Dollars ($10,000,000.00) (the "Additional Deposit").

(b) (i) Upon receipt by Escrow Agent of the Deposit, Escrow Agent shall cause the same to be deposited into an interest bearing account at a bank selected by Escrow Agent and reasonably approved by Seller and Purchaser, it being agreed that Escrow Agent shall not be liable for (y) any loss of such investment (unless due to Escrow Agent's gross negligence, willful misconduct or breach of this Agreement) or (z) any failure to attain a favorable rate of return on such investment. Escrow Agent shall not be responsible for levies by taxing authorities based upon the taxpayer identification number used to establish this interest bearing account. Escrow Agent shall deliver the Deposit, and the interest accrued thereon, to Seller or to Purchaser, as the case may be, under the following conditions:

(1) The Deposit (together with all interest accrued thereon) shall be delivered to Sellers at the Closing upon receipt by Escrow Agent of a statement executed by Sellers and Purchaser authorizing the Deposit and the interest accrued thereon to be released. The Deposit, and the interest accrued thereon, shall be delivered to Sellers following receipt by Escrow Agent of written demand therefor from Sellers (copying Purchaser) stating that Purchaser has defaulted in the performance of its obligations under this Agreement, provided Purchaser shall not have given written notice of objection in accordance with the provisions set forth below; or

(2) The Deposit, and the interest accrued thereon, shall be delivered to Purchaser following receipt by Escrow Agent of written demand therefor from Purchaser (copying Sellers) stating that any Seller has defaulted in the performance of its obligations under this Agreement or that this Agreement was terminated under circumstances entitling Purchaser to the return of the Deposit, and specifying the Section of this Agreement which entitles Purchaser to the return of the Deposit, in each case provided Seller shall not have given written notice of objection in accordance with the provisions set forth below; or

(3) The Deposit, and the interest accrued thereon, shall be delivered to Purchaser or Seller as directed by written instructions signed by both Seller and Purchaser.

(4) Upon the receipt of a written demand for the Deposit by Seller or Purchaser, pursuant to subsection (1) or (2) above, Escrow Agent shall promptly give notice thereof (including a copy of such demand) to the other party. The other party shall have the right to object to the delivery of the Deposit, by giving written notice of such objection to Escrow Agent at any time within five (5) business days' after such party's receipt of notice from Escrow Agent, but not thereafter. Such notice shall set forth the basis (in reasonable detail) for objecting to the delivery of the Deposit. Upon receipt of such notice of objection, Escrow Agent shall promptly give a copy of such notice to the party who filed the written demand. If Escrow Agent shall have timely received such notice of objection, Escrow Agent shall continue to hold the Deposit, and the interest accrued thereon, until (x) Escrow Agent receives joint written notice from Seller and Purchaser directing the disbursement of the Deposit, in which case Escrow Agent shall then disburse the Deposit, and the interest accrued thereon, in accordance with said direction, or (y) litigation is commenced between Seller and Purchaser, in which case Escrow Agent shall deposit the Deposit, and the interest accrued thereon, with the clerk of the court in which said litigation is pending, or (z) Escrow Agent takes such affirmative steps as Escrow Agent may elect, at Escrow Agent's option, in order to terminate Escrow Agent's duties hereunder, including but not limited to depositing the Deposit, and the interest accrued thereon, in court and commencing an action for interpleader, the costs thereof to be borne by whichever of Seller or Purchaser is the losing party in such interpleader action.

(ii) Escrow Agent may rely and act upon any instrument or other writing reasonably believed by Escrow Agent to be genuine and purporting to be signed and presented by any person or persons purporting to have authority to act on behalf of Seller or Purchaser, as the case may be, and shall not be liable for (a) any loss, cost or damage incurred by Escrow Agent in connection with the performance of any duties imposed upon Escrow Agent by the provisions of this Agreement, except for loss, cost or damage sustained as a result of Escrow Agent's own gross negligence, willful misconduct or breach of its obligations under this Agreement or (b) any loss or impairment of the Deposit, and the interest accrued thereon, that is deposited with a Federally insured financial institution approved by Seller and Purchaser, resulting from the failure, insolvency, or suspension of the depositary. Escrow Agent shall have no duties or responsibilities except those set forth herein. Escrow Agent shall not be bound by any modification, cancellation or rescission of this Agreement unless the same is in writing and signed by Purchaser and Seller, and, if Escrow Agent's duties hereunder are affected, Escrow Agent, unless Escrow Agent shall have given prior written consent thereto. Purchaser and Seller each hereby agree to severally (but not jointly) indemnify and save Escrow Agent harmless from any and all loss, damage, claims, liabilities, judgments and other cost and expense of every kind and nature which may be incurred by Escrow Agent arising out of its acting as Escrow Agent hereunder (including, without limitation, reasonable legal fees and disbursements of outside counsel) except in the case of its own willful misconduct, gross negligence or breach of its obligations under this Agreement, with Seller and Purchaser each being responsible to Escrow Agent for a fifty

percent (50%) share of the total loss, damage, claims, liabilities, judgments and other costs and expenses incurred by Escrow Agent except as otherwise expressly provided herein. Escrow Agent shall be reimbursed by Seller and Purchaser for any expenses (including reasonable legal fees and disbursements of outside counsel), including all of Escrow Agent's fees and expenses with respect to any interpleader action incurred in connection with this Agreement, and such liability shall be several (but not joint); provided, however, that, as between Purchaser and Seller, the prevailing party in any dispute over the Deposit shall be entitled to reimbursement by the losing party of any such expenses paid to Escrow Agent. In the event that Escrow Agent shall be uncertain as to Escrow Agent's duties or rights hereunder, or shall receive instructions from Purchaser or Seller that, in Escrow Agent's opinion, are in conflict with any of the provisions hereof, Escrow Agent shall be entitled to hold the Deposit, and the interest accrued thereon and may decline to take any other action. After delivery of the Deposit, and the interest accrued thereon, in accordance herewith, Escrow Agent shall have no further liability or obligation of any kind whatsoever.

(iii) Escrow Agent shall have the right at any time to resign upon ten (10) business days' prior notice to Seller and Purchaser. Seller and Purchaser shall jointly select a successor Escrow Agent and shall notify Escrow Agent of the name and address of such successor Escrow Agent within ten (10) business days' after receipt of notice of Escrow Agent of its intent to resign. If Escrow Agent has not received notice of the name and address of such successor Escrow Agent within such period, Escrow Agent shall have the right to select on behalf of Seller and Purchaser a bank or trust company licensed to do business in the State of New York and having a branch located in New York County to act as successor Escrow Agent hereunder. At any time after the ten (10) business day period, Escrow Agent shall have the right to deliver the Deposit, and the interest accrued thereon, to any successor Escrow Agent selected hereunder, provided such successor Escrow Agent shall execute and deliver to Seller and Purchaser an assumption agreement whereby it assumes all of Escrow Agent's obligations hereunder. Upon the delivery of all such amounts and such assumption agreement, the successor Escrow Agent shall become the Escrow Agent for all purposes hereunder and shall have all of the rights and obligations of the Escrow Agent hereunder, and the resigning Escrow Agent shall have no further responsibilities or obligations hereunder.

(iv) The interest earned on the Deposit shall be paid to the party entitled to receive the Deposit as provided in this Agreement. At Closing, Purchaser shall receive a credit against the Purchase Price with respect to any such interest paid to any Seller at Closing. The Party receiving such interest shall pay any income taxes thereon. The provisions of this Section 4(b) shall survive the Closing or the termination of this Agreement.

(v) Notwithstanding anything to the contrary contained in this Agreement, including, without limitation, the other provisions of this Section 4, prior to the expiration of the Due Diligence Period, the escrow established hereunder shall be a "sole order" escrow for the benefit of Purchaser (meaning that Escrow Agent shall act solely in accordance with the instructions of Purchaser until the expiration of the Due Diligence Period in respect of the Initial Deposit and all interest accrued thereon). Without limiting the

generality of the foregoing, in the event that on or prior to the expiration of the Due Diligence Period, Purchaser delivers notice to Escrow Agent stating that Purchaser has elected to terminate this Agreement pursuant to the provisions of Section 3(f) then Escrow Agent shall refund to Purchaser the Initial Deposit (and accrued interest thereon) without any requirement that Escrow Agent first notify or obtain any approval or consent of any Seller as provided in this Section 4 above. In furtherance of the foregoing, in the event Purchaser so instructs Escrow Agent on or prior to the expiration of the Due Diligence Period, Escrow Agent agrees that it shall not be permitted to, and shall not, follow any conflicting instructions given by any Seller or any third party as to the disposition of the Deposit and such accrued interest but shall instead follow only the instructions of Purchaser in connection therewith. Sellers agree in such instance not to deliver any conflicting instructions to Escrow Agent for any reason and hereby instructs Escrow Agent to act in respect of the Deposit and such accrued interest solely in accordance with Purchaser's instructions on or prior to the expiration of the Due Diligence Period, including instructions of Purchaser to return the Deposit and such accrued interest to Purchaser.

(c) At the Closing, Seller shall be entitled to retain the Deposit (together with all interest accrued thereon) and Purchaser shall deliver the balance of the Purchase Price (i.e., the Purchase Price less the Deposit (but with a credit for any interest accrued thereon)) to Escrow Agent (with instructions to deliver the same to Sellers at the Closing), as adjusted pursuant to Section 7 and elsewhere herein.

(d) In addition to the Purchase Price, Purchaser expressly acknowledges and agrees that Purchaser shall be responsible to pay one hundred percent (100%) of the Spread Maintenance Payment (as defined in the loan documents evidencing the Existing Financing which were provided on the Datasite without regard to any amendments thereto (the "Loan Documents")) as set forth on the existing mortgage and mezzanine lenders' payoff letters (to the extent the same are consistent with the Loan Documents) but not any other costs, fees and charges relating to the prepayment or prepayment penalties that the Individual Owners are required to pay as a result of them prepaying the Existing Financing (as hereinafter defined) at the Closing (if the Closing occurs). The Existing Financing consists of: (i) the Individual Owners are the borrowers under that certain mortgage loan encumbering the Properties originated by JPMorgan Chase Bank, National Association ("JPM") in the original principal amount of Five Hundred Seventy Five Million Dollars ($575,000,000.00) (the "Existing Mortgage Debt"); (ii) Mezz A Borrowers (as defined on Schedule H-1) are the borrowers under that certain mezzanine A loan originated by JPM in the original principal amount of One Hundred Eighty-Five Million Dollars ($185,000,000.00) secured by a pledge of Mezz A Borrower's membership interests the Individual Owners (the "Mezz A Loan"); (iii) Mezz B Borrowers (as defined on Schedule H-2) are the borrowers under that certain mezzanine B loan originated by JPM in the original principal amount of One Hundred Million Dollars ($100,000,000.00) secured by a pledge of Mezz B Borrower's membership interests in Mezz A Borrowers (the "Mezz B Loan"); and (iv) Mezz C Borrowers (as defined on Schedule H-3) are the borrowers under that certain mezzanine C loan originated by JPM in the original principal amount of Ninety Million Dollars ($90,000,000.00) secured by a pledge of Mezz C Borrower's membership interests in Mezz B Borrowers (the "Mezz C Loan"; and together with the Mezz A

Loan and the Mezz B Loan, collectively, the "Existing Mezzanine Debt"; and the Existing Mezzanine Debt, together with the Existing Mortgage Debt, collectively, the "Existing Financing").

(e) Notwithstanding anything to the contrary contained in this Agreement or in any other document, it is expressly acknowledged and agreed by Purchaser that as a material inducement to Sellers to enter into this Agreement, Purchaser shall, at its sole cost and expense, complete the Gatehouse Renovations (as defined in certain letter agreement dated as of April 24, 2013 from Marriott International, Inc. ("Marriott") and acknowledged and agreed to by Operating Lessee with respect to Generation One Residence Inn Hotels and Term Extensions for Grand Prix Fixed Lessee LLC and INK Lessee LLC) and the construction of gate houses and renovations of lobbies at certain Properties and any other "PIP" work. It is acknowledged and agreed by the Parties that the Purchase Price has been reduced in order to compensate Purchaser for the cost of such Gatehouse Renovations and "PIP" Work that the Franchisors may require Purchaser to complete as a condition to their consent to the transactions contemplated hereby and their entering into new Franchise Agreements with Purchaser.

(f) All monies payable by Purchaser under this Agreement, unless otherwise specified in this Agreement, shall be paid by Purchaser causing such monies to be wire transferred in immediately available federal funds at such bank account or accounts designated by Escrow Agent (with instructions to deliver the same to Sellers), and divided into such amounts designated by Sellers in writing as may be required to consummate the transactions contemplated by this Agreement.

(g) As used in this Agreement, the term "business day" shall mean every day other than Saturdays, Sundays, all days observed by the federal or New York State government as legal holidays and all days on which commercial banks in New York State are required by law to be closed. Any reference in this Agreement to a "day" or a number of "days" (other than references to a "business day" or "business days") shall mean a calendar day or calendar days.

5. STATUS OF TITLE.

Subject to the terms and provisions of this Agreement, each Individual Owner's interest in the Premises, at the Closing, shall be subject only to the following except as otherwise expressly provided in this Agreement (collectively, the "Permitted Encumbrances"):

(a) the state of facts disclosed for each Individual Property (the "Disclosed Survey Items") on the surveys (collectively, the "Surveys") delivered to Purchaser by Sellers prior to the Effective Date, and any further state of facts which are not Disclosed Survey Items as a current survey or inspection of the Premises would disclose, provided such further state of facts do not materially and adversely affect the current use of the Premises;

(b) the standard pre-printed exclusions from coverage contained in the ALTA owner's title insurance policy from the Title Company (as hereinafter defined) currently in use in the jurisdiction where the applicable Individual Property is located;

(c) Non-Objectionable Encumbrances (as hereinafter defined); and any liens, encumbrances or other title exceptions approved or waived by Purchaser as provided in this Agreement;

(d) property taxes which are a lien but not yet due and payable, subject to proration in accordance with Section 7 hereof;

(e) any laws, rules, regulations, statutes, ordinances, orders or other legal requirements affecting the Premises, including, without limitation, all zoning, land use, building and environmental laws, rules, regulations, statutes, ordinances, orders or other legal requirements, including landmark designations and all zoning variance and special exceptions, if any;

(f) to the extent shown in the Reports, all covenants, restrictions and utility company rights, easements and franchises relating to electricity, water, steam, gas, telephone or other service or the right to use and maintain poles, lines, wires, cables, pipes, boxes and other fixtures and facilities in, over, under and upon the Premises, provided that, in the case of any of the foregoing items which shall not be of record, the same do not materially adversely affect the present use of the Premises;

(g) any installment not yet due and payable of assessments imposed after the Effective Date and affecting the Premises or any portion thereof;

(h) all Violations (as hereinafter defined) now or hereafter issued or noted;

(i) the rights and interests held by tenants under the Leases in effect at the Closing as tenants only without an option to purchase all or any portion of the Properties (any non-disturbance agreements and memorandum of lease relating thereto);

(j) the Operating Leases (as defined on Schedule N attached hereto);

(k) possible encroachments and/or projections of stoop areas, roof cornices, window trims, vent pipes, cellar doors, steps, columns and column bases, flue pipes, signs, piers, lintels, window sills, fire escapes, satellite dishes, protective netting, sidewalk sheds, ledges, fences, coping walls (including retaining walls and yard walls), air conditioners and the like, if any, on, under, or above any street or highway, the Premises or any adjoining property; and

(l) all other matters which, pursuant to the terms of this Agreement, are deemed Permitted Encumbrances.

6. TITLE INSURANCE; LIENS.

(a) (i) The Parties acknowledge that Purchaser has reviewed the title reports for the Properties (together with all instruments set forth therein, each individually a "Report" and collectively, the "Reports"), obtained from Nick DeMartini of Fidelity National Title Insurance Company (the "Title Company") for an owner's policy of title insurance with respect to the Premises).

At the Closing, Purchaser shall obtain title insurance from the Title Company, as "lead insurer," provided, that, at Purchaser's option, Purchaser may direct that one or more other national title insurance companies, as co-insurers, provide up to fifty percent (50%) of the owner's and lender's insurance coverage.

(ii) The Parties acknowledge that Purchaser has received the Surveys and the Reports.

(iii) Intentionally Omitted.

(iv) Purchaser shall direct the Title Company to deliver a copy of any update or continuation to the Report to Seller simultaneously with its delivery of the same to Purchaser. If, prior to the Closing Date, the Title Company shall deliver any update to the Report or Survey which discloses additional liens, encumbrances or other title exceptions or other matters which were not disclosed by the Report and are not Disclosed Survey Items and which do not otherwise constitute Permitted Encumbrances hereunder (each, an "Update Exception"), then Purchaser shall have until the earlier (the "Objection Period") of (x) five (5) business days after delivery of such update to Purchaser or its counsel or (y) the Closing Date, time being of the essence (the "Update Objection Deadline") to deliver written notice to Seller objecting to any of the Update Exceptions (the "Title Objections"). If Purchaser fails to deliver such objection notice by the Update Objection Deadline, Purchaser shall be deemed to have waived its right to object to any Update Exceptions (and the same shall not constitute Title Objections, but shall instead be deemed Permitted Encumbrances). If Purchaser shall deliver such objection notice by the Update Objection Deadline, any Update Exceptions which are not objected to in such notice shall not constitute Title Objections, but shall be Permitted Encumbrances.

(v) Purchaser shall not be entitled to object to, and shall be deemed to have approved, any liens, encumbrances or other title exceptions (and the same shall not constitute Title Objections, but shall instead be deemed to be Permitted Encumbrances) (A) against which the Title Company is willing to provide affirmative insurance (without additional cost to Purchaser or where Seller pays such cost for Purchaser) acceptable to Purchaser in its reasonable discretion, or (B) which will be extinguished of record upon the transfer of the Properties (collectively, the "Non-Objectionable Encumbrances"). Notwithstanding anything to the contrary contained herein, if Seller is unable to eliminate (i.e., remove of record) the Title Objections by the Scheduled Closing Date (as hereinafter defined), unless the same are waived by Purchaser without any abatement in the Purchase Price, Seller may, upon at least two (2) business days' prior notice to Purchaser (except with respect to matters first disclosed during such two (2) business day period, as to which matters notice may be given at any time through and including the Scheduled Closing Date) adjourn the Scheduled Closing Date (such date to which Seller adjourns the Scheduled Closing Date is the "Adjourned Closing Date"), for a period not to exceed ninety (90) days (the "Title Cure Period"), in order to attempt to eliminate (i.e., remove of record) such exceptions.

(b) If a Seller is unable to eliminate (i.e., remove of record) any Title Objection with respect to an Individual Property (an "Affected Individual Property") prior to the Closing (or within the Title Cure Period if applicable), then, except as provided below in this clause (b), unless the same is waived by Purchaser, Purchaser may (i) accept the Affected Individual Property subject to such Title Objection without abatement of the Purchase Price, in which event (x) such Title Objection shall be deemed to be, for all purposes, a Permitted Encumbrance, (y) Purchaser shall close hereunder notwithstanding the existence of same, and (z) such Seller shall have no obligations whatsoever after the Closing Date with respect to such Seller's failure to cause such Title Objection to be eliminated, or (ii) terminate this Agreement with respect to the Affected Individual Property only, by notice given to such Seller within two (2) business days following expiration of the Title Cure Period or Response Period (as hereinafter defined), as applicable, time being of the essence in which event the Purchase Price shall be reduced by an amount equal to the portion of the Purchase Price allocated to the Affected Individual Property as shown on Schedule B-1). If Purchaser shall fail to deliver the termination notice described in clause (ii) within the two (2) business day period described therein, time being of the essence, Purchaser shall be deemed to have made the election under clause (i) above. Upon the timely giving of any termination notice under clause (ii), as of the Closing, the Properties that are the subject of such termination notice shall no longer be deemed to include the Affected Individual Property and same shall be conveyed out or distributed to the existing members of the Transferred Entities in accordance with the terms of the applicable Operating Agreement so that same are not owned by a JV Entity or Transferred Entity at the time of the Closing (such act of conveyance or distribution, an "Elimination"), this Agreement shall be deemed canceled and of no further force or effect with respect to such Affected Individual Property only, and no party hereto shall have any further rights or obligations hereunder with respect to such Affected Individual Property, except those arising under provisions of this Agreement that expressly survive the termination hereof. In the event that Purchaser gives Seller notice of any Title Objections, then no later than the earlier to occur of (the "Response Period") (x) five (5) business days after Seller receives such Title Objections, or (y) the date prior to the Scheduled Closing Date (unless notice of such Title Objections is given by Purchaser on the Scheduled Closing Date in which event the Response Period shall expire on the Scheduled Closing Date), time being of the essence, Seller shall notify Purchaser whether or not it intends to eliminate (i.e., remove of record) the applicable matter (and (x) if Seller so notifies Purchaser that it will not eliminate (i.e., remove of record) the applicable matter, then Purchaser shall have the rights set above in this clause (b), or (y) if Seller so notifies Purchaser that it will so eliminate the applicable matter, and Seller does not do so, then Purchaser has the continuing right to (i) accept the Affected Individual Property subject to such Title Objection without abatement of the Purchase Price, in which event (x) such Title Objection shall be deemed to be, for all purposes, a Permitted Encumbrance, (y) Purchaser shall close hereunder notwithstanding the existence of same, and (z) such Seller shall have no obligations whatsoever after the Closing Date with respect to such Seller's failure to cause such Title Objection to be eliminated, or (ii) terminate this Agreement with respect to such Affected Individual Property and the same shall be conveyed out or distributed at or prior to the Closing in the manner set forth above and, by notice given to such Seller within two (2) business days' following the expiration of the Title Cure Period or Response Period, as applicable, time being of the essence in which event the Purchase Price shall be reduced by an amount equal to the portion of the Purchase Price allocated to the Affected Individual Property as shown on Schedule B-1).

(c) It is expressly understood that in no event shall Seller be required to bring any action or institute any proceeding, or to otherwise incur any costs or expenses in order to attempt to eliminate any Title Objections, or take any other actions to cure or remove any Title Objections, or to otherwise cause title in the Premises to be in accordance with the terms of this Agreement on the Closing Date. Notwithstanding anything in this Section 6 or any other provision hereof to the contrary, but subject in all respect to Purchaser's obligation to pay one hundred percent (100%) of the Spread Maintenance Payment as set forth in Section 4(d) above, without Purchaser having to send any Title Objections or other written notice thereof, Sellers shall be required to remove, by payment, bonding or otherwise (but in all events deletion of the applicable matter from Purchaser's title insurance policies): (i) any mortgage or other lien granted by any Seller, any JV Entity, any Transferred Entity, any Individual Owner or Operating Lessee which secures indebtedness for borrowed money (and, with regard thereto, at the Closing Sellers shall be required to ensure (x) that the Existing Mortgage Debt is paid off in full; (y) that the Existing Mezzanine Financing or similar debt relating to the JV Entities and Transferred Entities are paid off in full and all documents evidencing the same removed from the public record as evidenced by UCC-3 terminations; and (y) the Transferred Interests and the JV Interests are otherwise fee of liens, encumbrances and other rights or claims including, without limitation, liens or security interests in respect of the Existing Financing), (ii) any Title Objections which have been voluntarily recorded or otherwise placed by Seller against the Properties on or following the Effective Date (other than with the approval of Purchaser), or (iii) any Title Objections which would not fall within the definition of clauses (i) or (ii) above and which can be removed by the payment of a liquidated sum of money; provided, however, that with respect to such items set forth in this clause (ii), in no event shall Seller be obligated to expend amounts in excess of $500,000 for any Individual Property or in excess of $5,000,000 in the aggregate for all of the Properties pursuant to the provisions of this sentence.

(d) If Seller shall have adjourned the Scheduled Closing Date in order to cure Title Objections in accordance with the provisions of this Section 6, Seller shall, upon the satisfactory cure thereof in accordance with this Section 6, promptly reschedule the Scheduled Closing Date as soon as possible, upon at least five (5) business days' prior notice to Purchaser (the "New Closing Notice"); it being agreed, however, that if any Title Objections arise between the date the New Closing Notice is given and the rescheduled Scheduled Closing Date, Seller may again adjourn the Closing for a reasonable period or periods, in order to attempt to cause such exceptions to be eliminated subject to the other provisions of this Section 6 as applicable thereto; provided, however, that Seller shall not be entitled to adjourn the new Scheduled Closing Date pursuant to this Section 6 for a period or periods in excess of ninety (90) days in the aggregate.

(e) If the Reports or any update of the Reports disclose judgments, bankruptcies or other returns against other persons having names the same as or similar to that of any Individual Owners or an Operating Lessee, on request, Sellers shall deliver to the Title Company affidavits showing that such judgments, bankruptcies or other returns are not against such Individual Owners or Operating Lessees in order to request the Title Company to omit exceptions with respect to such judgments, bankruptcies or other returns or to insure over same. Purchaser acknowledges that certain Chapter 11 bankruptcy proceeding of Innkeepers USA Trust, together with certain of its affiliates, including Individual Owners (other than Grand Prix Rockville Subsidiary LLC), was

filed on July 19, 2010 in the United States Bankruptcy Court for the Southern District of New York which proceeding has been resolved and closed pursuant to a final non-appealable order of the United States Bankruptcy Court for the Southern District of New York.

(f) Purchaser agrees to purchase the Transferred Interests notwithstanding that the Properties may be subject to any and all notes or notices of violations of law, or municipal ordinances, orders, designations or requirements whatsoever noted in or issued by any federal, state, municipal or other governmental department, agency or bureau or any other governmental authority having jurisdiction over the Premises (collectively, "Violations"), or any condition or state of repair or disrepair or other matter or thing, whether or not noted, which, if noted, would result in a Violation being placed on the Premises. Seller shall have no duty to remove or comply with or repair any condition, matter or thing whether or not noted, which, if noted, would result in a violation being placed on the Premises, Seller shall have no duty to remove or comply with or repair any of the aforementioned Violations, or other conditions, and Purchaser shall accept the Premises subject to all such Violations, the existence of any conditions at the Premises which would give rise to such Violations, if any, and any governmental claims arising from the existence of such Violations, in each case without any abatement of or credit against the Purchase Price. Notwithstanding the foregoing, the provisions of this clause (f) shall not limit or modify any of the other provisions of this Agreement that expressly provide for obligations of a Party that contradict with the terms of this clause (f) (including, without limitation, Section 9(a)(i) below).

7. APPORTIONMENTS.

(a) Closing Statement. No later than the business day immediately preceding Closing, Purchaser and each Seller, through their respective employees, agents or representatives, jointly shall have concluded such examinations, audits and inventories of the Properties as may be necessary to make the adjustments and prorations to the Purchase Price as set forth in Sections 7(b) and 7(c) or any other provisions of this Agreement on an Individual Property basis (i.e., a separate closing statement for each Individual Property and a single consolidated statement). Based upon such examinations, audits and inventories, the Parties jointly shall prepare prior to Closing a closing statement (the "Closing Statement"), which shall set forth their best estimate of the amounts of the items to be adjusted and prorated under this Agreement. The Closing Statement shall be approved and executed by the Parties at Closing. Notwithstanding the foregoing, if at any time within one hundred and eighty (180) days after the Closing Date, any Party discovers any item which was omitted or incorrectly adjusted or prorated in the Closing Statement, such item shall be adjusted and prorated in the same manner as if their existence or such error had been known at the time of the preparation of the Closing Statement, and the Party in whose favor such original omission or error was made shall refund such difference to the other Party promptly after the original omission or error is discovered.

(b) Prorations. Except as otherwise provided herein, the items of revenue and expense set forth in this Section 7(b) shall be prorated between the Parties (the "Prorations") as of 11:59 p.m. on the day preceding the Closing Date (the "Cut-Off Time"), or such other time expressly provided in this Section7(b), so that the Closing Date is a day of income and expense for Purchaser.

(i) Property Level Taxes. All real property, personal property, and similar Property Level Taxes that accrue during the taxable period during which the Closing Date occurs (and, to the extent unpaid, any previous taxable period) shall be prorated as of the Cut-Off Time between Sellers and Purchaser based on the number of days in the applicable tax year during which the applicable Party indirectly owned the applicable Individual Property. If the amount of any such Property Level Taxes is not ascertainable on the Closing Date, the proration for such Taxes shall be based on the most recent available bill; provided, however, that (i) after the Closing, Sellers and Purchaser shall reprorate the Property Level Taxes with respect to 2014 and pay any deficiency in the original proration to the other Party promptly upon receipt of the actual bill for the relevant taxable period, such adjustment to be completed, and payment made (if applicable) within thirty (30) days following such receipt, and (ii) Sellers shall be entitled to receive any refunds or other amounts payable to the owner of an Individual Property due to an overpayment of Property Level Taxes attributable to any period prior to the Closing. Notwithstanding the foregoing, any supplemental Taxes relating to any period from and after the Closing Date that arise from and out of the change in ownership of the JV Entities shall be the sole responsibility of Purchaser and shall be paid by Purchaser when due and payable. "Property Level Taxes" means any state or local real property, personal property, sales, use, room, occupancy, ad valorem or similar taxes, assessments, levies, charges or fees imposed by any governmental authority on an Individual Owner with respect to the Properties or the Business, including, without limitation, any interest, penalty or fine with respect thereto, but expressly excluding any (i) federal, state, local or foreign income, capital gain, gross receipts, capital stock, franchise, profits, estate, gift or generation skipping tax, or (ii) transfer, documentary stamp, sales, recording or similar tax, levy, charge or fee incurred with respect to the transaction described in this Agreement.

(ii) Rents. Any rents and other amounts prepaid under the Leases shall be prorated as of the Cut-Off Time between Sellers and Purchaser. The JV Entity entitled to hold any security deposits through such Leases shall continue to hold same after the Closing. For a period of one hundred eighty (180) days following the Closing Date, Purchaser shall cause the applicable Individual Owner to bill tenants owing Rents for periods prior to the Closing Date, on a monthly basis and Purchaser shall use commercially reasonable efforts to collect past due Rents from tenants owing Rents for periods prior to the Closing Date; provided, however, that Purchaser shall have no obligation to cause the termination of any Lease as a result of its failure to collect any such past due Rents, declare a default or commence litigation. Rents collected by Purchaser or an Individual Owner after the Closing Date to which a Seller is entitled pursuant to this Agreement shall be paid to such Seller within five (5) business days' after receipt thereof by Purchaser. If any Seller receives any rents or other payments relating to any Property after the Closing, such Seller shall hold the balance of same in trust for Purchaser and immediately deliver the same to Purchaser for application in accordance with the terms hereof. No Seller shall commence any litigation against, or assert any claim against, any tenant at any of the Properties after the Closing. "Rents" means all Base Rents, Overage Rent, and Additional Rent. "Base Rents" means monthly base rents and parking charges under the Leases. "Overage Rent" means additional or escalation rent based upon (A) a percentage of a tenant's gross sales during a specified

annual or other period or (B) increases in real estate taxes, operating expenses, labor costs, cost of living indices or porter's wages. "Additional Rent" means items of rent or charges which are not Base Rents or Overage Rents, such as charges for electricity, steam, water, cleaning, overtime services, sundry charges or other charges of a similar nature. Any Rents collected by any JV Entity from and after the Closing Date from tenants who owe Rents for periods prior to the Closing Date, shall be applied (unless otherwise specifically specified by the applicable tenant), (A) first, in payment of Rents for the calendar month in which the Closing Date occurs; (B) second, in payment of Rents for the calendar month immediately preceding the Closing Date; (C) third, in payment of Rents for all periods following the Closing Date; and (D) fourth, in payment of Rents for periods prior to the Closing Date and not paid pursuant to (B) above. Each such amount, less reasonable collection costs, shall be adjusted and prorated as provided above, and the party receiving such amount shall, within five (5) business days, pay to the other party the portion thereof to which it is so entitled.

(iii) Contracts. Any amounts prepaid, accrued or due and payable under the Contracts (other than for utilities which proration is addressed separately in Section 7(b)(v)) shall be prorated as of the Cut-Off Time between Sellers and Purchaser, with Sellers being credited for amounts prepaid, and Purchaser being credited for amounts accrued and unpaid. Each Seller shall receive a credit for all deposits under the Contracts (together with any interest thereon) which are transferred to Purchaser in accordance with the terms of this Agreement or remain on deposit for the benefit of Purchaser.

(iv) Licenses and Permits. All amounts prepaid, accrued or due and payable under the Licenses and Permits shall be prorated as of the Cut-Off Time between Sellers and Purchaser. Each Seller shall receive a credit for all deposits under the Licenses and Permits (together with any interest thereon) which are transferred to Purchaser or which remain on deposit for the benefit of Purchaser.

(v) Utilities. All utility services shall be prorated as of the Cut-Off Time between Sellers and Purchaser. The Parties shall use commercially reasonable efforts to obtain readings for all utilities as close in time as possible to the Cut-Off Time. If readings cannot be obtained as of the Closing Date, the cost of such utilities shall be prorated between Sellers and Purchaser by estimating such cost on the basis of the most recent bills for such services; provided, however, that after the Closing, the Parties shall reprorate the amount for such utilities and pay any deficiency in the original proration to the other Party promptly upon receipt of the actual bill for the relevant billing period, which obligation shall survive the Closing. Each Seller shall receive a credit for all fuel stored at the Properties based on the actual cost for such fuel as reflected on the last invoice therefor. Sellers shall receive a credit for all deposits transferred to Purchaser or which remain on deposit for the benefit of Purchaser with respect to such utility contracts.

(vi) Bookings. Purchaser shall receive a credit for all prepaid deposits and advance payments for Bookings scheduled to occur on or after the Closing Date, except to the extent such deposits are transferred to Purchaser.

(vii) Intentionally Omitted.

(viii) Restaurants, Bars and Function Rooms. Sellers shall cause to be closed out the transactions in the restaurants and bars in the Properties as of the regular closing time for such restaurants and bars operated by or on behalf of each Operating Lessee during the night in which the Cut-Off Time occurs and retain all monies collected as of such closing, and Purchaser (indirectly through the Operating Lessees) shall be entitled to any monies collected from the restaurants and bars thereafter. Purchaser shall receive a credit at Closing for all revenues received by any Operating Lessee prior to the Closing Date but attributable to the period of time after the Cut-Off Time from conferences, receptions, catering activities, meeting and other functions held or conducted in conference rooms, banquet rooms, meeting rooms, or in any other Individual Property facility and adjacent facilities owned or operated by any Individual Owner (including without limitation usage charges and related taxes, food and beverage sales, parking charges, equipment rental and telecommunications charges) attributable to any of the foregoing (the "Property Facility Revenue") to the extent they occur after the Cut-Off Time. To the extent not adjusted in accordance with Section 7(c) below, any Property Facility Revenue received by Purchaser after Closing, but attributable to the period prior to the Cut-Off Time, shall be paid by Purchaser to Seller promptly upon receipt. This Section 7(b)(viii) shall survive the Closing.

(ix) Vending Machines. To the extent owned by an Operating Lessee, prior to Closing, Sellers shall cause to be removed all monies from all vending machines, laundry machines, pay telephones and other coin operated equipment as of the Cut-Off Time and shall retain all monies collected therefrom as of the Cut-Off Time, and to the extent assigned to Purchaser pursuant to this Agreement, Purchaser shall be entitled to any monies collected therefrom after the Cut-Off Time.

(x) Trade Payables. Except to the extent an adjustment or proration is made under another subsection of this Section 7(b), (i) prior to Closing, Sellers shall cause to be paid in full prior to Closing, all amounts payable to vendors or other suppliers of goods or services for the Business or otherwise relating to the Properties (the "Trade Payables"), and (ii) Purchaser shall receive a credit for the amount of such Trade Payables which have accrued, but are not yet due and payable as of the Closing Date to the extent the same relates to a Contract to be retained by Purchaser pursuant to this Agreement, and Purchaser shall pay all such Trade Payables accrued on and after the Closing Date when such Trade Payables become due and payable to the extent the same relates to a Contract to be retained by Purchaser pursuant to this Agreement; provided, however, Sellers and Purchaser shall reprorate the amount of credit for any Trade Payables and pay any deficiency in the original proration to the other Party promptly upon receipt of the actual bill for such goods or services. Sellers shall not receive any credit for any advance payments or deposits made with respect to, or otherwise with respect to the value or cost of FF&E, Supplies, F&B and Retail Merchandise ordered or at the Properties.

(xi) Cash. Sellers shall receive a credit for all cash on hand or on deposit in any house bank at the Properties to the extent same shall remain on deposit for the benefit of Purchaser. In addition, for the avoidance of doubt, notwithstanding anything to the contrary contained in this Agreement, Sellers shall be entitled to retain any cash reserves

or escrows held by any lender in respect of the Existing Financing and shall be entitled to cause the distribution of all cash and deposits in any house bank (other than security deposits) to, or for the benefit of, the respective owner of the Transferred Entities immediately prior to the Closing and Purchaser shall have no right to, or interest in any such cash.

(xii) Franchise Agreements. To the extent applicable, any amounts accrued or due and payable to the applicable Franchisor under the Franchise Agreements to the extent such amounts have not been retained by Franchisor to set off against such amounts due to Franchisor by the JV Entities, shall be prorated as of the Cut-Off Time between Seller and Purchaser. For purposes of this Agreement, "Franchise Agreements" shall mean those Franchise Agreements set forth on Schedule C attached hereto. For purposes of this Agreement, "Franchisors" shall mean each franchisor under the Franchise Agreements.

(xiii) Management Agreements. At or before Closing, Sellers shall cause the JV Entities to pay to the Manager all amounts due and owing to Manager under the Management Agreements through the Cut-Off Time and the JV Entities shall be responsible for all payments to Manager from and after the Cut-Off Time.

(xiv) Other Adjustments and Prorations. All other items of income and expense as are customarily adjusted or prorated upon the sale and purchase of a hotel property similar to the Properties (and direct and indirect equity interests in the owners thereof) shall be adjusted and prorated between Sellers and Purchaser accordingly. In the event complete information is not available or estimates have been utilized to calculate Prorations as of the Closing Date, any such Prorations shall be further adjusted between Sellers and Purchaser within one hundred and eighty (180) days after the Closing Date. Any adjustments to initial estimated Prorations which are required upon review of such complete information within such period shall be made by Sellers and Purchaser, with due diligence and cooperation, by prompt cash payment to the party entitled to a credit as a result of such adjustments. Any errors or adjustments in calculating the foregoing adjustments and Prorations shall be corrected or adjusted as soon as practicable within the one hundred and eighty (180) day period after the Closing. All such adjustments and prorations to be performed under this clause (b) shall be done on a net cash basis (e.g., prorations shall be made based on actual cash receipts after deducting commissions (credit cards or otherwise) or other payments that may be due to third parties). Notwithstanding anything to the contrary contained herein, the obligations and liabilities of the Parties (and the provisions) set forth under this clause (b) shall survive the Closing for one hundred eighty (180) days.

(c) Accounts Receivable.

(i) Guest Ledger. At Closing, Sellers shall receive a credit in an amount equal to: (i) all amounts charged to the Guest Ledger (as hereinafter defined) for all room nights up to (but not including) the night during which the Cut-Off Time occurs, and (ii) one half (½) of all amounts charged to the Guest Ledger for the room night which includes the Cut-Off Time (other than any restaurant or bar charges on the Guest Ledger which shall be prorated in accordance with Section 7(b)(viii)), and Purchaser shall be entitled to retain all deposits made and amounts collected with respect to such Guest Ledger. For

purposes of this Agreement, "Guest Ledger" means all charges accrued to the open accounts of any guests or customers at the Properties as of the Cut-Off Time for the use or occupancy of any guest, meeting, conference or banquet rooms or other facilities at the Properties, any restaurant, bar or banquet services, or any other goods or services provided by or on behalf of any Operating Lessee at the Properties.

(ii) Accounts Receivable (Other than Guest Ledger). At Closing, Sellers shall receive a credit for all Accounts Receivable (other than the Guest Ledger which is addressed in Section 7(c)(i)) that are not more than ninety (90) days past due on the Closing Date and a credit equal to fifty percent (50%) of all Accounts Receivable that are more than ninety (90) days but not more than 180 days past due on the Closing Date, and Purchaser shall be entitled to all amounts collected for all Accounts Receivable. For purposes of this Agreement, "Accounts Receivable" means all amounts which any Operating Lessee is entitled to receive from the Business which are not paid as of the Closing, including, without limitation, charges for the use or occupancy of any guest, meeting, conference or banquet rooms or other facilities at the Properties, any restaurant, bar or banquet services, or any other goods or services provided by or on behalf of any Operating Lessee at the Properties, but expressly excluding all items of income otherwise prorated pursuant to Section 7(b) or 7(c)(i). For purposes of this Agreement, "Business" means the lodging business and all activities related thereto conducted at the Properties, including, without limitation, (i) the rental of any guest, meeting, conference or banquet rooms or other facilities at the Properties, (ii) the operation of any restaurant, bar or banquet services, together with all other goods and services provided at the Properties, (iii) the rental of any commercial or retail space to tenants at the Properties, (iv) the maintenance and repair of the Properties and tangible personal property, (v) the employment of the Individual Property employees, and (vi) the payment of Taxes. All such adjustments and prorations to be performed under this clause (c) shall be done on a net cash basis (e.g., prorations shall be made based on actual cash receipts after deducting commissions (credit cards or otherwise) or other payments that may be due to third parties).

8. PROPERTY NOT INCLUDED IN SALE.

Notwithstanding anything to the contrary contained herein, it is expressly agreed by the Parties hereto that any fixtures, furniture, furnishings, equipment or other personal property (including, without limitation, trade fixtures, pictures, paintings, prints and drawings, sculptures, tapestries or other items of art in, on, around or affixed to the Building) owned or leased by any tenant, other than a tenant under the Operating Leases (collectively, "Excluded Personalty"), shall not be included in the Properties to be indirectly sold to Purchaser hereunder. Other than the Excluded Properties, no other portion of the Properties may be removed therefrom without the consent of Purchaser.

9. COVENANTS OF SELLER AND PURCHASER.

(a) By their execution hereof, the Individual Owners and Operating Lessees agree that during the period from the Effective Date until the Closing Date or earlier termination of this Agreement with respect to the then applicable Individual Property, JV Entity or

Transferred Entity, as applicable, they shall, and Sellers shall, or shall cause the Manager to, in each case to the extent within their power and control (Purchaser acknowledges and agrees that Chatham LP and Manager run the day-to-day operations at the Properties); provided, however, if Chatham LP or any of its Affiliates is the Purchaser of the Specified Hotels, it shall not be a condition precedent to Closing that Seller comply with any of the covenants of Seller set forth in this Section 9(a) (to the extent such covenants specifically relate to Individual Properties) with respect to the Specified Hotels:

(iii) except as otherwise provided in this Agreement, conduct the Business in the Ordinary Course of Business, and shall cause the Manager to operate the Properties in the Ordinary Course of Business. For purposes of this Agreement, "Ordinary Course of Business" means the ordinary course of business consistent with Sellers' past custom and practice for the Business, taking into account the facts and circumstances in existence from time to time, except that Seller shall not be required to make (or cause to be made) any capital improvements or replacements to the Properties other than (x) as expressly provided herein, (y) standard maintenance and other work needed to keep the Properties in good order and repair, and (z) such work as is necessary to prevent threat of harm to persons or property (each of which shall be at Sellers' cost);

(iv) use commercially reasonable efforts to comply with its obligations, if any, under Contracts, Leases, Ft. Lauderdale Ground Lease and the Union Contract and to enforce the obligations of the applicable third parties thereunder;

(v) from time to time as reasonably requested by Purchaser but not more than one time each calendar month, deliver to Purchaser, updated balance sheets, rent rolls, income statements and other financial statements with respect to the Transferred Entities, the JV Entities and/or the Properties.

(vi) keep in force and effect all material Permits and Licenses;

(vii) not perform any material alterations to any Properties, except for ongoing improvements and renovations in the Ordinary Course of Business;

(viii) provide to Purchaser and its financing sources all books and records reasonably requested by Purchaser that relate to any Individual Property or the Properties (or any of the Transferred Interests, Transferred Entities, JV Interests or JV Entities) and otherwise reasonably cooperate with Purchaser's and its financing sources' due diligence and other examinations and inspections of the Properties and the applicable entities and their efforts to obtain the financing necessary to consummate the Closing;

(ix) without Purchaser's prior written consent, not remove or permit the removal from the Premises any article of FF&E, except as may be necessary for repairs, or the discarding of worn out FF&E which is replaced with substantially the same FF&E;

(x) without Purchaser's prior written consent, not permit there to be initiated, consented to, approved or otherwise taken any action with respect to the zoning, or any other governmental rule or regulation, presently applicable to all or any part of the Properties;

(xi) maintain in full force and effect the insurance policies currently in effect with respect to the Properties and cause all applicable carriers to confirm that the Individual Owners remain fully covered thereunder after the Closing notwithstanding the change of ownership and control caused by the transactions contemplated by this Agreement. At the Closing, complete copies of all such policies shall be provided to Purchaser;

(xii) not sell, transfer, assign, encumber or change the status of title of all or any portion of the Properties, the Transferred Interests or the JV Interests (or amend or terminate any of the documents relating to the same);

(xiii) not subject (x) the Transferred Interests or the JV Interests to any additional liens, encumbrances or other rights or claims, (y) the Properties to any material liens (without limiting Purchaser's right to submit Title Objections under Section 6 in respect of any types of liens, whether or not the same is material), or (z) the Properties, the Transferred Interests or the JV Interests to any encumbrances, covenants or easements or other rights or claims;

(xiv) promptly following receipt thereof, provide Purchaser with a copy of all material written notices or correspondence received or delivered by Seller (or any Individual Owner, JV Entity or Transferred Entity) including, without limitation notices or correspondence (A) to or from any Franchisor, (B) to or from any counterparty to any Contract, (C) to or from any union or Hotel Employees with respect to the Union Contracts, (D) with respect to any litigation or proceeding (pending or threatened) which affects the any Individual Property, JV Entity, Transferred Entity or Individual Owner, or (E) from a governmental authority which alleges or asserts a violation of law by or relating to the Premises;

(xv) in connection with obtaining the consent of the Franchisors, Seller shall use commercially reasonable efforts to cooperate with Purchaser in seeking such consent;

(xvi) not, without Purchaser's prior written consent, (i) amend, extend, renew or terminate any existing Contracts or Leases, nor (ii) enter into any Leases or Contracts (or take any other action that would bind, Purchaser, a JV Entity or a Transferred Entity after the Closing), unless as to such Leases or Contracts the same are terminable by Purchaser without any termination fee upon not more than thirty (30) days' notice (provided that if any termination fee is owed (or there is any cost or charge during such 30-day termination period), Sellers shall pay such fee, costs and charges at or before the Closing);

(xvii) not enter into any new union contracts or agreements with any Hotel Employees (or, terminations, extensions or amendments to any of the foregoing) at the Premises which would be the responsibility of Purchaser or the JV Entities or Transferred Entities from and after the Closing, or make any changes to the salary or other benefits payable to any Hotel Employee, in each case, except in the ordinary course or as required by such agreement or applicable law and except for termination of Hotel Employees, without first obtaining Purchaser's written consent of the proposed action;

(xviii) obtain the approval of Purchaser with regard to any actions to be taken in any pending or threatened litigation, proceeding or arbitration (including, without limitation, the defense thereof) that is likely to materially and adversely affect any of the Properties, any of the Transferred Entities or the JV Entities;

(xix) maintain the existence and good standing of the Transferred Entities and the JV Entities in the state of Delaware and all other states where such entity conducts business;

(xx) after and prior to the Closing permit Purchaser and its auditors and other representatives to audit the books and records of the Transferred Entities and the JV Entities (which obligation shall, solely to the extent in Sellers' possession or exclusive control, survive the Closing for a period of six (6) years and one (1) month);

(xxi) without Purchaser's prior written consent, which consent may be granted or withheld in Purchaser's sole and absolute discretion, not cause or permit any of the Transferred Entities and the JV Entities to engage in any business other than the ownership of the Properties and the Business, as applicable;

(xxii) without Purchaser's prior written consent, which consent may be granted or withheld in Purchaser's sole and absolute discretion, not amend or otherwise alter or permit any of the Transferred Entities and the JV Entities to amend or otherwise alter their respective certificate of formation, limited liability company operating agreement, or other organizational documents or issue (or agree to issue) any securities or equity interests (or securities convertible into or that otherwise give any person the right to acquire equity interests) in any of such entities, as applicable;

(xxiii) without Purchaser's prior written consent, which consent may be granted or withheld in Purchaser's sole and absolute discretion, not cause or permit the sale, mortgage, pledge, hypothecation or other transfer or disposal of all or any part of the Transferred Interests, JV Interests, any Individual Property or any interest therein(or enter into any agreement, negotiate with respect to, or market any of the foregoing);

(xxiv) if requested by Purchaser, the applicable JV Entities shall request estoppel certificates and "SNDAs" from tenants under Leases, provided that delivery of any such estoppel certificates and "SNDAs shall not be a condition precedent to Closing and shall impart no liability whatsoever upon Sellers;

(xxv) without Purchaser's prior written consent, not engage in and shall not permit any of the JV Entities or Transferred Entities to engage in (i) any transaction or take any action other than in the Ordinary Course of Business; or (ii) the commencement of any litigation, arbitration or governmental proceedings (other than Tax Certiorari Proceedings (as hereinafter defined)). In the event that any such liabilities or obligations are created in violation of this Agreement, then Purchaser may offset the amount of such liability or obligation against any amount payable to Sellers under any other provision of this Agreement;

(xxvi) not take any action which would encumber the ownership of the JV Interests or Transferred Interests;

(xxvii) not make, rescind, or revoke any income Tax election, settle or compromise any income Tax liability, or amend any income Tax Return which will have a material impact on Purchaser; and

(xxviii) request and use commercially reasonable efforts to obtain an estoppel certificate from the Ground Lessor substantially in the form attached hereto as Exhibit 4 (subject to (i) non-material modifications thereof, (ii) modifications thereof to conform the same to the Fort Lauderdale Ground Lease and (iii) limiting its statements "to knowledge" (or words of similar import)); provided, however, that if Ground Lessor is required or permitted under the terms of the Fort Lauderdale Ground Lease to provide a different form of estoppel, less information or to otherwise make different statements in a certification of such nature than are set forth on Exhibit 4, then Purchaser shall accept any modifications made to such form of estoppel certificate to the extent that such modifications to the form are consistent with the minimum requirements set forth in the Fort Lauderdale Ground Lease (it being understood by Purchaser that Ground Lessor shall not be required to make any certifications not specifically enumerated in the Fort Lauderdale Ground Lease estoppel requirements even if the Fort Lauderdale Ground Lease requires the Ground Lessor to certify to any additional items "reasonably requested") (any such estoppel certificate complying with this clause (xxvi) that does not (1) describe a material default of a material obligation by lessee under the Fort Lauderdale Ground Lease, or (2) reflect an inconsistency of a material term in the Ground Lease as compared to the copy of the Ground Lease contained in the Datasite is a "Ground Lease Estoppel Certificate").

(b) If this Agreement is still in full force and effect following the expiration of the Due Diligence Period, then during the period from the expiration of the Due Diligence Period until the earlier to occur of the Closing Date and the earlier termination of this Agreement with respect to the then applicable Individual Property, Sellers shall, if requested by Purchaser, request and use good faith efforts to cause, to the extent permitted by applicable law or as is customary (but in all events in New York), that the current lender holding the Existing Mortgage Debt assign its current mortgages in the states where the same is permitted by law or customary to Purchaser's designated lender, provided that such assignment shall be (x) at Purchaser's sole cost and expense and (y) without recourse, representation or warranty. Failure to so assign any such mortgage, however, shall not be a condition precedent to Closing and shall impart no liability

whatsoever upon Sellers. If Purchaser's designated lender reasonably requires an estoppel certificate with respect to any covenant, condition and/or restriction affecting the title to any Individual Property, Sellers shall, at Purchaser's sole cost and expense, request the counterparty to such covenant condition and/or restriction to issue to such lender an estoppel certificate in form and substance reasonably satisfactory to such lender, provided, however, that the failure to obtain any such estoppel certificate shall not be a condition precedent to Closing and shall impart no liability whatsoever upon Sellers.

(c) Sellers shall indemnify, defend and hold Purchaser, the JV Entities and the Transferred Entities (as constituted after the Closing), and their respective direct and indirect members, managers (including, without limitation, asset managers or property managers), partners, officers, directors, shareholders, employees, affiliates and their respective successors and assigns (collectively, the "Purchaser Indemnified Parties"), harmless from and against any and all Losses which any Purchaser Indemnified Party incurs arising out of or resulting from any claims due or arising out of death or injury to persons, or damage to the property of others, which were sustained prior to the Closing.

10. TRANSFER; SECURITY DEPOSITS; CONDITIONS TO CLOSING.

(a) Transfer. On the Closing Date, by virtue of Purchaser's acquisition of the JV Entities and the Transferred Entities, through such entities Purchaser will indirectly acquire Sellers' right, title and interest in and to, among other things, the following:

(i) the leases, licenses and other occupancy agreements demising space at the Properties, whether written or oral, together with all amendments and modifications thereof and supplements, guaranties, side letters and other binding documentation relating thereto (collectively, the "Leases") as set forth on Schedule D attached hereto; the term Leases shall not include subleases, licenses and occupancy agreements entered into by tenants under the Leases) which are then in effect;

(ii) to the extent transferable with respect to the transactions described herein, the service, maintenance, supply and other agreements to which any Seller, JV Entity or Transferred Entity is a party relating to the operation of the Properties, together with all modifications and amendments thereof and supplements relating thereto (collectively, the "Contracts") which are then in effect, provided, however, Purchaser may direct Sellers to take action, prior to Closing, to terminate any of the Contracts which are terminable without any cost to the terminating party (or, if there is such a cost, to agree to pay the cost thereof when due and payable) (and, to the extent that the transfers described in this Agreement would violate any of the transfer, change in control or other provisions in any such Contracts, Sellers shall cooperate with Purchaser to obtain the consent of the applicable third party thereto (and if such consent cannot be obtained by Closing, Sellers shall cause such Contracts to be terminated at the Closing at Sellers' cost)); and

(iii) the permits and licenses, if any, relating to the Properties and the other intangible personal property.

(b) Security Deposits. Prior to the Closing, the Operating Lessees and Individual Owners agree that they shall (i) not apply any security deposits held under Leases in respect of defaults by tenants under the applicable Leases or for other reasons and (ii) return the security deposit of any tenant thereunder who in the good faith judgment of Sellers is entitled to the return of such deposit pursuant to the terms of its Lease or otherwise by law. At the Closing, the applicable Operating Lessees and Individual Owners shall retain the security deposits (including any letter of credit as security under the Leases) and not returned to tenants as above provided, subject to the apportionment of administrative charges pursuant to Section 7 above.

(c) Conditions to Obligations of Seller. The obligation of Sellers to effect the Closing shall be subject to the fulfillment or written waiver by Sellers at or prior to the Closing Date of the following conditions:

(i) Representations and Warranties. The representations and warranties of Purchaser contained in this Agreement shall be true and correct in all material respects as of the Closing Date, as though made at and as of the Closing Date. For the avoidance of doubt, the Representation Update shall be disregarded for purposes of determining whether the condition in this Section 10(c)(i) has been satisfied.

(ii) Performance of Obligations. Purchaser shall have (x) paid the full balance of the Purchase Price pursuant to Section 17(b), and (y) executed, acknowledged (if applicable) and/or delivered all documents required to be executed, acknowledged (if applicable) and/or delivered by Purchaser hereunder on the Closing Date; and in all material respects performed all other obligations required to be performed by it under this Agreement on or prior to the Closing Date.

(iii) Cerberus Releases. The Cerberus Guarantors (as hereinafter defined) shall be released of all liabilities and obligations pursuant to documentation in form and substance reasonably acceptable to the Cerberus Guarantors under (i) those certain guaranties made as of October __, 2011 made by, among others, CRE-Ink TRS Holding Inc., CRE-Ink REIT Member, LLC, CRE-Ink Member II, Inc., CRE-Ink REIT Member IV, LLC, CRE-Ink REIT Member V, LLC, CRE-Ink REIT Member VI, LLC, and CRE-Ink REIT Member VII, LLC (collectively, the "CRE Guarantors") in favor of Marriott, and (ii) that certain letter agreement made as of October 27, 2011 by, among others, Cerberus Series Four Holdings, LLC (collectively with the CRE Guarantors, the "Cerberus Guarantors") in favor of Marriott.

(d) Conditions to Obligations of Purchaser. The obligations of Purchaser to effect the Closing shall be subject to the fulfillment (or written waiver by Purchaser) at or prior to the Closing Date of the following conditions:

(i) Representations and Warranties. The representations and warranties of each Seller contained in Section 11(d) and elsewhere herein shall be true and correct in all material respects as of the Closing Date, as though made at and as of the Closing Date.

(ii) Performance of Obligations. Sellers shall have in all material respects performed all obligations required to be performed by each Seller under this Agreement on or prior to the Closing Date.

(iii) Title Insurance. The Title Company shall be committed to issue to the Individual Owners a title insurance policy in the amount of the Purchase Price meeting the requirements of Section 6 above, effective as of the Closing, insuring that title to the Premises vests in Purchaser.

(iv) Ground Lease Estoppel Certificate. Sellers shall have delivered the Ground Lease Estoppel Certificate dated no later than thirty (30) days prior to the Closing Date, provided, however, if Purchaser elects to extend the Scheduled Closing Date pursuant to and in accordance with Section 18 below, then such 30-day period shall be increased by the amount of days by which Purchaser so extends the Scheduled Closing Date (i.e., if Purchaser extends the Scheduled Closing Date for ten (10) days, the Ground Lessor Estoppel shall be dated no later than forty (40) days prior to the Closing Date). Purchaser shall have no right to object to the Ground Lease Estoppel Certificate which references a general conditional statement by Ground Lessor such as "we reserve all rights".

(v) Bankruptcy. There shall be no proceeding involving bankruptcy or creditors' rights pending or threatened (under any state, federal or local laws) relating to any Seller, any JV Entity or any Transferred Entity.

(e) Failure of Condition. If the conditions precedent to Sellers' obligations to effect the Closing are not satisfied as of the Scheduled Closing Date (and Sellers have not waived such unsatisfied conditions in writing), then Sellers may terminate this Agreement. If the conditions precedent to Purchaser's obligation to effect the Closing (except with respect to the condition precedent set forth in Section 10(d)(iv) above) are not satisfied as of the Scheduled Closing Date (and Purchaser has not waived such unsatisfied conditions in writing), then Purchaser may terminate this Agreement, provided that Sellers may, if they so elect and without any abatement in the Purchase Price, adjourn the Scheduled Closing Date for a period or periods not to exceed ninety (90) days in the aggregate in order to attempt to effect the Closing. If this Agreement is so terminated pursuant to this Section 10(e), then Purchaser shall (except to the extent Sellers are entitled to retain the Deposit under Section 20(a) or have made a claim against a portion thereof under Section 20(b)) be entitled to receive the Deposit (and all accrued interest thereon) and this Agreement shall be deemed canceled and of no further force or effect, and no Party hereto shall have any further rights or obligations hereunder, except those arising under provisions of this Agreement that expressly survive the termination hereof (without limiting Purchaser's remedies for any Seller's default to the extent expressly set forth herein, including, without limitation, any limitations set forth herein). If the conditions precedent to Purchaser's obligation to effect the Closing set forth in Section 10(d)(iv) above are not satisfied as of the Scheduled Closing Date, Purchaser may (i) accept the Individual Property subject to the Fort Lauderdale Ground Lease (the "Ground Lease Property") without abatement of the Purchase Price, in which event (x) Purchaser shall close hereunder notwithstanding the failure of Sellers to deliver the Ground Lessor Estoppel Certificate, and (y) Sellers shall have no obligations whatsoever after the Closing Date to deliver the Ground Lessor

Estoppel, or (ii) terminate this Agreement with respect to the Ground Lease Property only, by notice given to such Seller in which event the Purchase Price shall be reduced by an amount equal to the portion of the Purchase Price allocated to the Ground Lease Property as shown on Schedule B-1 (and Sellers shall cause an Elimination to occur with respect to the Ground Lease Property).

11. CONDITION OF THE PROPERTY; REPRESENTATIONS.

(a) PURCHASER HEREBY ACKNOWLEDGES THAT, EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT, NEITHER SELLER, NOR ANY PERSON ACTING ON BEHALF OF SELLER, NOR ANY PERSON OR ENTITY WHICH PREPARED OR PROVIDED ANY OF THE MATERIALS REVIEWED BY PURCHASER IN CONDUCTING ITS DUE DILIGENCE, NOR ANY DIRECT OR INDIRECT OFFICER, DIRECTOR, PARTNER, MEMBER, SHAREHOLDER, EMPLOYEE, AGENT, REPRESENTATIVE, ACCOUNTANT, ADVISOR, ATTORNEY, PRINCIPAL, AFFILIATE, CONSULTANT, CONTRACTOR, SUCCESSOR OR ASSIGN OF ANY OF THE FOREGOING PARTIES (SELLER, SELLER RELATED PARTIES AND ALL OF THE OTHER PARTIES DESCRIBED IN THE PRECEDING PORTIONS OF THIS SENTENCE (OTHER THAN PURCHASER) SHALL BE REFERRED TO HEREIN COLLECTIVELY AS THE "EXCULPATED PARTIES") HAS MADE OR SHALL BE DEEMED TO HAVE MADE ANY ORAL OR WRITTEN REPRESENTATIONS OR WARRANTIES, WHETHER EXPRESSED OR IMPLIED, BY OPERATION OF LAW OR OTHERWISE (INCLUDING WITHOUT LIMITATION WARRANTIES OF HABITABILITY, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE), WITH RESPECT TO THE PROPERTIES, THE PERMITTED USE OF THE PROPERTIES OR THE ZONING AND OTHER LAWS, REGULATIONS AND RULES APPLICABLE THERETO OR THE COMPLIANCE BY THE PROPERTIES THEREWITH, THE REVENUES AND EXPENSES GENERATED BY OR ASSOCIATED WITH THE PROPERTIES, OR OTHERWISE RELATING TO THE PROPERTIES OR THE TRANSACTIONS CONTEMPLATED HEREIN. EXCEPT AS EXPRESSLY PROVIDED IN THIS AGREEMENT, PURCHASER FURTHER ACKNOWLEDGES THAT ALL MATERIALS WHICH HAVE BEEN PROVIDED BY ANY OF THE EXCULPATED PARTIES HAVE BEEN PROVIDED WITHOUT ANY WARRANTY OR REPRESENTATION, EXPRESSED OR IMPLIED AS TO THEIR CONTENT, SUITABILITY FOR ANY PURPOSE, ACCURACY, TRUTHFULNESS OR COMPLETENESS AND PURCHASER SHALL NOT HAVE ANY RECOURSE AGAINST SELLER OR ANY OF THE OTHER EXCULPATED PARTIES IN THE EVENT OF ANY ERRORS THEREIN OR OMISSIONS THEREFROM. PURCHASER IS ACQUIRING THE PROPERTIES BASED SOLELY ON ITS OWN INDEPENDENT INVESTIGATION AND INSPECTION OF THE PROPERTIES AND NOT IN RELIANCE ON ANY INFORMATION PROVIDED BY SELLER, OR ANY OF THE OTHER EXCULPATED PARTIES, EXCEPT FOR THE REPRESENTATIONS AND COVENANTS EXPRESSLY SET FORTH HEREIN. PURCHASER EXPRESSLY DISCLAIMS ANY INTENT TO RELY ON ANY SUCH MATERIALS PROVIDED TO IT BY SELLER IN CONNECTION WITH ITS DUE DILIGENCE AND AGREES THAT IT SHALL RELY SOLELY ON ITS OWN INDEPENDENTLY DEVELOPED OR VERIFIED INFORMATION EXCEPT AS EXPRESSLY PROVIDED IN THIS AGREEMENT.

(b) PURCHASER ACKNOWLEDGES AND AGREES THAT IT IS PURCHASING THE PROPERTIES "AS IS" AND "WITH ALL FAULTS", BASED UPON THE CONDITION (PHYSICAL OR OTHERWISE) OF THE PROPERTIES AS OF THE DATE OF THIS AGREEMENT, REASONABLE WEAR AND TEAR AND, SUBJECT TO THE PROVISIONS OF SECTIONS 12 AND 13 OF THIS AGREEMENT, LOSS BY CONDEMNATION OR FIRE OR OTHER CASUALTY EXCEPTED. PURCHASER ACKNOWLEDGES AND AGREES THAT ITS OBLIGATIONS UNDER THIS AGREEMENT SHALL NOT BE SUBJECT TO ANY FINANCING CONTINGENCY OR OTHER CONTINGENCIES OR SATISFACTION OF CONDITIONS AND PURCHASER SHALL HAVE NO RIGHT TO TERMINATE THIS AGREEMENT OR RECEIVE A RETURN OF ANY PORTION OF THE DEPOSIT (OR THE ACCRUED INTEREST THEREON) EXCEPT AS EXPRESSLY PROVIDED FOR IN ANY PROVISION OF THIS AGREEMENT THAT EXPRESSLY PROVIDES FOR THE RETURN OF THE DEPOSIT TO PURCHASER.

(c) EXCEPT AS EXPRESSLY PROVIDED IN THIS AGREEMENT (AS UPDATED BY THE REPRESENTATION UPDATE), PURCHASER HEREBY IRREVOCABLY RELEASES SELLER AND ALL SELLER RELATED PARTIES FROM ALL CLAIMS WHICH PURCHASER OR ANY PARTY CLAIMING BY, THROUGH OR UNDER PURCHASER HAS OR MAY HAVE AS OF THE CLOSING ARISING FROM OR RELATED TO ANY MATTER OR THING RELATED TO OR IN CONNECTION WITH THE CONDITION OF THE PROPERTY, THE FRANCHISE AGREEMENTS, ANY CONSTRUCTION DEFECTS, ERRORS OR OMISSIONS IN THE DESIGN OR CONSTRUCTION AND ANY ENVIRONMENTAL CONDITIONS, AND PURCHASER SHALL NOT LOOK TO ANY SELLER RELATED PARTIES IN CONNECTION WITH THE FOREGOING FOR ANY REDRESS OR RELIEF. THE FOREGOING RELEASE SHALL NOT BE APPLICABLE TO ANY AGREEMENT, REPRESENTATION OR WARRANTY OF SELLER FOR THE BENEFIT OF PURCHASER TO THE EXTENT EXPRESSLY CONTAINED IN THIS AGREEMENT. THIS RELEASE SHALL BE GIVEN FULL FORCE AND EFFECT ACCORDING TO EACH OF ITS EXPRESSED TERMS AND PROVISIONS, INCLUDING THOSE RELATING TO UNKNOWN AND UNSUSPECTED CLAIMS, DAMAGES AND CAUSES OF ACTION AND, IN THAT REGARD, PURCHASER HEREBY EXPRESSLY WAIVES ALL RIGHTS AND BENEFITS IT MAY NOW HAVE OR HEREAFTER ACQUIRE UNDER CALIFORNIA CIVIL CODE SECTION 1542 WHICH PROVIDES: "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR." PURCHASER HAS BEEN ADVISED BY ITS LEGAL COUNSEL AND UNDERSTANDS THE SIGNIFICANCE OF THIS WAIVER OF SECTION 1542 RELATING TO UNKNOWN, UNSUSPECTED AND CONCEALED CLAIMS. BY ITS INITIALS BELOW, PURCHASER ACKNOWLEDGES THAT IT FULLY UNDERSTANDS, APPRECIATES AND ACCEPTS ALL OF THE TERMS OF SECTIONS 11 (a)-(c).

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PURCHASER'S INITIALS	SELLERS' INITIALS

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(d) Each Seller hereby represents and warrants to Purchaser jointly and severally as of the Effective Date as follows (each, a "Representation" and collectively, the "Representations"); provided, however, that none of the following Representations or any other representation of Sellers contained in this Agreement (to the extent they specifically relate to Individual Properties) shall apply to the Specified Hotels if Chatham LP or any of its Affiliates is the Purchaser thereunder:

(i) Organization and Power. Each Seller is duly incorporated or formed (as the case may be), validly existing and in good standing in the jurisdiction of its incorporation or formation. Each of the Transferred Entities and the JV Entities (other than Individual Owners) is duly incorporated or formed (as the case may be), validly existing, in good standing in the jurisdiction of its incorporation or formation. Each Individual Owner is duly incorporated or formed (as the case may be), validly existing, in good standing in the jurisdiction of its incorporation or formation, and is qualified to do business in the jurisdiction in which such Individual Owner owns fee title or a ground leasehold interest in the applicable Premises.

(ii) Authority and Binding Obligation. (i) each Seller has full power and authority to execute and deliver this Agreement and all other documents to be executed and delivered by such Seller pursuant to this Agreement, (ii) the execution and delivery by the signer on behalf of each Seller, and the performance by each Seller of its obligations hereunder, has been duly and validly authorized by all requisite action and (iii) each document executed by any Seller hereunder, when executed and delivered, will constitute the legal, valid and binding obligations of such Seller enforceable against such Seller in accordance with its terms, except as may be limited by bankruptcy, insolvency, reorganization, moratorium, liquidation, fraudulent conveyance, fraudulent transfer and other laws relating to or affecting creditors' rights and remedies generally and general principles of equity and except to the extent Purchaser itself is in default thereunder.

(iii) Condemnation. To Sellers' Actual Knowledge (as hereinafter defined), except as set forth on Schedule F attached hereto, no Seller (nor any Transferred Entity or JV Entity) has received any written notice from a Governmental Authority of any pending condemnation proceeding or other proceeding in eminent domain.

(iv) Union Contract. Except with respect to the collective bargaining agreement between Manager d/b/a Westin Governor Morris and The New York Hotel and Motel Trades Council, AFL-CIO (the "Union Contract"), none of Seller, any JV Entity or any Transferred Entity is a party to (or otherwise subject to) any collective bargaining agreement with any labor union with respect to the Hotel Employees or otherwise. Attached hereto as Schedule P is an accurate description of all Hotel Employees' titles, together with their base salary, bonus opportunity and hire date. Sellers have delivered to Purchaser a true, correct and complete copy of the Union Contract.

(v) Franchise Agreements. Except for the Franchise Agreements set forth on Schedule C attached hereto, no Seller, JV Entity or any Transferred Entity is a party to any franchise agreements with respect to the Properties. Except as set

forth on Schedule C-1 attached hereto, no Seller has received any written notice from any Franchisor that the JV Entities are in default under the applicable Franchise Agreements (other than those defaults that have been cured). Sellers have delivered to Purchaser true and correct copies of all Franchise Agreements in effect with respect to any of the Properties.

(vi) Finders and Investment Brokers. Except for the Broker, Sellers have not dealt (nor have any JV Entities or Transferred Entities dealt) with any Person who has acted, directly or indirectly, as a broker, finder, financial adviser or in such other capacity for or on behalf of Sellers in connection with the transactions contemplated by this Agreement in a manner which would entitle such person to any fee or commission in connection with this Agreement or the transactions contemplated by this Agreement.

(vii) No Foreign Person. Each Seller is a "United States person" (as defined in Section 7701(a)(30)(B) or (C) of the Code) for the purposes of the provisions of Section 1445(a) of the Code.

(viii) Litigation. Except as set forth on Schedule G attached hereto,, there is no action, suit, litigation, hearing or administrative proceeding pending against any Seller, any Transferred Entity or any JV Entity, or, to Sellers' Actual Knowledge, that is threatened, in each case, that is reasonably likely to materially and adversely affect Purchaser, any Transferred Entity or any JV Entity after the Closing that is not otherwise covered by insurance.

(ix) Consents and Approvals. No Conflicts. Neither the execution, delivery or performance of this Agreement nor the consummation of the transactions contemplated hereby is prohibited, or, requires any Seller (or any JV Entity or Transferred Entity) to obtain any consent, authorization, approval or registration from a Governmental Authority under, any law, statute, rule, regulation, judgment, order, writ, injunction or decree which is binding upon any Seller; provided, however, no representation is made with respect to the transfer or deemed transfer of any liquor license.

(x) Judgments. Except as set forth on Schedule M attached hereto, there are no judgments, orders or decrees against any Seller (or any Transferred Entity or JV Entity) that are unpaid and unsatisfied of record.

(xi) Prohibited Party. No Seller, JV Entity or Transferred Entity is now nor shall it be at any time prior to or at the Closing, a Person (as hereinafter defined) with whom a "U.S. Person" (as hereinafter defined), is prohibited from transacting business of the type contemplated by this Agreement, whether such prohibition arises under United States law, regulation, executive orders and lists published by the OFAC (as hereinafter defined) (including those executive orders and lists published by OFAC with respect to "Specially Designated Nationals and Blocked Persons" (as hereinafter defined) or otherwise. No Seller, JV Entity or Transferred Entity nor, to any Seller's Actual Knowledge, any Person who owns an interest in any Seller, JV Entity or Transferred Entity (other than the owner of publicly traded shares) (collectively, a "Seller Party") is now nor shall be at any time prior

to or at the Closing a Person with whom a U.S. Person, including a Financial Institution (as hereinafter defined), is prohibited from transacting business of the type contemplated by this Agreement, whether such prohibition arises under United States law, regulation, executive orders and lists published by the OFAC (including those executive orders and lists published by OFAC with respect to Specially Designated Nationals and Blocked Persons) or otherwise.

(xii) Investigations. No Seller, JV Entity or Transferred Entity nor, to Seller's Actual Knowledge, any Seller Party, nor, to Seller's knowledge, any Person providing funds to any Seller, any JV Entity or any Transferred Entity: (A) is under investigation by any governmental authority for, or has been charged with, or convicted of, money laundering, drug trafficking, terrorist related activities, any crimes which in the United States would be predicate crimes to money laundering, or any violation of any Anti-Money Laundering Laws (as hereinafter defined); (B) has been assessed civil or criminal penalties under any Anti-Money Laundering Laws; or (C) has had any of its funds seized or forfeited in any action under any Anti-Money Laundering Laws. Such laws, regulations and sanctions shall be deemed to include the USA PATRIOT Act of 2001, Pub. L. No. 107-56 (the "Patriot Act"), the Bank Secrecy Act, 31 U.S.C. Section 5311 et. seq., the Trading with the Enemy Act, 50 U.S.C. App. Section 1 et. seq., the International Emergency Economic Powers Act, 50 U.S.C. Section 1701 et. seq., and the sanction regulations promulgated pursuant thereto by the OFAC, as well as laws relating to prevention and detection of money laundering in 18 U.S.C. Sections 1956 and 1957.

(xiii) Patriot Act. Seller is (and the JV Entities and Transferred Entities are) in compliance with any and all applicable provisions of the Patriot Act.

(xiv) Ownership. Sellers own the Transferred Interests free and clear of all liens, encumbrances, claims and other rights. Other than those interests in the Transferred Entities which are owned by Chatham Lodging, L.P., and Chatham TRS Holding, Inc. and/or their affiliates, Sellers own 100% of the Transferred Entities. The Transferred Entities own, directly or indirectly, 100% of all right, title and interest in and to each of the JV Entities. At the Closing, the Transferred Entities will own the JV Interests, directly or indirectly, free and clear of all liens, encumbrances, claims and other rights other than the interests and rights of the holders under the Existing Mezzanine Debt being paid off on the Closing Date. At the Closing, except for transfers required by this Agreement, each entity shown on the Current Structure Chart will own the entities indicated to be owned by it on the Current Structure Chart free and clear of all liens, encumbrances, claims and other rights other than the Existing Mezzanine Debt being paid off at Closing. At the Closing, no person or entity shall have any direct or indirect interest in any of the Transferred Entities or the JV Entities other than Chatham Lodging, L.P., and Chatham TRS Holding, Inc. and/or their affiliates. Other than as shown in the Current Structure Chart, since the time of the Transferred Entities acquisition of the JV Entities pursuant to that certain Chapter 11 bankruptcy proceeding of Innkeepers USA Trust filed on July 19, 2010 in the United States Bankruptcy Court for the Southern District of New York (the "BK Acquisition"), no Seller nor any of the JV Entities or Transferred Entities has ever owned any subsidiaries or had any

interest in another entity. All of the Transferred Interests and JV Interests are validly issued, fully paid and non-assessable. There are no securities outstanding which are convertible into, exchangeable for, or carrying the right to acquire, equity securities (or securities convertible into or exchangeable for equity securities) of the JV Entities or Transferred Entities or subscriptions, pre-emptive rights, warrants, options, calls, convertible securities, registration or other rights or other arrangements or commitments relating thereto. There are no outstanding obligations of any Person to repurchase, redeem or otherwise acquire any of the Transferred Interests or the JV Interests. None of the JV Interests or the Transferred Interests is subject to any voting or similar restrictions.

(xv) Title. To Sellers Actual Knowledge, each Operating Lessee owns title, free and clear of all liens or encumbrances (other than Permitted Encumbrances), claims and other rights, to the FF&E, Bookings, Supplies, IT Systems, Retail Merchandise, Licenses and Permits, F&B, Books and Warranties applicable to its Individual Property.

(xvi) Leases. Schedule D attached hereto is a true and correct list of all Leases (exclusive of the Operating Leases) in effect as of the Effective Date and Sellers have made available to Purchaser for review true copies of all Leases set forth on Schedule D. To Sellers' Actual Knowledge, Seller has not received (nor have any JV Entities or Transferred Entities received) written notice from a tenant that any JV Entity is in material default in the performance of its obligations thereunder which has not been cured. Except as set forth on Schedule D-1 attached hereto, no tenant has paid rent more than one month in advance. No tenant has any right or option to purchase all or any portion of any Individual Property. No brokerage commissions are owed in respect of any Lease or the renewal or expansion thereof. It is expressly acknowledged and agreed that Sellers do not represent or warrant that any particular Lease will be in force and effect on the Closing Date or that the tenants will have performed their obligations thereunder and any delivery or receipt of written notice of default under any Lease or any termination by Sellers of a Lease on or after the Effective Date shall not affect the obligations of Purchaser hereunder, nor shall any such notice or termination make any representation or warranty of Sellers contained herein untrue.

(xvii) Contracts. To Sellers' Actual Knowledge, no Seller has received (nor has any Transferred Entity or JV Entity received) written notice from any other party under the Contracts that such Seller is in material default in the performance of its obligations thereunder that remains uncured. Sellers have delivered to Purchaser true, correct and complete copies of the Contracts to the extent in Sellers' possession or control.

(xviii) Insurance Certificates. Attached hereto as Schedule K are true and correct copies of the insurance certificates for property and liability insurance maintained with respect to the Properties.

(xix) Purchase Rights. Except as otherwise provided in the Franchise Agreements, no Person has any right or option to purchase any of the Transferred Interests or any of the JV Interests or any of the Properties.

(xx) Ground Lease. That certain Lease Agreement by and between The City of Fort Lauderdale, a municipal corporation, as lessor ("Ground Lessor") and Grand Prix Ft. Lauderdale LLC, a Delaware limited liability company, as successor in interest to Execusuite Inn I, Ltd., as lessee, dated August 1, 1984; as assigned by that certain Consent and Approval to Assignment of Option to Lease and Accompanying Lease by and among the City of Lauderdale, Execusuite Inn I, Ltd, and Cyprus Hotel Associates, Ltd, dated as of June 4, 1986; as amended by that First Amendment of Lease Agreement between the City of Fort Lauderdale and Cypress Hotel Associates, Ltd., dated May 21, 1987; as assigned by that certain Consent to Assignment of Lease Agreement between the City of Fort Lauderdale, Cypress Hotel Associates, Ltd. and Cypress Hotel Joint Venture dated November 16, 1987; as further amended by that certain Second Amendment to Lease Agreement between the City of Fort Lauderdale and Cypress Hotel Joint Venture, dated as of July 6, 1988; as further amended by that certain Third Amendment to Lease Agreement between the City of Fort Lauderdale and Cyprus Hotel Joint Venture, dated as of July 30, 1993; as assigned by that certain Assignment of Lease between Cyprus Hotel Joint Venture and Innkeepers USA Limited Partnership, dated September 30, 1994; as assigned by that certain Assignment and Assumption of Ground Lease between Innkeepers USA Limited Partnership and Grand Prix Ft. Lauderdale LLC, dated as of June 29, 2007 (as amended, supplemented, assigned or otherwise modified from time to time, the "Fort Lauderdale Ground Lease") has not been extended, amended or terminated. Sellers have delivered to Purchaser a true, correct and complete copy of the Fort Lauderdale Ground Lease. To Sellers' Actual Knowledge, Seller has not received (nor has any JV Entity or Transferred Entity received) written notice that Seller is in material default in the performance of its obligations thereunder that have not been cured. No brokerage commissions are owed in respect of the Fort Lauderdale Ground Lease or the renewal or expansion thereof.

(xxi) Financials. To Sellers' Actual Knowledge, attached hereto as Schedule L are true, correct and complete copies of all audited financial statements for the calendar years in which Sellers owned any indirect interest in the Properties and year-to-date unaudited financial statements for the year 2014 for the Individual Owners, the Transferred Entities and the JV Entities (collectively, the "Financials"). In each case, to Sellers' Actual Knowledge, (i) the Financials have been prepared in accordance with generally accepted accounting principles in the United States and (ii) the Financials present fairly, in all material respects, as of their respective dates and for the periods set forth therein, the financial position and results of operations, as the case may be, of the Transferred Entities and the JV Entities (and in all cases all liabilities and obligations of the applicable Person).

(xxii) Organizational Documents. Sellers have delivered to Purchaser true, correct and complete copies of the organizational documents (including, without limitation, limited liability company operating agreements, limited partnership agreements, articles of organization, certificates of partnership, certificates of formation and any amendments or modifications to any such documents) (collectively, the "Organizational Documents") governing the JV Entities and the Transferred Entities. All of the Organizational Documents are in full force and effect and unmodified since the date of delivery of same to Purchaser. All of the Transferred Interests and the JV Interests have been duly issued in

accordance with applicable laws (including, without limitation, all securities and "blue-sky" laws).

(xxiii) Bankruptcy. Since the BK Acquisition, neither any Seller, any JV Entity or any Transferred Entity has (i) made a general assignment for the benefit of its creditors; (ii) had an attachment, execution or other judicial seizure of any property interest which remains in effect; or (iii) filed for protection under any federal, state or local law seeking relief from its debts (including, without limitation, under the United States Bankruptcy Code).

(xxiv) Percentage Interest. The Percentage Interest of Sellers in the Transferred Entities constitutes all of the right, title and interest of the Sellers in and to the Transferred Entities.

(xxv) Material Liabilities. Except as expressly disclosed to Purchaser in writing or in the Datasite prior to the expiration of the Due Diligence Period or with respect to costs that are subject to prorations set forth in Section 7 above or any obligations which are expressly permitted to be incurred pursuant to this Agreement or with respect to any matters that are covered by insurance, none of the JV Entities or the Transferred Entities has (or will have) any material liabilities or obligations of any nature, whether or not accrued, contingent or otherwise, which relate to acts or omissions occurring prior to the Closing.

(xxvi) Tax Representations.

(1) No Tax Sharing Agreement. Neither the Transferred Entities nor the JV Entities are party to or bound by any obligation under any Tax sharing or similar agreement or arrangement covering any potential assumption of Tax liability of another Person.

(2) Tax Classification. Each of the Transferred Entities and each JV Entity have been classified as either a partnership (within the meaning of Section 301.7701-2(a)) of the Treasury Regulations or disregarded entity (within the meaning of Section 301.7701-3(b)(1) of the Treasury Regulations) for federal and all applicable state and local Tax purposes since the date of their formation.

(3) No IRS Rulings. Neither the Transferred Entities nor the JV Entities have requested any private letter rulings from the IRS or comparable rulings from other taxing authorities or have entered into any "closing agreement" as described in Section 7121 of the Code or similar arrangement.

(4) No Built-In Gain. There is no built-in gain with respect to the property held directly or indirectly by the Transferred Entities and the JV Entities that is subject to the tax on built-in gain as of the Closing Date pursuant to IRS Notice 88-19, Section 1.337(d)-7 of the Treasury Regulations, or any other temporary or final regulations issued under Section 337(d) of the Code or any elections made thereunder, including the tax basis and fair market value of such property at the time the property became subject to the tax on built-in gain.

Notwithstanding the foregoing, if Purchaser has knowledge of a breach of any representation or warranty made by Seller in this Agreement and Purchaser nevertheless proceeds to close the transactions described in this Agreement, such representation or warranty by Seller shall be deemed to be qualified or modified to reflect Purchaser's knowledge of such breach.

Any and all uses of the phrase, "to Seller's Actual Knowledge" or other references to Seller's knowledge in this Agreement (or in any document delivered by Seller pursuant to the terms of this Agreement), shall mean the actual, present, conscious knowledge of Tom Wagner or Stephen Pozatek (the "Seller Knowledge Individuals") as to a fact at the time given without any investigation or inquiry except it is acknowledged by Sellers that it has made inquiry of Eric Kentoff of Chatham Lodging Trust and Scott Robertson as to the accuracy of the Representations. Without limiting the foregoing, Purchaser acknowledges that the Seller Knowledge Individuals have not performed and are not obligated to perform any investigation or review of any files or other information in the possession of Sellers, or to make any inquiry of any persons, or to take any other actions in connection with the representations and warranties of Sellers set forth in this Agreement, other than as expressly set forth above in this paragraph. Neither the actual, present, conscious knowledge of any other individual or entity, nor the constructive knowledge of the Seller Knowledge Individuals or of any other individual or entity, shall be imputed to the Seller Knowledge Individual other than as expressly set forth above in this paragraph.

(e) The representations and warranties of Sellers contained in Section 11(d) and elsewhere herein, in each case as though made at and as of the Closing Date and as updated by the Representation Update and the covenants and indemnities of Sellers contained in this Agreement, shall, except for the Tax Representations, Section 39(f), Section 42 and the provisions of Sections 9(a)(xviii) and 39(c), survive the Closing for one hundred and eighty (180) days following the Closing Date (the "Limitation Period"). The provisions of Sections 9(a)(xviii) and 39(c) shall survive the Closing for six (6) years and one (1) month and the Tax Representations, Section 39(f) and Section 42 below shall survive until thirty (30) days after the expiration of the applicable statute of limitations (including any waivers or extensions thereof). Each such representation, warranty, covenant and indemnity except for the Tax Representations, Section 39(f), Section 42 and the provisions of Sections 9(a)(xviii) and 39(c), shall automatically be null and void and of no further force and effect following the 180th day following the Closing Date unless, on or prior to such 180th day, Purchaser shall have provided any Seller with a notice alleging that a Seller is in breach of such representation, warranty, covenant or indemnity and specifying in reasonable detail the nature of such breach. Purchaser shall allow such Seller thirty (30) days after its notice within which to cure such breach or if such breach cannot be cured within such thirty (30) day period, and a Seller notifies Purchaser it wishes to extend its cure period (the "Cure Extension Notice"), such additional reasonable period of time as is required to cure the same so long as such cure has been commenced within such initial thirty (30) day period, is being diligently pursued to completion and such cure is completed within thirty (30) days after the expiration of the initial 30-day cure period, time being of the essence. If any Seller fails to cure such breach after written notice thereof (and the expiration of such cure periods), Purchaser's sole and exclusive remedy (subject to Section 20) shall be to commence a legal proceeding against such Seller alleging that such Seller has breached such representation or warranty and that Purchaser has suffered actual damages as a result thereof (a "Proceeding"), which Proceeding must be commenced, if at all, within sixty (60)

days after the expiration of the Limitation Period; provided, however, that if Purchaser gives Sellers written notice of such a breach within the Limitation Period, and Sellers subsequently sends a Cure Extension Notice, then Purchaser shall have until the date which is thirty (30) days after the date Sellers notifies Purchaser it has ceased endeavoring to cure such breach, to commence such Proceeding. If Purchaser shall have timely commenced a Proceeding and a court of competent jurisdiction shall, pursuant to a final, non-appealable order or judgment (1) determine that Seller was in breach of the applicable representation or warranty, and (2) determine that Purchaser suffered actual damages (the "Damages") by reason of such breach, and (3) does not determine that Purchaser had actual knowledge of such breach on or prior to the Closing Date, then, subject to the limitations contained in this Agreement, Purchaser shall be entitled to receive an amount equal to the Damages. Any such Damages, subject to the limitations contained herein, shall be paid within fifteen (15) days following the entry of such final, non-appealable order and delivery of a copy thereof to Seller; provided, however, that the representations and warranties in Sections 11(d)(xxvi), as though made at and as of the Closing Date and as updated by the Representation Update (collectively, the "Tax Representations") only will survive until thirty (30) days after the expiration of the applicable statute of limitations (including any waivers or extensions thereof). Cerberus Series Four Holdings, LLC, a Delaware limited liability company ("Guarantor"), hereby joins in the execution of this Agreement to acknowledge its guaranty of Sellers' obligations hereunder as limited hereby and in the Joinder (as hereinafter defined). If Purchaser brings an action against Guarantor based on the Guaranty (as defined in the Joinder), Purchaser acknowledges that, except for the waivers expressly set forth in the joinder to this Agreement (the "Joinder"), Guarantor may assert any and all rights, defenses, and offsets that Sellers may have against Purchaser. In the event that Sellers shall be in breach of any of the Representations and indemnities, Purchaser shall have no recourse to the property or assets of Seller or any of the other Exculpated Parties, other than the Guaranty and Purchaser's sole and exclusive remedy, in such event, shall be as described above. Notwithstanding the foregoing or anything else to the contrary contained in this Agreement, it is expressly acknowledged and agreed by the Purchaser that if, at any time prior to the Closing, Purchaser or Sellers, at Sellers' expense, obtain a Representations Insurance Policy (as hereinafter defined), the Joinder shall automatically (and without the necessity of any further instrument), be terminated and void ab initio and of no further force and effect other than solely with respect to adjustments and prorations as expressly set forth in Section 7(b)(xiv) above and Sellers' other post-closing monetary obligations expressly set forth herein that are not covered by the Representations Insurance Policy. For purposes of this Agreement, the term "Representations Insurance Policy" shall mean a "Representations and Warranties Insurance Policy" in favor of Purchaser from a reputable insurance carrier having a rating of not less than A-VIII from AM Best or A- from S&P pursuant to which such Representations Insurance Policy shall insure against Sellers' post-closing monetary obligations with respect to breaches of Sellers' representations, warranties and indemnities under this Agreement and otherwise be on generally commercially acceptable terms and do not materially diminish Purchaser's rights (or increase its obligations) that it otherwise would have under this Agreement, subject to all limitations (including, without limitation, survival and maximum liability), as more particularly set forth in Section 11 and elsewhere in this Agreement.

(f) In the event that, prior to the Closing, any Diligence Party shall obtain actual knowledge of any information that is contradictory to, and would constitute the basis of a breach of, any representation or warranty, then, promptly thereafter (and, in all events, prior to

Closing), Purchaser shall deliver to Seller notice of such information specifying the representation or warranty to which such information relates and Purchaser further acknowledges that such representation or warranty will not be deemed breached in the event any Diligence Party shall have, prior to Closing, obtained actual knowledge of any information that is contradictory to such representation or warranty and Purchaser shall not be entitled to bring any action after the Closing Date based on a breach of such representation or warranty to the extent based on such information. Without limiting the generality of the foregoing, Purchaser shall be deemed to know that any representation or warranty contained herein is untrue, inaccurate or breached to the extent that (1) prior to the expiration of the Due Diligence Period, any Diligence Party had knowledge of any fact or information which is inconsistent with such representation or warranty or (2) this Agreement or any information with respect to the Properties delivered or made available to Purchaser on the Datasite prior to the expiration of the Due Diligence Period contain provisions inconsistent with any of such representations and warranties. "Diligence Party" shall mean Zachary Shull and/or Sujan Patel except that it is acknowledged by Purchaser that it has made inquiry of Eric Kentoff as to the accuracy of the representations and warranties contained herein.

(g) Each of the provisions of Section 11 shall survive the Closing, but such survival shall be limited, in the case of the representations, warranties, covenants and indemnities set forth in Section 11(d) and elsewhere herein, to the extent set forth therein. The provisions of Sections 11(a) and 11(b) shall be deemed incorporated by reference and made a part of all documents or instruments delivered by Seller to Purchaser in connection with the sale of the Properties.

(h) Purchaser hereby represents and warrants to Seller as of the Effective Date and as of Closing that:

(i) Authority and Binding Obligation. Purchaser has full power and authority to enter into and perform this Agreement in accordance with its terms and this Agreement and all documents executed by Purchaser which are to be delivered to Seller at Closing are, and at the time of Closing will be, duly authorized, executed and delivered by Purchaser and are, and at the time of Closing will be the legal, valid and binding obligations of Purchaser, enforceable against Purchaser in accordance with their respective terms.

(ii) Consents and Approvals; No Conflicts. Neither the execution, delivery or performance of this Agreement nor the consummation of the transactions contemplated hereby is prohibited, or requires Purchaser to obtain any consent, authorization, approval or registration under, any law, statute, rule, regulation, judgment, order, writ, injunction or decree which is binding upon Purchaser.

(iii) Judgments. There are no judgments, orders or decrees of any kind against Purchaser unpaid and unsatisfied of record, nor any actions, suits or other legal or administrative proceedings pending or, to Purchaser's actual knowledge, threatened against Purchaser, which would have a material adverse effect on Purchaser's ability to consummate the transactions contemplated by this Agreement.

(iv) Employee Benefit Plans. Purchaser is not (and, throughout the period transactions are occurring pursuant to this Agreement, will not be) and is not acting on behalf of (and, throughout the period transactions are occurring pursuant to this Agreement, will not be acting on behalf of) an "employee benefit plan" as defined in Section 3(3) of ERISA that is subject to Title I of ERISA, a "plan" as defined in and subject to Section 4975 of the Internal Revenue Code, or an entity deemed to hold plan assets of any of the foregoing pursuant to 29 C.F.R. Section 2510.3-101, as modified by Section 3(42) of ERISA. None of the transactions contemplated by this Agreement is in violation of any state statutes applicable to Purchaser regulating investments of, and fiduciary obligations with respect to, governmental plans similar to the provisions of Section 406 of ERISA or Section 4975 of the Internal Revenue Code.

(v) Prohibited Party. Purchaser is not now nor shall it be at any time prior to or at the Closing, an individual, corporation, partnership, joint venture, association, joint stock company, trust, trustee, estate, limited liability company, unincorporated organization, real estate investment trust, government or any agency or political subdivision thereof, or any other form of entity (collectively, a "Person") with whom a United States citizen, entity organized under the laws of the United States or its territories or entity having its principal place of business within the United States or any of its territories (collectively, a "U.S. Person"), is prohibited from transacting business of the type contemplated by this Agreement, whether such prohibition arises under United States law, regulation, executive orders and lists published by the Office of Foreign Assets Control, Department of the Treasury ("OFAC") (including those executive orders and lists published by OFAC with respect to Persons that have been designated by executive order or by the sanction regulations of OFAC as Persons with whom U.S. Persons may not transact business or must limit their interactions to types approved by OFAC "Specially Designated Nationals and Blocked Persons") or otherwise. Neither Purchaser nor, to Purchaser's knowledge, any Person who owns an interest in Purchaser (other than the owner of publicly traded shares) (collectively, a "Purchaser Party") is now nor shall be at any time prior to or at the Closing a Person with whom a U.S. Person, including a United States Financial Institution as defined in 31 U.S.C. 5312, as periodically amended ("Financial Institution"), is prohibited from transacting business of the type contemplated by this Agreement, whether such prohibition arises under United States law, regulation, executive orders and lists published by the OFAC (including those executive orders and lists published by OFAC with respect to Specially Designated Nationals and Blocked Persons) or otherwise.

(vi) Investigations. Neither Purchaser nor, to Purchaser's knowledge, any Purchaser Party, nor, to Purchaser's knowledge, any Person providing funds to Purchaser: (A) is under investigation by any governmental authority for, or has been charged with, or convicted of, money laundering, drug trafficking, terrorist related activities, any crimes which in the United States would be predicate crimes to money laundering, or any violation of any Anti-Money Laundering Laws; (B) has been assessed civil or criminal penalties under any Anti-Money Laundering Laws; or (C) has had any of its funds seized or forfeited in any action under any Anti-Money Laundering Laws. For purposes of Section 11(d)(xii) and this subsection (h), the term "Anti-Money Laundering Laws" shall mean laws,

regulations and sanctions, state and federal, criminal and civil, that: (w) limit the use of and/or seek the forfeiture of proceeds from illegal transactions; (x) limit commercial transactions with designated countries or individuals believed to be terrorists, narcotics dealers or otherwise engaged in activities contrary to the interests of the United States; (y) require identification and documentation of the parties with whom a Financial Institution conducts business; or (z) are designed to disrupt the flow of funds to terrorist organizations. Such laws, regulations and sanctions shall be deemed to include the Patriot Act, the Bank Secrecy Act, 31 U.S.C. Section 5311 et. seq., the Trading with the Enemy Act, 50 U.S.C. App. Section 1 et. seq., the International Emergency Economic Powers Act, 50 U.S.C. Section 1701 et. seq., and the sanction regulations promulgated pursuant thereto by the OFAC, as well as laws relating to prevention and detection of money laundering in 18 U.S.C. Sections 1956 and 1957.

(vii) Patriot Act. Purchaser is in compliance with any and all applicable provisions of the Patriot Act.

(viii) Competitor. Purchaser is not a "Competitor" or "Brand" as each such term is defined in each of the Marriott Franchise Agreements.

(ix) Ownership of Purchaser. Purchaser is owned solely by Chatham Lodging Trust and/or one (1) or more Affiliates thereof and/or NRFC Sub-REIT Corp. and/or one (1) or more Affiliates thereof. For purposes of this Agreement, the term "Affiliate" means, as to any particular Person, any Person directly or indirectly, through one or more intermediaries, controlling, Controlled by or under common control with the Person or Persons in question. For purposes of this clause (ix) and Section 28(b), the term Control means the power to direct or cause the direction of the management or policies of an entity, whether through the ability to exercise voting power, by contract or otherwise. "Controlled by," "controlling" and "under common control with" shall have the respective correlative meaning thereto.

(i) Notwithstanding anything to the contrary set forth in this Agreement, Seller makes no warranty with respect to the presence of Hazardous Materials (as hereinafter defined) on, above or beneath the Premises (or any parcel in proximity thereto) or in any water on or under the Premises. Unless expressly prohibited by applicable law, Purchaser's Closing hereunder shall be deemed to constitute an express waiver of Purchaser's right to cause Seller to be joined in any action brought under any Environmental Laws (as hereinafter defined). The term "Hazardous Materials" means (a) those substances included within the definitions of any one or more of the terms "hazardous materials," "hazardous wastes," "hazardous substances," "industrial wastes," and "toxic pollutants," as such terms are defined under the Environmental Laws, or any of them, (b) petroleum and petroleum products, including, without limitation, crude oil and any fractions thereof, (c) natural gas, synthetic gas and any mixtures thereof, (d) asbestos and or any material which contains any hydrated mineral silicate, including, without limitation, chrysotile, amosite, crocidolite, tremolite, anthophylite and/or actinolite, whether friable or non-friable (collectively, "Asbestos"), (e) polychlorinated biphenyl ("PCBs") or PCB-containing materials or fluids, (f) radon, (g) any other hazardous or radioactive substance, material, pollutant, contaminant

or waste, and (h) any other substance with respect to which any Environmental Law or governmental authority requires environmental investigation, monitoring or remediation. The term "Environmental Laws" means all federal, state and local laws, statutes, ordinances and regulations, now or hereafter in effect, as amended or supplemented from time to time, including, without limitation, all applicable judicial or administrative orders, applicable consent decrees and binding judgments relating to the regulation and protection of human health, safety, the environment and natural resources (including, without limitation, ambient air, surface, water, groundwater, wetlands, land surface or subsurface strata, wildlife, aquatic species and vegetation), including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (42 U.S.C. §§ 9601 et seq.), the Hazardous Material Transportation Act, as amended (49 U.S.C. §§ 1801 et seq.), the Federal Insecticide, Fungicide, and Rodenticide Act, as amended (7 U.S.C. §§ 136 et seq.), the Resource Conservation and Recovery Act, as amended (42 U.S. §§ 6901 et seq.), the Toxic Substance Control Act, as amended (15 U.S.C. §§ 2601 et seq.), the Clean Air Act, as amended (42 U.S.C. §§ 7401 et seq.), the Federal Water Pollution Control Act, as amended (33 U.S.C. §§ 1251 et seq.), the Occupational Safety and Health Act, as amended (29 U.S.C. §§ 651 et seq.), the Safe Drinking Water Act, as amended (42 U.S.C. §§ 300f et seq.), Environmental Protection Agency regulations pertaining to Asbestos (including, without limitation, 40 C.F.R. Part 61, Subpart M, the United States Environmental Protection Agency Guidelines on Mold Remediation in Schools and Commercial Buildings, the United States Occupational Safety and Health Administration regulations pertaining to Asbestos including, without limitation, 29 C.F.R. Sections 1910.1001 and 1926.58), applicable California State and local or any other city, state and municipal statutes and the rules and regulations promulgated pursuant thereto regulating the storage, use and disposal of Hazardous Materials, and any state or local counterpart or equivalent of any of the foregoing, and any related federal, state or local transfer of ownership notification or approval statutes. Except with respect to any claims arising out of any breach of covenants, representations or warranties expressly set forth in Section 9(a) above, Purchaser, for itself and its agents, affiliates, successors and assigns, hereby releases and forever discharges Seller, and the other Seller Parties from any and all actions, damages, liens, liabilities, rights, claims and demands at law or in equity, whether known or unknown at the time of this Agreement, which Purchaser has or may have in the future, arising out of the physical or environmental condition of the Properties, including, without limitation, any claim for indemnification or contribution arising under any Environmental Law.

(j) Notwithstanding anything to the contrary set forth in this Agreement, following the Closing, Sellers' liability for breach of any covenant, representation, warranty or indemnity of Sellers contained in this Agreement and in any document executed by Sellers pursuant to this Agreement, including any instruments delivered at Closing by Sellers, shall, subject to the limitations of survival set forth in this Section 11, be limited to claims in excess of $1,000,000.00 in the aggregate for all claims, including, without limitation, for any indemnities of Sellers set forth in this Agreement (and once such aggregate threshold has been achieved, Purchaser may pursue all of its Damages including, without limitation, any Damages in amounts less than such $1,000,000.00), and Sellers' aggregate liability for any and all claims arising out of any such covenants, representations, warranties and indemnities in this Agreement, including any instruments delivered at Closing by Sellers, shall not exceed Thirty Million Dollars ($30,000,000.00). In addition, except as set forth in the first sentence of Section 20(b), in no event shall Sellers or Purchaser be liable for any incidental, consequential, indirect, punitive, special or exemplary damages, or for

lost profits, unrealized expectations or other similar claims, and in every case a party's recovery for any claims referenced herein shall be net of any insurance proceeds and any indemnity, contribution or other similar payment actually recovered or recoverable by Purchaser from any insurance company, tenant, or other third party.

12. DAMAGE AND DESTRUCTION.

(a) If all or any part of any Building is damaged by fire or other casualty occurring on or after the Effective Date and prior to the Closing Date, whether or not such damage affects a material part of the Building, then except as provided below, neither Party shall have the right to terminate this Agreement and the Parties shall nonetheless consummate the transactions in accordance with this Agreement, without any abatement of the Purchase Price or any liability or obligation on the part of Seller by reason of such destruction or damage. If there is any damage to an Individual Property, Seller shall assign to Purchaser and Purchaser shall have the right to make a claim for and to retain any casualty insurance proceeds (including, without limitation, business interruption proceeds) received or payable under such insurance policies (if any) in effect with respect to the Individual Property so damaged on account of such physical damage or destruction and Purchaser shall receive a credit against the cash due at Closing for the amount of the deductible on such insurance policy less any amounts reasonably and actually expended by Seller to collect any such insurance proceeds or to remedy any unsafe conditions at the Property or to repair or restore any damages which is imminently necessary, in no event to exceed the amount of the loss. If this Agreement shall still be in full force and effect following the expiration of the Due Diligence Period, no Seller shall settle any claim seeking any insurance proceeds in respect of any such casualty without the consent of Purchaser.

(b) If all or any part of the Buildings are damaged by fire or other casualty occurring on or after the Effective Date and prior to the Closing Date, and either (x) the cost to restore any Building(s) as a result of such casualty is uninsured; or (y) the aggregate estimated cost of repair or restoration (in the aggregate with respect to all such casualties at one or more Properties as reasonably determined by the parties) exceeds five percent (5%) of the aggregate Purchase Price, Purchaser shall have the option, exercisable within ten (10) days after receipt of notice of the occurrence of such fire or other casualty (i.e., the last such casualty which caused such five percent (5%) threshold to be achieved), time being of the essence, to terminate this Agreement in its entirety by delivering written notice of such termination to Sellers and Escrow Agent, whereupon the Deposit (together with any interest accrued thereon) shall be returned to Purchaser and this Agreement shall be deemed canceled and of no further force or effect, and no Party hereto shall have any further rights or obligations hereunder, except those arising under provisions of this Agreement that expressly survive the termination hereof. If a fire or other casualty described in this clause (b) shall occur and Purchaser shall not timely elect to terminate this Agreement, then Purchaser and Sellers shall consummate the transactions in accordance with this Agreement, without any abatement of the Purchase Price or any liability or obligation on the part of Sellers by reason of such destruction or damage and, in such event, Sellers shall assign to Purchaser and Purchaser shall have the right to make a claim for and to retain any casualty insurance proceeds received under the casualty insurance policies (including, without limitation, business interruption proceeds) in effect with respect to the Properties on account of such physical damage or destruction as shall be

necessary to perform repairs to the Building(s) and/or to rebuild the Building(s) to substantially the same condition as existed prior to the occurrence of such fire or other casualty, in no event to exceed the amount of the loss, and Purchaser shall receive a credit against the cash due at Closing for the amount of the deductible on such casualty insurance policy less any amounts reasonably and actually expended by Sellers to collect any such insurance proceeds or to remedy any unsafe conditions at the Premises or to repair or restore any damages which is imminently necessary. In the event such amount spent by Sellers shall exceed the amount of the deductible on such casualty insurance policy, then Purchaser shall deliver such excess amount to Sellers, within five (5) business days of its receipt of any casualty insurance proceeds received on account of such casualty, provided that Purchaser shall be required to pay such amount only out of casualty insurance proceeds received by Purchaser in excess of the amount of the loss.

(c) The provisions of this Section 12 supersede any law applicable to the Premises governing the effect of fire or other casualty in contracts for real property.

13. CONDEMNATION.

(a) If, prior to the Closing Date, any part of the Premises at an Individual Property is taken, or if any Seller shall receive an official notice from any governmental authority having eminent domain power over the Premises or an Individual Property of its intention to take, by eminent domain proceeding, any part of the Premises or an Individual Property (a "Taking"), then:

(vi) if such Taking (x) involves twenty-five percent (25%) or less of the aggregate square footage of all Buildings constituting portions of an Individual Property as determined by an independent architect chosen by Seller (subject to Purchaser's review and reasonable approval of such determination), and (y) does not materially and adversely affect the access to the Buildings constituting portions of an Individual Property or materially reduces parking (and, without limiting the generality thereof, for such purpose the term "material" shall in all events mean any reduction below the number of spaces required under the zoning code then in effect), neither Party shall have any right to terminate this Agreement or remove the Affected Property (as hereinafter defined) from this Agreement, and the Parties shall nonetheless consummate the transactions in accordance with this Agreement, without any abatement of the Purchase Price or any liability or obligation on the part of Seller by reason of such Taking; provided, however, that Sellers shall, on the Closing Date, (i) assign and remit to Purchaser the proceeds of any award or other proceeds of such Taking which may have been collected by the applicable Seller as a result of such Taking, or (ii) if no award or other proceeds shall have been collected, deliver to Purchaser an assignment of such Seller's right to any such award or other proceeds which may be payable to any Seller as a result of such Taking. If this Agreement shall still be in full force and effect following the expiration of the Due Diligence Period, no Seller shall settle any claim for condemnation awards without the prior written consent of Purchaser and all aspects of any litigation, proceeding or negotiation with regard thereto shall also be subject to Purchaser's prior written consent.

(vii) if such Taking (x) involves more than twenty-five percent (25%) of the aggregate square footage of all Buildings constituting portions of an Individual Property as determined by an independent architect chosen by Seller (subject to Purchaser's review and reasonable approval of such determination), or (y) materially and adversely affect the access to the Buildings constituting portions of an Individual Property or materially reduces parking (and, without limiting the generality thereof, for such purpose the term "material" shall in all events mean any reduction below the number of spaces required under the zoning code then in effect) (the "Affected Property"), Purchaser shall have the option, exercisable within ten (10) days after receipt of written notice of such Taking, time being of the essence, to withdraw the Affected Property from the Properties with respect to such Affected Property only, by delivering notice of such termination to Seller, whereupon the Properties being conveyed pursuant to this Agreement shall no longer be deemed to include the Affected Property and this Agreement shall be deemed canceled and of no further force or effect with respect to such Affected Property only, and no Party hereto shall have any further rights or obligations hereunder with respect to such Affected Property, except those arising under provisions of this Agreement that expressly survive the termination hereof. If a Taking described in this clause (ii) shall occur and Purchaser shall not timely elect to terminate this Agreement as to such Affected Property, then Purchaser and Seller shall consummate the transactions in accordance with this Agreement, without any abatement of the Purchase Price or any liability or obligation on the part of Seller by reason of such Taking; provided, however, that each Seller shall, on the Closing Date, (i) assign and remit to Purchaser the proceeds of any award or other proceeds of such Taking which may have been collected by any Seller as a result of such Taking, or (ii) if no award or other proceeds shall have been collected, deliver to Purchaser an assignment of such Seller's right to any such award or other proceeds which may be payable to Seller as a result of such Taking.

(b) The provisions of this Section 13 supersede any law applicable to the Premises governing the effect of condemnation in contracts for real property. Any disputes under this Section 13 as to whether the Taking involves more than twenty-five percent (25%) of the aggregate square footage of all Buildings constituting portions of an Individual Property, materially reduces parking or materially adversely affects access to any Individual Premises shall be resolved by expedited arbitration before a single arbitrator in New York, New York acceptable to both Seller and Purchaser in their reasonable judgment in accordance with the rules of the American Arbitration Association; provided that if Seller and Purchaser fail to agree on an arbitrator within five days after a dispute arises, then either Party may request the office of the American Arbitration Association located in New York, New York to designate an arbitrator. Such arbitrator shall be an independent architect having at least ten (10) years of experience in the construction of office buildings in New York, New York. The costs and expenses of such Arbitrator shall be borne equally by Sellers and Purchaser.

14. BROKERS AND ADVISORS.

(a) Purchaser represents and warrants to Seller that it has not dealt or negotiated with, or engaged on its own behalf or for its benefit, any broker, finder, consultant, advisor, or professional in the capacity of a broker or finder (each a "Broker") in connection with

this Agreement or the transactions contemplated hereby other than Eastdil Secured, LLC (the "Seller's Broker"). Purchaser, hereby agrees to indemnify, defend and hold Seller and the other Seller Related Parties harmless from and against any and all claims, demands, causes of action, losses, costs and expenses (including reasonable attorneys' fees, court costs and disbursements) arising from any claim for commission, fees or other compensation or reimbursement for expenses made by any Broker (other than Seller's Broker) engaged by or claiming to have dealt with Purchaser in connection with this Agreement or the transactions contemplated hereby other than Seller's Broker. Sellers agree to pay Seller's Broker any commission or other payment that Seller's Broker may be entitled pursuant to a separate agreement.

(b) Seller represents and warrants to Purchaser that it has not dealt or negotiated with, or engaged on its own behalf or for its benefit, any Broker in connection with this Agreement or the transactions contemplated hereby other than Seller's Broker. Seller hereby agrees to indemnify, defend and hold Purchaser, the Transferred Entities and the JV Entities and their direct and indirect shareholders, officers, directors, partners, principals, members, employees, agents, contractors and any successors or assigns of the foregoing, harmless from and against any and all claims, demands, causes of action, losses, costs and expenses (including reasonable attorneys' fees, court costs and disbursements) arising from any claim for commission, fees or other compensation or reimbursement for expenses made by any Broker (including Seller's Broker) engaged by or claiming to have dealt with Seller in connection with this Agreement or the transactions contemplated hereby.

(c) The provisions of this Section 14 shall survive the termination of this Agreement or the Closing.

15. TAX REDUCTION PROCEEDINGS.

Sellers may file and/or prosecute an application for the reduction of the assessed valuation of the Premises or any portion thereof for real estate taxes or a refund of real estate taxes previously paid (a "Tax Certiorari Proceeding") to the locality in which the applicable Individual Property is located for any fiscal year which includes the Closing or any fiscal year preceding the fiscal year in which the Closing occurs. Seller shall have the right to withdraw, settle or otherwise compromise Tax Certiorari Proceedings affecting real estate taxes assessed against the Premises on an Individual Property (i) for any fiscal period prior to the fiscal year in which the Closing shall occur without the prior consent of Purchaser as long as the same will not adversely affect the real estate taxes for subsequent years, and (ii) for the fiscal year in which the Closing shall occur, provided Purchaser shall have consented with respect thereto, which consent shall not be unreasonably withheld or delayed. The amount of any tax refunds (net of attorneys' fees and other costs of obtaining such tax refunds) with respect to any portion of the Premises on such Individual Property for the tax year in which the Cut-Off Time occurs shall be apportioned between Seller and Purchaser as of the Cut-Off Time with a prior allocation of any portion thereof which must be returned to tenants pursuant to the terms of the Leases; Sellers hereby agreeing to be responsible for the return of such refund to such tenants for the period up to and including the Cut-Off Time and Purchaser having such obligation for the return of such refunds attributable to the period from and after the Closing Date. If, in lieu of a tax refund, a tax credit is received with respect to any portion of the

Premises of such Individual Property for the tax year in which the Cut-Off Time occurs or any subsequent year, then (x) within thirty (30) days after receipt by any Seller or Purchaser, as the case may be, of evidence of the actual amount of such tax credit (net of attorneys' fees and other costs of obtaining such tax credit), the tax credit apportionment shall be readjusted between Sellers and Purchaser, and (y) upon realization by Purchaser of a tax savings on account of such credit, Purchaser shall pay to Seller an amount equal to the savings realized (as apportioned and net of such attorneys' fees and costs of obtaining the same). All refunds, credits or other benefits applicable to any fiscal period prior to the fiscal year in which the Closing shall occur shall belong solely to Seller (and Purchaser shall have no interest therein) and, if the same shall be paid to Purchaser or anyone acting on behalf of Purchaser, same shall be paid to Sellers within five (5) days following receipt thereof. All refunds, credits or other benefits applicable to any fiscal period after the fiscal year in which the Closing shall occur shall belong solely to Purchaser (and Sellers shall have no interest therein) and, if the same shall be paid to Sellers or anyone acting on behalf of Sellers, same shall be paid to Purchaser within five (5) days following receipt thereof. The provisions of this Section 15 shall survive the Closing.

16. TRANSFER TAXES; SALES TAXES; AND TRANSACTION COSTS.

(a) At the Closing, Seller and Purchaser shall execute, acknowledge, deliver and file (or deliver to the Title Company for filing) all such returns as may be necessary to comply with all laws and the regulations applicable thereto (collectively, as the same may be amended from time to time, the "Transfer Tax Laws"). The transfer taxes payable pursuant to the Transfer Tax Laws shall collectively be referred to as the "Transfer Taxes." Purchaser and Sellers shall pay (or cause to be paid) to the appropriate governmental authority any and all Transfer Taxes payable in connection with the consummation of the transactions contemplated by this Agreement as more particularly set forth on Schedule Q attached hereto.

(b) The Parties believe that no sales tax shall be due and payable in connection with the transfer contemplated by this Agreement, provided however, that should any sales taxes be due, Purchaser shall pay same together with all applicable interest and penalties thereon.

(c) Purchaser and Sellers shall pay to the Title Company the premiums for title insurance for "owner's policies" (insuring the fee ownership of the Properties, or the leasehold interest with respect only to the Ground Lease Property) in connection with the consummation of the transactions contemplated by this Agreement as more particularly set forth on Schedule Q attached hereto. Purchaser shall be responsible for one hundred percent (100%) of all title premiums in connection with any "lender's" title policies or leasehold title policies insuring a JV Entity's interest in the applicable Operating Lease that, in each case, is above and beyond the cost of the "owner's policies".

(d) Sellers shall be responsible for (i) the costs of their legal counsel, advisors and other professionals employed by it in connection with the sale of the Properties, and (ii) such sums due to Manager in accordance with the management agreement(s) with the Manager (collectively, the "Management Agreement") for periods prior to and after Closing (if applicable).

(e) Except as otherwise provided above, Purchaser shall be responsible for (i) the costs and expenses associated with its due diligence, (ii) the costs and expenses of its legal counsel, advisors and other professionals employed by it in connection with the sale of the Properties, (iii) all survey costs in connection therewith (other than the costs of the surveys included on the Datasite by Sellers), (iv) all costs and expenses incurred in connection with any financing obtained by Purchaser, including without limitation, loan fees, mortgage recording taxes, financing costs and lender's legal fees, (v) all escrow and/or closing fees, (vi) the Spread Maintenance Payment (as defined in the Loan Documents), and (vii) any recording fees for documentation to be recorded in connection with the transactions contemplated by this Agreement.

(f) Purchaser shall indemnify and hold harmless the Seller from and against any loss incurred by Sellers to the extent resulting from any breach of any covenant of Purchaser set forth in this Section 16. Sellers shall indemnify and hold harmless the Purchaser, the JV Entities and the Transferred Entities from and against any loss incurred by Purchaser to the extent resulting from any breach of any covenant of Sellers set forth in this Section 16.

(g) The provisions of this Section 16 shall survive the Closing.

17. DELIVERIES TO BE MADE ON THE CLOSING DATE.

(a) Seller's Documents and Deliveries: On the Closing Date, Sellers shall deliver or cause to be delivered to Purchaser the following:

(i) Originals or, if originals are unavailable, copies of the Franchise Agreements, Leases, Contracts and the Ground Lease then in effect to the extent in Seller's possession;

(ii) Originals or, if originals are unavailable, copies, of plans and specifications, technical manuals and similar materials for the Building to the extent same are in any Seller's possession;

(iii) A duly executed certification from Sellers as to each Seller's nonforeign status as prescribed in Section 21, in the form of Exhibit 2;

(iv) Assignments and assumptions of membership interests (the "JV Assignments") executed by Sellers (i.e., there shall be a separate JV Assignment for each Transferred Entity) in the form of Exhibit 3;

(v) Copies of all books and records relating to the operation of the Properties and maintained by any Seller, Transferred Entity or JV Entity, to the extent same are in any Seller's possession or control;

(vi) Originals or, if originals are unavailable, copies, of all Permits and Licenses, to the extent same are in Seller's possession;

(vii) such affidavits and other deliveries as are required by the Title Company;

(viii) documents that will satisfy all deliveries of any Seller or its affiliates listed in the requirements section of the title report;

(ix) all other documents and items being conveyed, directly or indirectly, to Purchaser pursuant to this Agreement;

(x) documents which shall effectuate the Mergers as provided in Section 2(a) above which are prepared by Purchaser and reasonably acceptable to Sellers;

(xi) evidence of each Seller's, the JV Entities' and the Transferred Entities' (x) existence and good standing (including, without limitation, good standing certificates dated no earlier than thirty (30) days prior to the Closing Date) in their respective states of organization and any other state which any such Person does business; and (y) due authority to perform their respective obligations under this Agreement (and authority of the signatory to all documentation), in form and substance reasonably satisfactory to the Title Company (including, without limitation, consents, resolutions, incumbency certificates and copies of Organizational Documents of Sellers and such other Persons);

(xii) Unconditional and irrevocable releases and resignations from all Persons designated by Sellers serving as officers, directors or managers or holding any other positions in respect of the JV Entities and/or the Transferred Entities;

(xiii) Such other documents and instruments as may be reasonably necessary to consummate the transactions described herein;

(xiv) The Guest Ledger and all Hotel Guest Data and Information;

(xv) Updated Financials for quarter end dated March 31, 2014 and, to the extent produced in the ordinary course of business and is reasonably obtainable and accessible to Sellers without material expense, for the last month's Financials that were prepared by or on behalf of Sellers, in similar form previously delivered by Sellers but not certified by an accountant (but which, to Seller's Actual Knowledge, shall be true and correct in all material respects);

(xvi) At the Closing, Sellers shall deliver an instrument (the "Representation Update") advising Purchaser in what respects, if any, any Seller's Representations are inaccurate as of the Closing Date and, following the Closing, the applicable schedules to the Representations shall be deemed modified by the Representation Update. Seller shall be deemed to have delivered the items set forth in clauses (i), (ii), (vi), and (vii) above if the same are left in the management office of the applicable Properties on the Closing Date; and

(xvii) To the extent in the possession of Sellers, all limited liability company interest certificates representing ownership in the JV Entities (the "Interest

Certificates"), provided, however, that if any of the Interest Certificates are being held by the lenders under the Existing Mezzanine Debt, Sellers shall direct such lenders to deliver to Purchaser the applicable Interest Certificates or, if the applicable lender is unable to produce such, a "lost certificate affidavit" in such lender's customary form.

(b) Purchaser's Documents and Deliveries: On the Closing Date (unless otherwise noted), Purchaser shall execute and deliver to Sellers the JV Assignments and deliver or cause to be delivered to Seller the Payment of the balance of the Purchase Price payable at the Closing by 2:00 p.m., eastern time, on the Closing Date (time being of the essence), as adjusted for apportionments under Section 7 and elsewhere herein, in the manner required under this Agreement.

18. CLOSING DATE.

(a) The closing of the transactions contemplated hereunder (the "Closing") shall occur, and the documents referred to in Section 17 shall be delivered upon tender of the Purchase Price provided for in this Agreement, at 2:00 p.m., eastern time, on the date occurring on June 17, 2014 (such date, or the date Seller sets for the Closing if Seller shall elect to extend this date pursuant to the terms of this Agreement, being referred to in this Agreement as the "Scheduled Closing Date"; and the actual date of the Closing, the "Closing Date"), at the offices of Seller's attorneys, Schulte Roth & Zabel LLP, 919 Third Avenue, New York, New York 10022.

(b) Sellers shall have the right, from time to time, by giving notice to Purchaser at least five (5) business days' prior to the then Scheduled Closing Date, to extend the Scheduled Closing Date one (1) or more times for fifteen (15) business days, provided, however, that Sellers shall not be entitled to adjourn the Scheduled Closing Date pursuant to this Section 18 or any other provision of this Agreement for a period or periods in excess of ninety (90) days in the aggregate (it being agreed that all adjournments by any Seller pursuant to this Section 18(b) shall require at least five (5) business days' advance notice). If, on or before the Scheduled Closing Date, Purchaser has not obtained new franchise agreements from the Franchisors, Purchaser shall have the right, by giving notice to Sellers at least three (3) business days' prior to the then Scheduled Closing Date, to extend the Scheduled Closing Date one (1) or more times for thirty (30) days, provided, however, that notwithstanding the foregoing, it is expressly acknowledged and agreed by Purchaser that obtaining the new franchise agreements shall not be a condition precedent to Closing. Time is of the essence as to the Purchaser's and Sellers' obligation to close the transactions contemplated hereunder on the Scheduled Closing Date (or, if Sellers or Purchaser shall have extended the Scheduled Closing Date pursuant to the terms of this Agreement so as to occur later than the Scheduled Closing Date, on such Scheduled Closing Date so designated by Sellers or Purchaser, as applicable).

19. NOTICES.

All notices, demands, requests or other communications (collectively, "Notices") required to be given or which may be given hereunder shall be in writing and shall be sent by (a) certified or registered mail, return receipt requested, postage prepaid, or (b) national overnight delivery service, or (c) personal delivery, or (d) electronic mail (provided that the original of such

Notice is simultaneously delivered by one of the methods described in clauses (a)-(c)), addressed as follows:

(i) If to Sellers:

Cerberus Real Estate Capital Management, LLC
875 Third Avenue, 12th Floor
New York, New York 10022
Attention: Tom Wagner
email: twagner@cerberuscapital.com

with a copy to:

Schulte Roth & Zabel LLP
919 Third Avenue
New York, New York 10022
Attention: Jeffrey A. Lenobel, Esq.
email: Jeffrey.Lenobel@srz.com

(ii) If to Purchaser:

c/o NorthStar Realty Finance Corp.
399 Park Avenue, 18th Floor
New York, New York 10022
Attention: Dan Gilbert
email: gilbert@nrfc.com and patel@nrfc.com

And

c/o NorthStar Realty Finance Corp.
399 Park Avenue, 18th Floor
New York, New York 10022
Attention: Ronald J. Lieberman, Esq.
email: rlieberman@nrfc.com

And

Chatham Lodging Trust
50 Cocoanut Row, Suite 211
Palm Beach, Florida 33480
Attention: Eric Kentoff, Esq.
email: ekentoff@cl-trust.com

with a copy to:

Duval & Stachenfeld LLP
555 Madison Avenue, 6th Floor
New York, New York 10022
Attention: Terri L. Adler, Esq. and File Manager
File No.: 3281.0044
email: tadler@dsllp.com

And

Wachtell, Lipton, Rosen & Katz
51 West 52nd Street
New York, New York 10019
Attention: Robin Panovka, Esq and Victor Goldfeld, Esq
email: rpanovka@wlrk.com and vgoldfeld@wlrk.com

(iii) If given to the Escrow Agent:

Fidelity National Title Insurance Company
485 Lexington Avenue
New York, New York 10017
Attention: Nick DeMartini
email: NDeMartini@fnf.com

(iv) If given to the Title Company:

Fidelity National Title Insurance Company
485 Lexington Avenue
New York, New York 10017
Attention: Nick DeMartini
email: NDeMartini@fnf.com

Any Notice so sent by certified or registered mail, national overnight delivery service or personal delivery shall be deemed given on the date of receipt or refusal as indicated on the return receipt, or the receipt of the national overnight delivery service or personal delivery service. Notices delivered by e-mail transmission shall be deemed given upon being sent provided such e-mail is sent on a business day on or before 5:00 p.m. (New York time); otherwise, an e-mail shall be deemed given the following business day. A Notice may be given either by a Party or by such Party's attorney. Seller or Purchaser may designate, by not less than five (5) business days' written notice given to the others in accordance with the terms of this Section 19, additional or substituted parties to whom Notices should be sent hereunder.

20. DEFAULT BY PURCHASER OR SELLER.

(a) **If Purchaser shall default in the payment of the Purchase Price or in the performance of any of its other obligations to be performed on the Closing Date, Sellers may elect, in their sole discretion, to terminate this Agreement and, upon such termination, Sellers shall retain the Deposit as liquidated damages for any and all claims for defaults, indemnification or otherwise hereunder, IT BEING AGREED BY SELLERS AND PURCHASER THAT, THE DAMAGES BY REASON OF ANY SUCH DEFAULT BY PURCHASER ARE DIFFICULT, IF NOT IMPOSSIBLE, TO ASCERTAIN, AND THE AMOUNT OF THE DEPOSIT IS THE PARTIES' BEST AND MOST ACCURATE ESTIMATE OF THE DAMAGES SELLER WOULD SUFFER. ACCORDINGLY, THE PARTIES AGREE THAT, IN SUCH EVENT, THE DEPOSIT SHALL BE PAID BY THE ESCROW AGENT TO SELLERS AS LIQUIDATED DAMAGES, AND THAT SUCH PAYMENT IS REASONABLE UNDER THE CIRCUMSTANCES EXISTING AS OF THE EFFECTIVE DATE, AND UPON THE DELIVERY OF THE DEPOSIT TO SELLERS, THIS AGREEMENT SHALL BE DEEMED CANCELED AND OF NO FURTHER FORCE OR EFFECT, AND NO PARTY SHALL HAVE ANY FURTHER RIGHTS OR OBLIGATIONS HEREUNDER EXCEPT THOSE ARISING UNDER PROVISIONS OF THIS AGREEMENT THAT EXPRESSLY SURVIVE THE TERMINATION HEREOF. NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN THIS AGREEMENT, SELLERS' SOLE AND EXCLUSIVE REMEDIES FOR ANY MATTER ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY, INCLUDING, WITHOUT LIMITATION, ANY DEFAULT OR BREACH BY PURCHASER OF ANY REPRESENTATION, WARRANTY, COVENANT OR OBLIGATION SET FORTH IN THIS AGREEMENT, SHALL BE (1) THE RIGHT, SOLELY TO THE EXTENT EXPRESSLY PERMITTED IN THIS SECTION 20(a), TO TERMINATE THIS AGREEMENT AND RETAIN THE DEPOSIT, (2) SOLELY TO THE EXTENT EXPRESSLY PERMITTED IN SECTION 20(b), THE RIGHT TO PURSUE DAMAGES AGAINST PURCHASER, AND (3) THE RIGHT TO PURSUE INJUNCTIVE RELIEF PREVENTING BREACHES OF THE CONFIDENTIALITY PROVISIONS OF SECTION 29, AND NO SELLER MAY OTHERWISE OBTAIN ANY DAMAGES, AN INJUNCTION, SPECIFIC PERFORMANCE OR ANY OTHER LEGAL OR EQUITABLE RELIEF OR REMEDY AGAINST ANY PURCHASER RELATED PARTY IN CONNECTION WITH ANY MATTER ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY. SELLERS' RETENTION OF THE DEPOSIT AS LIQUIDATED DAMAGES IS NOT INTENDED AS A FORFEITURE OR PENALTY UNDER CALIFORNIA CIVIL CODE SECTIONS 3275 OR 3369, BUT INSTEAD, IS INTENDED TO CONSTITUTE LIQUIDATED DAMAGES TO SELLER PURSUANT TO SECTIONS 1671, 1676 AND 1677 OF THE CALIFORNIA CIVIL CODE. BY THEIR SEPARATELY EXECUTING THIS SECTION 20(a) BELOW, PURCHASER AND SELLERS ACKNOWLEDGE THAT THEY HAVE READ AND UNDERSTOOD THE ABOVE PROVISION COVERING LIQUIDATED DAMAGES, AND THAT EACH PARTY WAS REPRESENTED BY COUNSEL WHO EXPLAINED THE CONSEQUENCES OF THIS LIQUIDATED DAMAGES PROVISION AT THE TIME THIS AGREEMENT WAS EXECUTED.**

[no further text on this page]

PURCHASER'S INITIALS	**SELLERS' INITIALS**

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(b) If Seller validly terminates this Agreement pursuant to a right given to it hereunder after the expiration of the Due Diligence Period and Purchaser files any lis pendens or other form of attachment against any portion of the Properties (other than in connection with (i) a legal action timely commenced by Purchaser in good faith contesting Sellers' right to terminate this Agreement or (ii) pursuing remedies expressly provided for in this Agreement), then Purchaser shall be liable for all loss, cost, damage, liability or expense (including, without limitation, reasonable attorneys' fees, court costs and disbursements and consequential damages) incurred by Sellers by reason of such lis pendens or other form of attachment sought by Purchaser. If (x) this Agreement is terminated following the expiration of the Due Diligence Period, (y) Sellers are not otherwise entitled to retain the Deposit as set forth in Section 20(a) above and (z) Purchaser has failed after the expiration of the Due Diligence Period to comply with any of its material obligations to be performed under this Agreement and such default continued for five (5) business days after notice to Purchaser, Sellers shall be entitled to recover from the Deposit their actual damages for Purchaser's default hereunder in an amount not to exceed Two Million Five Hundred Thousand Dollars ($2,500,000.00) (in the aggregate with respect to all matters under this Agreement for which it is stated that amounts may be withheld from the Deposit or that the Deposit secures an obligation of Purchaser other than as expressly provided in Section 20(a) above), and Purchaser and Escrow Agent acknowledge and agree that such amount shall be retained by Escrow Agent in escrow pursuant to the terms of Section 4 above until final resolution of the amount of Sellers' damages as a result of such breach (and the remainder of the Deposit shall be returned to Purchaser upon termination of this Agreement) and thereafter pay to Sellers the amount of such damages out of the Two Million Five Hundred Thousand Dollars ($2,500,000.00) (in the aggregate with respect to all matters under this Agreement for which it is stated that amounts may be withheld from the Deposit or that the Deposit secures an obligation of Purchaser other than as expressly provided in Section 20(a) above) (and the portion of such retained amount in excess of such damages shall be returned to Purchaser) and Sellers shall be entitled to pursue such damages by an action brought in a court of competent jurisdiction.

(c) If (x) any Seller shall default in any of its obligations to be performed on the Closing Date or (y) any Seller shall default in the performance of any of its material obligations to be performed prior to the Closing Date and, with respect to any default under this clause (y) only, such default shall continue for five (5) business days after notice to Seller, Purchaser as its sole and exclusive remedy by reason thereof (in lieu of prosecuting an action for damages or proceeding with any other legal or equitable course of conduct, the right to bring such actions or proceedings being expressly and voluntarily waived by Purchaser, to the extent legally permissible, following and upon advice of its counsel) shall have the right subject to the other provisions of this Section 20(c) (i) to seek to obtain specific performance of Sellers' obligations hereunder, provided that any action for specific performance shall be commenced within sixty (60) days after such default, and, if Purchaser prevails thereunder, Sellers shall reimburse Purchaser for all reasonable legal fees, court costs and all other reasonable costs of such action or (ii) to terminate this Agreement and receive a return of the Deposit (together with any interest earned thereon) (in which event this Agreement shall be deemed canceled and of no further force or effect, and no Party shall have any further rights or obligations hereunder except for those arising under provisions of this Agreement that expressly survive the termination hereof), it being understood that if Purchaser fails to commence an action for specific performance within sixty (60) days after such default, Purchaser's

sole and exclusive remedy shall be to terminate this Agreement and receive a return of the Deposit (together with any interest earned thereon). Sellers hereby waive any requirements for the posting of any bond or any other security in connection with any remedy contemplated by this Section 20(c). If Purchaser elects to seek specific performance of this Agreement, then as a condition precedent to any suit for specific performance, Purchaser shall on or before the Closing Date, time being of the essence, fully perform all of its obligations hereunder which are capable of being performed (other than the payment of the Purchase Price, which shall be paid as and when required by the court in the suit for specific performance). In addition, if Purchaser commences an action for specific performance but is unsuccessful in obtaining a judgment for specific performance then Purchaser shall pay Seller's reasonable legal fees, court costs and expenses incurred in connection therewith. Notwithstanding anything herein to the contrary, if the default in question is caused by the bad faith, willful and/or intentional act or omission of Seller and if Purchaser has elected to terminate this Agreement under subsection (ii) above, then Sellers shall reimburse Purchaser for the actual out-of-pocket costs and expenses incurred by Purchaser in connection with the transactions including Purchaser's due diligence investigation of the Property and the legal fees and expenses of and court and other costs and expenses of preparing, negotiating and enforcing this Agreement, which reimbursement obligation shall not exceed an amount equal to One Million Dollars ($1,000,000) in the aggregate.

(d) The provisions of this Section 20 shall survive the termination hereof.

21. FIRPTA COMPLIANCE.

Sellers shall comply with the provisions of the Foreign Investment in Real Property Tax Act, Section 1445 of the Code ("FIRPTA"). Sellers hereby represent and warrant that each Seller is not a foreign person as that term is defined in the Code and Income Tax Regulations. On the Closing Date, Sellers shall deliver to Purchaser a certification as to each Seller's non-foreign status in the form of Exhibit 2, and shall comply with any temporary or final regulations promulgated with respect thereto and any relevant revenue procedures or other officially published announcements of the Internal Revenue Service of the U.S. Department of the Treasury in connection therewith.

22. ENTIRE AGREEMENT; ACCEPTANCE OF JV ASSIGNMENTS.

(1) This Agreement contains all of the terms agreed upon between Sellers and Purchaser with respect to the subject matter hereof, and all prior agreements, understandings, representations and statements, oral or written, between any Seller and Purchaser are merged into this Agreement.

(1) All agreements, covenants, liabilities, indemnities, representations, warranties and other obligations of Seller under this Agreement shall merge with the JV Assignments and have no further effect or validity after Closing, and the acceptance of the JV Assignments by Purchaser shall be deemed full compliance by Seller with all of Seller's obligations hereunder and an acknowledgement and agreement by Purchaser that Seller is discharged therefrom and shall have

no further obligation or liability with respect thereto, except for those provisions of this Agreement which expressly shall survive or are intended to survive the Closing.

(1) The provisions of Section 22(a) shall survive the Closing or the termination hereof. The provisions of Section 22(b) shall survive the Closing.

23. AMENDMENTS.

This Agreement may not be changed, modified or terminated, except by an instrument executed by Seller, Purchaser and Chatham LP. The provisions of this Section 23 shall survive the Closing or the termination hereof.

24. WAIVER.

No waiver by either Party of any failure or refusal by the other Party to comply with its obligations shall be deemed a waiver of any other or subsequent failure or refusal to so comply. No waiver by Chatham LP of any failure or refusal by a Party to comply with its obligations as they relate to the Specified Hotel Transaction shall be deemed a waiver of any other or subsequent failure or refusal to so comply. No subsequent waiver by any party under this Agreement shall be effective unless in writing. The provisions of this Section 24 shall survive the Closing or the termination hereof.

25. PARTIAL INVALIDITY.

If any term or provision of this Agreement or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Agreement, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term and provision of this Agreement shall be valid and shall be enforced to the fullest extent permitted by law. The provisions of this Section 25 shall survive the Closing or the termination hereof.

26. SECTION HEADINGS.

The headings of the various sections of this Agreement have been inserted only for the purposes of convenience, and are not part of this Agreement and shall not be deemed in any manner to modify, explain, expand or restrict any of the provisions of this Agreement. The provisions of this Section 26 shall survive the Closing or the termination hereof.

27. GOVERNING LAW.

This Agreement shall be governed by the laws of the State of New York without giving effect to conflict of laws principles thereof that would result in the application of the laws of another jurisdiction. The provisions of this Section 27 shall survive the Closing or the termination hereof.

28. PARTIES; ASSIGNMENT AND RECORDING.

(a) This Agreement and the various rights and obligations arising hereunder shall inure to the benefit of and be binding upon Seller and Purchaser and their respective successors and permitted assigns; provided, however, that none of the representations or warranties made by Seller hereunder shall inure to the benefit of any person or entity that may, after the Closing Date, succeed to Purchaser's interest in the Properties.

(b) Purchaser may not assign or otherwise transfer this Agreement (and any transfer of the direct or indirect ownership interests in Purchaser shall constitute an impermissible assignment for the purposes hereof except as provided below), without first obtaining Seller's consent thereto. Notwithstanding the foregoing, Purchaser shall have the right to (one or more times, to one or more entities, in whole or in part) assign Purchaser's rights and/or obligations under this Agreement to Chatham LP, NRFC Sub-REIT Corp. and/or any of their respective Affiliates (any such entity, herein "Purchaser's Permitted Assignee"), without consent of Sellers, provided that within five (5) Business Days prior to Closing, Purchaser delivers to Sellers the identity of each Purchaser's Permitted Assignee to whom any such assignment will be made (and for the avoidance of doubt, direct and indirect transfers of ownership interests in Purchaser or its assignee(s) shall be freely permissible, provided that Chatham Lodging Trust and/or NRFC Sub-REIT Corp. and/or Affiliates of either or both thereof shall own a majority of the direct or indirect interests in and control Purchaser or such assignee and the same shall not constitute an impermissible assignment hereunder). The parties shall execute separate closing documents as to each separate assignment permitted hereunder if so requested by Purchaser. Additionally, Purchaser shall not be relieved of any of its obligations hereunder as a result of such assignment. Notwithstanding anything in this Agreement to the contrary, to the extent that any direct or indirect owner of any ownership interest in Purchaser or Purchaser's Permitted Assignee (or any affiliate thereof) is a public company or REIT or operating partnership, there shall be no restriction (and no requirement for any Seller’s consent) with respect to any reorganization, merger, consolidation, recapitalization, conversion, spin-off, transfer, sale, assignment, pledge, hypothecation, disposition, redemption or change in stock, or any other transaction that modifies, changes, or affects the ownership or control of such public company, REIT, operating partnership or their respective assets.

(c) Neither this Agreement nor any memorandum hereof may be recorded without first obtaining Seller's consent thereto. Any breach of the provisions of this clause (c) shall constitute a default by Purchaser under this Agreement. Purchaser agrees not to file any lis pendens or other instrument against all or a portion of the Premises in connection herewith other than in connection with a specific performance action timely commenced by Purchaser in accordance with Section 20(c). In furtherance of the foregoing, Purchaser (i) acknowledges that the wrongful filing of a lis pendens or other evidence of Purchaser's rights or the existence of this Agreement against all or a portion of the Premises could cause significant monetary and other damages to Sellers and (ii) hereby agrees to indemnify Sellers from and against any and all claims, losses, liabilities and expenses (including, without limitation, reasonable attorneys' fees incurred in the enforcement of the foregoing indemnification obligation) arising out of the breach by Purchaser of any of its obligations under this clause (c) other than in connection with Purchaser's exercise of the remedies described in Sections 20(b)(i) or (ii).

(d) The provisions of Section 28(a) and 28(c) shall survive the Closing or the termination hereof. The provisions of Section 28(b) shall survive the termination hereof.

29. CONFIDENTIALITY AND PRESS RELEASES.

(a) Until the Closing, the terms of this Agreement and any information disclosed to Purchaser by Sellers or otherwise gained through Purchaser's access to the Properties and Sellers' books and records shall be subject to that certain Confidentiality Agreement (the "Confidentiality Agreement"), dated February 12, 2014, between ND Investment-T, LLC, an affiliate of Purchaser, and Sellers' Broker with respect to the Properties, the terms of which are incorporated herein by reference as modified below. Notwithstanding anything contained to the contrary herein or in the Confidentiality Agreement, (1) at all times Purchaser may disclose Informational Materials and the existence and terms of this Agreement to Purchaser’s Representatives in connection with their participation in the transactions contemplated in this Agreement, provided, however, Purchaser shall notify such Purchaser's Representatives of the confidential nature of such information and Purchaser shall remain liable for any breach of the Confidentiality Agreement or this Section 29 by such Purchaser's Representatives, and (2) Purchaser shall not disclose the existence or terms of this Agreement (other than pursuant to clause (1) above) prior to the expiration of the Due Diligence Period and the payment of the Additional Deposit, except that such terms, existence, materials and information at all times may be disclosed (x) if in the advice of counsel to the disclosing party, disclosure is required to comply with any mandatory provision of law, of any directive from a government recognized stock exchange, or of a binding decision from a court or another government body, or (y) if required by subpoena issued in connection with any litigation or proceeding; provided, however, with respect to any disclosure that may made pursuant to clauses (x) or (y) above prior to the expiration of the Due Diligence Period, to the extent not legally prohibited, the disclosing party will give the other party prompt written notice of such requirement so that an appropriate protective order or other remedy may be sought, and/or compliance with the provisions of this Section 29 may be waived, and the Parties will reasonably cooperate with each other to obtain such protective order. In the event that, with respect to the matters described in clauses (x) or (y) above, such protective order or other remedy is not obtained or compliance with the relevant provisions of the Confidentiality Agreement (as modified by this Section 29) is not waived, the disclosing party will furnish only that portion of the information that it is advised by legal counsel that it is legally required to be disclosed. Notwithstanding anything contained to the contrary herein or in the Confidentiality Agreement, following the expiration of the Due Diligence Period, if this Agreement remains in full force and effect and Purchaser has delivered the Additional Deposit to the Escrow Agent, and not before then (other than as set forth in clauses (1) and (2) above), Purchaser and Sellers may disclose the existence and terms of this Agreement and Informational Materials (i) to the extent required by an applicable statute, law, regulation, governmental authority or securities exchange; (ii) to the extent required by Purchaser's reporting or other filing requirements under the rules and regulations of the Securities and Exchange Commission, including, without limitation, to the extent disclosure is required on Form 8(k) with respect to the transaction contemplated hereby or as required by any securities exchange, (iii) which is otherwise publicly known or available other than as a result of the breach of either the Confidentiality Agreement or this Section 29, (iv) if in the opinion of counsel to the disclosing party, disclosure is required to comply with any mandatory provision of law, of any directive from a

government recognized stock exchange, or of a binding decision from a court or another government body, (v) with respect to generic disclosures about business and pipeline of the Purchaser or any affiliate of the Purchaser made in the ordinary course of business that would not reasonably be expected to identify Seller, (vi) in connection with any corporate presentations, earnings calls, earnings releases, press releases (such press releases to be issued as provided by paragraph b(ii) of this Section 29), investor reports, investor conference calls or investor meetings which may include, without limitation, disclosure of economic terms and such other matters relating to the transaction which Purchaser determines is necessary or appropriate, or (vii) if required by subpoena issued in connection with any litigation or proceeding; provided, however, that any disclosure that may made pursuant to this subclause (vii) to the extent not legally prohibited, the disclosing party will give the other party prompt written notice of such requirement so that an appropriate protective order or other remedy may be sought, and/or compliance with the provisions of this Section 29 may be waived, and the parties will reasonably cooperate with each other to obtain such protective order. In the event that, with respect to the matters described in clause (vii) above, such protective order or other remedy is not obtained or compliance with the relevant provisions of the Confidentiality Agreement (as modified by this Section) is not waived, the disclosing party will furnish only that portion of the information that it is advised by legal counsel that it is legally required to be disclosed. Any disclosure made pursuant to this Section 29(a)(i), (ii), (iv), or (vii) shall be of only that portion of the information that is required to be disclosed.

(b) Except for disclosures which may be (i) permitted by the Confidentiality Agreement, or (ii) of information that is otherwise already publicly available, other than as a result of a breach of the Confidentiality Agreement or this Section 29, Purchaser and Sellers shall confer and afford one another a reasonable opportunity to review and provide reasonable comment on any press release to be issued by Purchaser and/or Sellers disclosing the transaction or any of its economic terms and the appropriate time for making such release (but the contents of any such press release will ultimately be determined by the party issuing or providing same and the foregoing shall not constitute a consent right). Except for disclosures required by applicable law, the parties will not disclose in any press release the identity of the other party (nor that of its respective parent) without the consent of such party to be so disclosed which consent shall not be unreasonably withheld.

(c) Notwithstanding the foregoing, Purchaser shall be permitted to disclose information to prospective lenders and franchisors, provided that the disclosure to such lenders and franchisors is solely in their capacity as a lender or franchisor, as applicable, to Purchaser in connection with the transactions contemplated by this Agreement and provided further that Purchaser informs such lenders or franchisor, as applicable, that the shared information is subject to a confidentiality agreement and further directs such lenders or franchisor, as applicable, to maintain the confidentiality thereof.

(d) The provisions of this Section 29 shall survive the termination of this Agreement or Closing except the provisions of this Section 29 and the Confidentiality Agreement, as to Purchaser, shall terminate at the Closing.

30. FURTHER ASSURANCES.

Sellers and Purchaser will do, execute, acknowledge and deliver all and every such further acts, deeds, conveyances, assignments, notices, transfers and assurances as may be reasonably required by the other Party, for the better assuring, conveying, assigning, transferring and confirming unto Purchaser the Transferred Interests and, indirectly, the JV Interests and the Properties and for carrying out the intentions or facilitating the consummation of this Agreement. The provisions of this Section 30 shall survive the Closing.

31. THIRD PARTY BENEFICIARY.

This Agreement is an agreement solely for the benefit of Seller and Purchaser (and their permitted successors and/or assigns). No other person, party or entity shall have any rights hereunder nor shall any other person, party or entity be entitled to rely upon the terms, covenants and provisions contained herein. The provisions of this Section 31 shall survive the Closing or the termination hereof.

32. JURISDICTION AND SERVICE OF PROCESS.

The Parties hereto agree to submit to personal jurisdiction in the State of New York in any action or proceeding arising out of this Agreement and, in furtherance of such agreement, the Parties hereby agree and consent that without limiting other methods of obtaining jurisdiction, personal jurisdiction over the Parties in any such action or proceeding may be obtained within or without the jurisdiction of any court located in New York and that any process or notice of motion or other application to any such court in connection with any such action or proceeding may be served upon the Parties by registered or certified mail to or by personal service at the last known address of the Parties, whether such address be within or without the jurisdiction of any such court. Any legal suit, action or other proceeding by one party to this Agreement against the other arising out of or relating to this Agreement (other than any dispute which, pursuant to the express terms of this Agreement, is to be determined by arbitration) shall be instituted only in the Supreme Court of the State of New York, County of New York or the United States District Court for the Southern District of New York, and each Party hereby waives any objections which it may now or hereafter have based on venue and/or forum non-conveniens of any such suit, action or proceeding and submits to the jurisdiction of such courts. The provisions of this Section 32 shall survive the Closing or the termination hereof.

33. WAIVER OF TRIAL BY JURY.

Sellers and Purchaser hereby irrevocably and unconditionally waive any and all right to trial by jury in any action, suit or counterclaim arising in connection with, out of or otherwise relating to this agreement. The provisions of this Section 33 shall survive the Closing or the termination hereof.

34. ATTORNEYS' FEES.

If any legal action, arbitration or other proceeding is commenced to enforce or interpret any provision of this Agreement, the prevailing party shall be entitled to an award of its

reasonable attorneys' fees and expenses as part of its judgment. The provisions of this Section 34 shall survive the Closing or the termination hereof.

35. EXCULPATION.

(a) Purchaser agrees that it does not have and will not have any claims or causes of action against any Seller Related Parties (other than Guarantor to the extent applicable pursuant to this Agreement) other than a claim or cause of action against Sellers, solely to the extent expressly permitted in Sections 20(c) or 34 or injunctive relief) arising out of or in connection with this Agreement or the transactions contemplated hereby. After the Closing, Purchaser agrees to look solely to the Guaranty, the Representations Insurance Policy (if applicable) and injunctive relief for the satisfaction of any liability or obligation arising under this Agreement or the transactions contemplated hereby, or for the performance of any of the covenants, warranties, indemnities or other agreements contained herein, and further agrees not to sue or otherwise seek to enforce any personal obligation against any Seller Related Parties (other than Guarantor to the extent applicable pursuant to this Agreement) (other than a claim or cause of action against Sellers, solely to the extent expressly permitted in Sections 20(c) or 34, or injunctive relief) with respect to any matters arising out of or in connection with this Agreement or the transactions contemplated hereby. Without limiting the generality of the foregoing provisions of this Section 35(a), Purchaser hereby unconditionally and irrevocably waives any and all claims and causes of action of any nature whatsoever it may now or hereafter have against the Seller Related Parties ((other than Guarantor to the extent applicable pursuant to this Agreement) other than a claim or cause of action against Sellers, solely to the extent expressly permitted in Sections 20(c) or 34 or injunctive relief), and hereby unconditionally and irrevocably releases and discharges the Seller Related Parties (other than Guarantor to the extent applicable pursuant to this Agreement) from any and all liability whatsoever which may now or hereafter accrue in favor of Purchaser against any Seller Related Parties (other than Guarantor to the extent applicable pursuant to this Agreement) (other than a claim or cause of action against Sellers, solely to the extent expressly permitted in Sections 20(c) or 34 or injunctive relief), in connection with or arising out of this Agreement or the transactions contemplated hereby (other than Guarantor to the extent applicable pursuant to this Agreement) (other than a claim or cause of action against Sellers, solely to the extent expressly permitted in Sections 20(c) or 34 or injunctive relief). The provisions of this Section 35(a) shall survive the termination of this Agreement and the Closing.

(b) Sellers agree that they do not have and will not have any claims or causes of action against any Purchaser Related Party (other than a claim or cause of action (i) against Purchaser seeking all or a portion of the Deposit, solely to the extent expressly permitted in Sections 20(a) and (b), (ii) against Purchaser, solely to the extent expressly permitted in Section 20(b) arising out of or in connection with this Agreement or the transactions contemplated hereby or (iii) following the Closing, against Purchaser or any Purchaser's Permitted Assignees to whom an assignment is made pursuant to Section 28). Sellers agree to look solely to (i) the Deposit, solely to the extent expressly permitted in Section 20(a), (ii) to Purchaser and its assets, solely to the extent expressly permitted in Section 20(b), for the satisfaction of any liability or obligation arising under this Agreement or the transactions contemplated hereby, or for the performance of any of the covenants, warranties, indemnities or other agreements contained herein, and further agree not to sue or

otherwise seek to enforce any personal obligation against any Purchaser Related Party (other than a claim or cause of action (x) against Purchaser seeking all or a portion of the Deposit, solely to the extent expressly permitted in Sections 20(a) and (b), (y) against Purchaser, solely to the extent expressly permitted in Section 20(b) with respect to any matters arising out of or in connection with this Agreement or the transactions contemplated hereby or (z) following the Closing, against Purchaser or any Purchaser's Permitted Assignees to whom an assignment is made pursuant to Section 28). Without limiting the generality of the foregoing provisions of this Section 35(b), Sellers hereby unconditionally and irrevocably waive any and all claims and causes of action of any nature whatsoever they may now or hereafter have against the Purchaser Related Parties (other than a claim or cause of action (x) against Purchaser seeking all or a portion of the Deposit, solely to the extent expressly permitted in Sections 20(a) and (b), (y) against Purchaser, solely to the extent expressly permitted in Section 20(b), or (z) following the Closing, against Purchaser or any Purchaser's Permitted Assignee to whom an assignment is made pursuant to Section 28) and hereby unconditionally and irrevocably release and discharge the Purchaser Related Parties from any and all liability whatsoever which may now or hereafter accrue in favor of Sellers against the Purchaser Related Parties, in connection with or arising out of this Agreement or the transactions contemplated hereby (other than a claim or cause of action (x) against Purchaser seeking all or a portion of the Deposit, solely to the extent expressly permitted in Sections 20(a) and (b), (y) against Purchaser, solely to the extent expressly permitted in Section 20(b) or (z) following the Closing, against Purchaser or any Purchaser's Permitted Assignee to whom an assignment is made pursuant to Section 28). The provisions of this Section 35(b) shall survive the termination of this Agreement and the Closing. For purposes of this Agreement, "Purchaser Related Party" means Purchaser and Purchaser's Permitted Assignees and each of their respective disclosed or undisclosed, direct and indirect, shareholders, officers, directors, trustees, partners, principals, members, employees, agents, affiliates, representatives, consultants, accountants, contractors and attorneys or other advisors, and any successors or assigns of any of the foregoing and Manager.

36. RIGHT OF FIRST OFFER.

Purchaser acknowledges that Hyatt House Franchising, L.L.C. ("Hyatt") has a retained a right of first offer (a "ROFO") pursuant to each of the Franchise Agreements between Hyatt and Grand Prix Fixed LLC, dated as of October 27, 2011 (collectively, the "Hyatt Franchise Agreements"). If Hyatt exercises any of its ROFO rights pursuant to the applicable Franchise Agreement (or fails to waive the same in writing), with respect to the Properties that are subject to a ROFO (each a "ROFO Property"), then the Purchase Price shall be deemed reduced by the portion of the Purchase Price allocated to such ROFO Properties on Schedule B-1, the Properties being conveyed pursuant to this Agreement shall no longer be deemed to include the ROFO Properties and this Agreement shall be deemed canceled and of no further force or effect with respect to such ROFO Properties only, and no Party hereto shall have any further rights or obligations hereunder with respect to such ROFO Properties, except those arising under provisions of this Agreement that expressly survive the termination hereof. Promptly after the date hereof, Seller shall send Hyatt the notices required under the Hyatt Franchise Agreements in respect of the ROFO and keep Purchaser reasonably apprised of the status thereof. Notwithstanding the foregoing, Purchaser represents and warrants that it has obtained a waiver of the Hyatt ROFO from Hyatt and Sellers are under no obligation to comply with the Hyatt ROFO requirements.

37. INTENTIONALLY OMITTED.

38. HOTEL EMPLOYEES.

(a) Hotel Employees. Purchaser agrees that if it terminates Manager, Purchaser shall assume, and/or cause its hotel manager, if any, to assume the Union Contract, in accordance with its respective terms. Seller shall deliver, or cause Manager to deliver, as and when required under the Union Contract, any notices required thereunder in connection with the transactions contemplated hereby (and shall concurrently provide a copy of such notices to Purchaser). If Purchaser causes the Operating Lessees to terminate the Management Agreement, Purchaser agrees to retain, or causes its designated hotel manager to retain, all current Bargaining Unit Employees subject to the terms of the Union Contract and applicable law. "Bargaining Unit Employees" shall mean all Hotel Employees retained to provide services at the Individual Property covered by the Union Contract. Purchaser acknowledges that it has received copies of the Union Contract and that at or prior to the Closing, Purchaser shall cause the manager of the Individual Property covered by the Union Contract to recognize and assume all of Manager's obligations arising after the Closing Date under the Union Contract with respect to the Bargaining Unit Employees, including any obligations owed to the Bargaining Unit Employees with respect to their benefits set forth in the Union Contract. Purchaser further agrees to execute (and cause its manager to execute) a copy of any assumption documents or other documents, if any, as are required to assume the obligations under the Union Contract including, without limitation, the form of Assumption Agreement set forth in Article XXX of the Union Contract. Sellers warrant that other than the Union Contract referenced in this Section 38(a), no other collective bargaining agreements or other union contracts exist that pertain to the Properties or employees at the Properties. Sellers further warrant that, except as set forth on Schedule G attached hereto, to their Knowledge with respect to the Properties there are no: (i) other negotiations with any trade union or employee organization other than the Union that is a party to the Union Contract; (ii) unfair labor practices within the meaning of the United States National Labor Relations Act, and there is no pending or threatened complaint regarding any alleged unfair labor practices; (iii) strikes, material labor disputes, or material work slowdowns or stoppages pending or threatened with regard to any of Manager's employees working at the Properties, including the Bargaining Unit Employees (the "Hotel Employees"); (iv) material grievances or arbitration proceedings arising out of or under any collective bargaining agreement; (v) union organizing; and (vi) Sellers are in compliance in all material respects with laws governing the employment of labor. Sellers agree to use commercially reasonable efforts to instruct Manager to keep Purchaser apprised of all developments with any union or labor organization during the period between the Effective Date and Closing of this Agreement.

(b) Scheduling. The Parties agree to reasonably cooperate in scheduling and otherwise handling matters relating to Hotel Employees pursuant to this Section 38(b), so as to minimize prior to the Closing, any potential employee morale problems arising from the transfer of the ownership of the Properties to Purchaser and any resulting disruption to the Properties, services or the quality thereof. During the period prior to the Closing, the Parties shall also consult on a regular basis and coordinate activities relating to employee matters so as to facilitate

a smooth transition of the property operations and the continued proper performance by the Hotel Employees of their respective duties up to the Closing.

(c) Employee Benefit Funds. Manager currently contributes various amounts to a pension fund (the "Pension Fund") and welfare fund (collectively, the "Employee Benefit Funds") pursuant to the terms of the Union Contract. Sellers warrant that other than the Pension Fund referenced in this Section 38(c), neither JV Entities nor Manager contribute or are obligated to contribute to any other multiemployer pension funds for the benefit of any Hotel Employees. As soon as practicable, Sellers shall instruct Manager to use commercially reasonable efforts to obtain from the Pension Fund an estimate of withdrawal liability and notify Purchaser of the amount of such estimate. Sellers warrant that to their Actual Knowledge, there has been no withdrawal or planned withdrawal from the Pension Fund by Manager with respect to the Hotel Employees and that they have not taken and will not take any actions to encourage or induce a withdrawal from the Pension Fund by Manager with respect to the Hotel Employees.

(d) No Third Party Beneficiary. Nothing contained in this Section 38 shall confer any rights or remedies upon any employee or former employee of the Sellers or Manager or upon any other Person other than the parties hereto and their respective successors and assigns, and no provision of this Section is intended to amend, or to be an amendment to, any benefit plan.

(e) Cooperation. Purchaser agrees to cooperate with Sellers and/or the Union and/or Employee Benefit Funds and/or the Pension Benefit Guaranty Corporation (the "PBGC") with respect to any reasonable inquiry or request for information and assistance in connection with this Agreement.

(f) Parties' Indemnity. The Sellers shall indemnify and hold the Purchaser, the Transferred Entities and the JV Entities and the Purchaser shall indemnify and hold the Sellers and Manager, harmless from and against any loss incurred as a result of its breach of any of the provisions of this Section 38.

(g) Sellers shall indemnify and hold Purchaser, the Transferred Entities and the JV Entities harmless from and against any loss and/or costs incurred as a result of the Martinez/Rodriguez/Mercado wage and hour litigation set forth on Schedule G attached hereto (including, without limitation, as a result of any indemnity claim by Manager against the Purchaser, the Transferred Entities or the JV Entities in connection therewith); provided, however, that Purchaser shall not, or cause or permit any JV Entity to, settle or agree to be liable for any indemnity claim made by Manager against any JV Entity or Transferred Entity that may result in Seller having to make a payment to Purchaser pursuant to this Section 38(g) without the prior written approval of Seller. If Manager commences a litigation or other proceeding against a JV Entity or Transferred Entity with respect to such an indemnity claim for which Seller may have to make a payment to Purchaser pursuant to this Section 38(g), Purchaser shall promptly notify Seller thereof and Seller shall have the right to participate in the defense of such claim and shall be entitled, without requiring the consent or approval of Purchaser, to settle any such claims as they may relate to periods of time prior to the Closing.

(h) Survival. The Parties' covenants and obligations contained in this Section 38 shall survive the Closing.

39. BOOKINGS AND INFORMATION.

(a) Bookings. Purchaser shall cause the Individual Owners and Operating Lessees, as applicable, to honor all Bookings made in the Ordinary Course of Business prior to the Closing Date for any period on or after the Closing Date, including, without limitation, any Bookings by any person in redemption of any benefits accrued under any preferred guest program. This Section 39(a) shall survive the Closing.

(b) Notices and Filings. Seller and Purchaser shall use commercially reasonable efforts to cooperate with each other (at no cost or expense to the party whose cooperation is requested, other than any de minimis cost or expense or any cost or expense which the requesting party agrees in writing to reimburse) to provide written notice to any person under any Contracts, and to effect any registrations or filings with any governmental authority or other person, regarding the change in ownership of the Properties or the Business. This Section 39(b) shall survive the Closing.

(c) Access to Information. For a period of six (6) years and one (1) month following the Closing, Purchaser shall provide to the officers, employees, agents and representatives of any Sellers reasonable access to (the "Post-Closing Information") (i) the non-confidential and non-proprietary Books and Records with respect to the Properties, (ii) the Properties, to prepare any documents required to be filed by Seller under applicable law or to investigate, evaluate and defend any third-party claim or audit or inquiry by any governmental authority or insurance company, and (iii) to make electronic copies in connection with clauses (i) and (ii) above; provided, however, that (A) Seller shall provide reasonable prior notice to Purchaser; (B) Purchaser shall not be required to provide such access during non-business hours; (C) Purchaser shall have the right to accompany the officer, employees, agents or representatives of Seller in providing access to the Books and Records or the Properties; (D) such access shall not be permitted with respect to any such documents or materials that (i) are legally privileged or constitute attorney work product, (ii) are subject to a third party confidentiality agreement or to applicable law prohibiting their disclosure by Purchaser, (iii) constitute confidential internal assessments, reports, studies, memoranda, notes or other correspondence prepared by or on behalf of any officer or employee of Purchaser, or (iv) are otherwise related to the subject matter of any claim or litigation between Purchaser and Seller. Purchaser, at its cost and expense, shall use commercially reasonable efforts to retain all Books and Records with respect to the Properties for a period of six (6) years and one (1) month following the Closing; and (E) Sellers shall keep such information relating to the Books and Records confidential, provided that Sellers may disclose such information to Seller Related Parties and Sellers shall be under no duty to keep such information confidential to the extent that such information (i) was or becomes available to Sellers or Seller Related Parties on a non-confidential basis from a person not reasonably believed by Sellers or Seller Related Parties to be under an obligation (whether contractual, legal or fiduciary) of confidentiality to Purchaser, (ii) any information or materials which Sellers or Seller Related Parties reasonably believe were in Sellers or Seller Related Parties' possession, as applicable, prior to the receipt of such information from

the Purchasers, (iii) any information which is or hereafter becomes part of the public domain without any violation by Sellers or Seller Related Parties, (iv) any information Sellers or Seller Related Parties reasonably believe was independently produced by Sellers or Seller Related Parties, as applicable, without any reliance upon the information and if required by court order or subpoena issued in connection with any litigation or proceeding. This Section 39(c) shall survive the Closing.

(d) Privacy Laws. To the extent Purchaser reviews, is given access to or otherwise obtains any Hotel Guest Data and Information as part of the purchase of the Properties and the Business, Purchaser shall, with respect to information initially obtained by Sellers or Manager and provided to Purchaser, comply in all material respects with all applicable laws concerning (i) the privacy and use of such Hotel Guest Data and Information, Hotel Employee information and the sharing of such information and data with third parties (including, without limitation, any restrictions with respect to Purchaser's or any third party's ability to use, transfer, store, sell, or share such information and data), and (ii) the establishment of adequate security measures to protect such Hotel Guest Data and Information and Hotel Employee information. "Hotel Guest Data and Information" means all guest or customer profiles, contact information (e.g., addresses, phone numbers, facsimile numbers and email addresses), histories, preferences and any other guest or customer information in any database of Seller, whether obtained or derived by Seller from: (a) guests or customers of the Properties or any facility associated with the Properties; (b) guests or customers of any other hotel or lodging properties (including any condominium or interval ownership properties) owned, leased, operated, managed, licensed or franchised by Seller, or any facility associated with such hotels or other properties (including restaurants, golf courses and spas); or (c) any other sources and databases, including the Franchisors' or Manager's brand websites and Franchisors' or Manager's central reservations database and operational data base. This Section 39(d) shall survive the Closing.

(e) Franchise Agreements. From and after the expiration of the Due Diligence Period, Purchaser shall be responsible for providing all information requested by each Franchisor, and Purchaser shall pay all fees, costs and expenses associated with obtaining consent to the proposed transfer from each Franchisor. If any Franchisor fails to provide consent and such Franchise Agreement is terminated or other penalties are imposed, this Agreement shall not be terminated and Purchaser shall remain obligated to purchase the applicable Properties without abatement or proration in the Purchase Price, and Purchaser shall be responsible for all amounts payable to such Franchisor as a result of such lack of consent or termination of the Franchise Agreement including, without limitation, all penalties, fees, costs and expenses in connection therewith.

(f) Bulk Sales. Following the Effective Date, Sellers shall notify (each, a "Bulk Sales Filing") the applicable governmental agencies in states (the "Bulk Sales States") where Properties are located that have bulk sales acts which would be applicable to the sale of the Properties. To the extent (i) Sellers receive any statement(s) of taxes described in this clause (f) due with respect to prior to the Closing, Sellers shall promptly cause the Transferred Entities to comply with same and apply the amount due; or (ii) Sellers receive any statement(s) of such taxes due after the Closing, Sellers shall promptly comply with same and apply the amount due, Sellers shall indemnify and hold Purchaser, the Transferred Entities and the JV Entities harmless from and

against, all losses, damages, liabilities, claims and expenses (including, without limitation reasonable attorneys' fees and costs) relating to any tax payment that is owed in a Bulk Sales State with respect to the taxes that would have been the subject of the Bulk Sales States response to the Bulk Sales Filing. This indemnity shall terminate upon Sellers' obtaining the applicable clearance or waiver from the applicable Bulk Sales State reflecting no taxes due.

40. AFFECTED PROPERTIES; AFFECTED INDIVIDUAL PROPERTIES.

41. MISCELLANEOUS.

(a) This Agreement may be executed in multiple counterparts, each of which shall be deemed an original and all of which, taken together, shall constitute one and the same instrument. This Agreement may be executed by facsimile or scanned signatures; any signed Agreement or signature page to this Agreement that is transmitted by facsimile or in the portable document format (pdf) shall be treated in all manners and respects as an original Agreement or signature page.

(b) The Parties acknowledge and agree that, even though the Transferred Interests only include a portion of the Transferred Entities, all calculations to be performed under this Agreement (including, without limitation, prorations and the payment of closing costs) shall be performed on the basis of one hundred percent (100%) of the applicable cost or adjustment.

(c) Any consent or approval to be given hereunder (whether by any of Seller, Purchaser or Chatham LP) shall not be effective unless the same shall be given in advance of the taking of the action for which consent or approval is requested and shall be in writing. Except as otherwise expressly provided herein, any consent or approval requested of any Seller, Purchaser or Chatham LP may be withheld by such Seller, Purchaser or Chatham LP in its sole and absolute discretion.

(d) Escrow Agent is hereby designated the "real estate reporting person" for purposes of Section 6045 of the Code and Treasury Regulation 1.6045-4 and any instructions or settlement statement prepared by Escrow Agent shall so provide. Upon the consummation of the transaction contemplated by this Agreement, Escrow Agent shall file Form 1099 information return and send the statement to Seller as required under the aforementioned statute and regulation. Sellers and Purchaser shall promptly furnish their federal tax identification numbers to Escrow Agent and shall otherwise reasonably cooperate with Escrow Agent in connection with Escrow Agent's duties as real estate reporting person.

(e) The Parties acknowledge that (x) each Party and its counsel have reviewed this Agreement, (y) each Party has approved this Agreement and (z) the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement (or any amendments, exhibits or schedules hereto) or of any agreements entered into arising from, relating to or in connection with this Agreement.

(f) Each Seller acknowledges that except as set forth in this Agreement, no Seller has any right under this Agreement to close and transfer title to less than all of the Transferred Interests, and in the event any Seller has any right to terminate this Agreement pursuant to a right expressly granted herein, such Seller shall have no right to terminate this Agreement in part (i.e., such right of termination, if exercised, shall be exercised with respect to all Transferred Interests, and not with respect to any Transferred Interest), except as expressly provided herein. In the event that the Scheduled Closing Date for one or more Properties is/are adjourned for any reason by one or more Sellers or by Purchaser pursuant to any provision of this Agreement, then the Scheduled Closing Date for all of the other Properties shall be automatically adjourned to such adjourned Scheduled Closing Date such that the Scheduled Closing Date applicable to all Properties shall occur simultaneously. The Sellers hereby: (i) designate Grand Prix Addison (RI) LLC ("GPARI") as having the authority to act on behalf of all of the Sellers in respect of all matters under this Agreement; and (ii) designate GPARI as agent for the service of process in any action or proceeding, whether before a court or by arbitration, involving the determination or enforcement of any rights or obligations under this Agreement. With regard to the foregoing, (i) any notice, and any summons, complaint or other legal process or notice given in connection with an arbitration proceeding (hereinafter referred to as "legal process"), given to, or served upon, GPARI shall be deemed to have been given to, or served upon, each and every one of the Sellers at the same time that such notice or legal process is given to, or served upon, GPARI, (ii) Purchaser may rely on the authority of GPARI to act on behalf of all Sellers, (iii) the act of GPARI shall be deemed for all purposes to be the act of all Sellers and shall be fully binding upon all Sellers, (iv) any notice from any Seller other than GPARI purporting to act on behalf of the any of the Sellers shall be void and of no force and effect, and (v) in the event of conflicting notices and/or instructions from any of the Sellers, Purchaser may rely on the act of GPARI.

(g) With respect to the Individual Properties located in the State of Washington, Purchaser and Sellers agree and acknowledge that such Individual Properties constitute "Commercial Real Estate" as defined in RCW 64.06.005. Purchaser has been advised of its right to receive a completed seller disclosure statement (the "Seller Disclosure Statement") about the Real Property pursuant to RCW Chapter 64.06. Purchaser hereby waives (a) the right to receive the Seller Disclosure Statement from Sellers pursuant to RCW Chapter 64.06, and (b) the right to rescind this Agreement based on Purchaser's lack of receipt of such a Seller Disclosure Statement.

(h) The provisions of this Section 41 shall survive the Closing or the termination hereof.

42. TAX MATTERS.

(a) Indemnification for Pre-Closing Taxes. Seller and Purchaser acknowledge that the transfer of interests in the Transferee Entities from Seller to Purchaser will result in an actual termination of INK Acquisition IV LLC as a partnership and a "technical termination" of each other Transferred Entity as a partnership under Section 708(b)(1)(B) of the Code and Treasury Regulations section 1.708-1, which will result in the closing of each terminated partnership's taxable year on the Closing Date under Treasury Regulations section 1.708-1(b)(3)(ii). All tax periods ending on or before the Closing Date are "Pre-Closing Tax Periods". Sellers

shall indemnify, defend and hold Purchaser, the Transferred Entities and the JV Entities from and against all Taxes of the Transferred Entities and the JV Entities that are due with respect to Pre-Closing Tax Periods~~.~~, other than Taxes otherwise provided for in this Agreement, including, without limitation, Section 7 (Property Level Taxes) and Section 16 (Transfer Taxes), and other than Taxes arising on the Closing Date but after the Closing. "Tax" or "Taxes" mean any Property Level Tax and any federal, state, local or foreign income, gross receipts, license, payroll, employment-related, excise, goods and services, harmonized sales, severance, stamp, occupation, premium, windfall profits, environmental, customs duties, capital stock, franchise, profits, withholding, social security, unemployment, disability, transfer, registration, value added, alternative or add-on minimum, estimated, or other tax of any kind whatsoever, including any interest, penalty, or addition thereto, whether disputed or not. Sellers shall control the contest, at their own expense, with respect to all Taxes indemnified hereunder, including the right to settle or compromise any such Tax liability, provided that Purchaser shall be entitled to participate in any such contest.

(b) Tax Returns. Purchaser shall prepare or cause to be prepared all Tax Returns for the Transferred Entities (and, if applicable, the JV Entities) for all Pre-Closing Tax Periods which are filed after the Closing Date, including, without limitation, the final federal income Tax Returns of the "terminated" partnerships, whose tax years will be deemed to end on the Closing Date. Seller shall review and comment on each such Tax Return at least ten (10) days prior to filing and all such Tax Returns shall reflect Seller's comments, provided, however, that Purchaser shall have sole discretion with respect to any tax elections made on such final federal tax returns, so long as any such elections do not have any impact Seller's tax liability that is not indemnified by Purchaser. Seller shall include any Pre-Closing Tax Period income, gain, loss, deduction or other tax items shown on such Tax Returns on the Seller's income Tax Returns. Purchaser will be solely responsible for all Tax Returns relating to tax periods after the Closing Date. "Tax Return" means any return, declaration, report, claim for refund, or information return or statement related to Taxes, including any schedule or attachment thereto, and including any amendment thereof.

43. INDIVIDUAL OWNERS AND OPERATING LESSEES JOINDER. Each of the Individual Owners and the Operating Lessees, by their execution hereof, hereby agrees that to the extent Sellers do not have the power to comply with a covenant set forth in Sections 9(a) and (b) above with respect to the Properties and the operation of the Business because only an Individual Owner or Operating Lessee can take such action and Sellers do not have the power to cause such entities to take such action, the applicable Individual Owner or Operating Lessee shall take such action (but the foregoing does not release Sellers from their obligations set forth in Sections 9(a) and 9(b)). Notwithstanding anything to the contrary, the obligations of the Individual Owners and the Operating Lessees herein may be enforced only by Purchaser and not by any Seller. For the avoidance of doubt, Purchaser expressly acknowledges and agrees that any failure of the Individual Owners and the Operating Lessees to comply with their obligations under this Section 43 shall not be considered an intentional act of any Seller for the purposes of the last sentence of Section 20(a) above.

[No further text on this page; signature page follows]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed the day and year first above written.

SELLERS:

CRE-INK REIT MEMBER, LLC,
a Delaware limited liability company

By: /s/ Thomas E. Wagner
Name: Thomas E. Wagner
Title: Vice President

CRE-INK REIT MEMBER IV, LLC,
a Delaware limited liability company

By: /s/ Thomas E. Wagner
Name: Thomas E. Wagner
Title: Vice President

CRE-INK REIT MEMBER V, LLC,
a Delaware limited liability company

By: /s/ Thomas E. Wagner
Name: Thomas E. Wagner
Title: Vice President

CRE-INK REIT MEMBER VI, LLC,
a Delaware limited liability company

By: /s/ Thomas E. Wagner
Name: Thomas E. Wagner
Title: Vice President

[SIGNATURES CONTINUED ON NEXT PAGE]

CRE-INK REIT MEMBER VII, LLC,
a Delaware limited liability company

By: /s/ Thomas E. Wagner
Name: Thomas E. Wagner
Title: Vice President

CRE-INK TRS HOLDING, INC.,
a Delaware corporation

By: /s/ Thomas E. Wagner
Name: Thomas E. Wagner
Title: Vice President

[SIGNATURES CONTINUED ON NEXT PAGE]

The undersigned hereby acknowledge and consent to the provisions of Section 43 only.

INDIVIDUAL OWNERS:

GRAND PRIX ADDISON (RI) LLC
GRAND PRIX ADDISON (SS) LLC
GRAND PRIX ALTAMONTE LLC
GRAND PRIX ARLINGTON LLC
GRAND PRIX ATLANTA LLC
GRAND PRIX ATLANTA (PEACHTREE CORNERS) LLC
GRAND PRIX ATLANTIC CITY LLC
GRAND PRIX BELLEVUE LLC
GRAND PRIX BELMONT LLC
GRAND PRIX BINGHAMTON LLC
GRAND PRIX BOTHELL LLC
GRAND PRIX CAMPBELL/SAN JOSE LLC
GRAND PRIX CHERRY HILL LLC
GRAND PRIX CHICAGO LLC
GRAND PRIX COLUMBIA LLC
GRAND PRIX DENVER LLC
GRAND PRIX EL SEGUNDO LLC
GRAND PRIX ENGLEWOOD/DENVER SOUTH LLC
GRAND PRIX FREMONT LLC
GRAND PRIX FT. LAUDERDALE LLC
GRAND PRIX GAITHERSBURG LLC
GRAND PRIX HARRISBURG LLC
GRAND PRIX HORSHAM LLC
GRAND PRIX ISLANDIA LLC
GRAND PRIX LAS COLINAS LLC
GRAND PRIX LEXINGTON LLC
GRAND PRIX LIVONIA LLC
GRAND PRIX LOUISVILLE (RI) LLC
GRAND PRIX LYNNWOOD LLC
GRAND PRIX MONTVALE LLC
GRAND PRIX MORRISTOWN LLC
GRAND PRIX MOUNTAIN VIEW LLC
GRAND PRIX MT. LAUREL LLC
GRAND PRIX NAPLES LLC
GRAND PRIX ONTARIO LLC
GRAND PRIX PORTLAND LLC
GRAND PRIX RICHMOND LLC
GRAND PRIX RICHMOND (NORTHWEST) LLC
GRAND PRIX ROCKVILLE LLC
GRAND PRIX ROCKVILLE SUBSIDIARY LLC

GRAND PRIX SADDLE RIVER LLC,
GRAND PRIX SAN JOSE LLC
GRAND PRIX SAN MATEO LLC
GRAND PRIX SHELTON LLC
GRAND PRIX SILI I LLC
GRAND PRIX SILI II LLC
GRAND PRIX TROY (SE) LLC
GRAND PRIX TUKWILA LLC
GRAND PRIX WILLOW GROVE LLC
GRAND PRIX WINDSOR LLC
KPA/GP FT. WALTON BEACH LLC
KPA/GP LOUISVILLE (HI) LLC

each a Delaware limited liability company

By: /s/ Eric Kentoff
Name: Eric Kentoff
Title: Authorized Signatory

[SIGNATURES CONTINUED ON NEXT PAGE]

OPERATING LESSEES:

GRAND PRIX FIXED LESSEE LLC
a Delaware limited liability company

By: /s/ Eric Kentoff
Name: Eric Kentoff
Title: Authorized Signatory

INK LESSEE LLC,
a Delaware limited liability company

By: /s/ Eric Kentoff
Name: Eric Kentoff
Title: Authorized Signatory

[SIGNATURES CONTINUED ON NEXT PAGE]

The undersigned hereby acknowledges and consents to the provisions of Section 2(a) only.

Chatham Lodging, L.P.,
a Delaware limited partnership

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

By: /s/ Eric Kentoff
Name: Eric Kentoff
Title: Vice President and Secretary

JOINDER

Cerberus Series Four Holdings, LLC, a Delaware limited liability company ("Guarantor"), by Guarantor's execution of this Joinder (this "Guaranty"), hereby joins in execution of this Agreement to guaranty to Purchaser, the full and timely payment of all of the post-closing monetary obligations of Sellers with respect to the payment and satisfaction of Damages as set forth in Section 11(e) of the Agreement and any other provisions expressly set forth in the Agreement under which any Seller has any express post-closing monetary obligation to Purchaser (collectively, the "Guaranteed Obligations"), subject in all respects to (i) all of the limitations described in the Agreement, including, without limitation, the limitations on survival (i.e., the Limitation Period), and (ii) the Maximum Liability (hereinafter defined). Notwithstanding any other provisions above or in the Agreement to the contrary, in no event shall the aggregate liability of Guarantor with respect to all of the Guaranteed Obligations exceed, in the aggregate, the sum of Thirty Million and 00/100 Dollars ($30,000,000.00) less any sums paid by Sellers with respect to its post-closing monetary obligations under the Agreement less any sums paid by the Representations Insurance Policy (the "Maximum Liability"). Guarantor is an affiliate of Sellers, and Guarantor is executing this Guaranty to induce Purchaser to enter into the Purchase Agreement. This is a guaranty of payment and not of collection. Guarantor waives (i) notice of acceptance; (ii) any requirement that Purchaser commence any litigation against Sellers; or (iii) any and all suretyship defenses (other than the payment of the Guaranteed Obligations). This Guaranty shall be governed by and construed in accordance with the internal laws of the State of New York, and not the laws pertaining to choice or conflict of laws of the State of New York. No direct or indirect partner, shareholder, or member in or of Guarantor (and no officer, director, member, employee or agent of such partner, shareholder, or member of Guarantor) will be personally liable for the performance of Guarantor's obligations under this Agreement. Notwithstanding anything to the contrary contained in this Joinder, the Agreement or in any other document, other than solely with respect to adjustments and prorations as expressly set forth in Section 7(b)(xiv) of this Agreement and Sellers' other post-closing monetary obligations expressly set forth in the Agreement that are not covered by the Representations Insurance Policy, this Joinder shall automatically (and without the necessity of any further instrument) terminate and be void ab initio and of no further force or effect if Purchaser or Sellers obtain a Representations Insurance Policy (as defined in the Agreement).

[SIGNATURE PAGE FOLLOWS]

CERBERUS SERIES FOUR HOLDINGS, LLC.
a Delaware limited liability company

By: Cerberus Institutional Partners, L.P. - Series Four, its managing member

By: Cerberus Institutional Associates L.L.C., its general partner

By: /s/ Jeffrey L. Lomasky
Name: Jeffrey L. Lomasky
Title: Senior Managing Director

PURCHASER:

NEWINK, LLC, a Delaware limited liability company

By: Chatham NewINK Member, LLC, its Member

By: /s/ Eric Kentoff
Name: Eric Kentoff
Title: Authorized Signatory

By: Platform Member-T, LLC, its Member

By: /s/ Ronald J. Lieberman
Name: Ronald J. Lieberman
Title: Executive Vice President, General Counsel and Secretary

The undersigned hereby
acknowledges and consents
to the provisions of Sections 4(b) and 41(d):

ESCROW AGENT:

FIDELITY NATIONAL TITLE INSURANCE COMPANY, as Escrow Agent

By: /s/ Evie Wexler
Name: Evie Wexler
Title: Title Officer

SCHEDULE A

Seller Entities

CRE-INK REIT MEMBER, LLC	**CRE-INK REIT MEMBER VI, LLC**
CRE-INK REIT MEMBER IV, LLC	**CRE-INK REIT MEMBER VII, LLC**
CRE-INK REIT MEMBER V, LLC	**CRE-INK TRS HOLDING, INC.**

SCHEDULE B

[See Attached]

* * * * *

[No further text on this page.]

SCHEDULE B-1

PURCHASE PRICE ALLOCATION

[See attached]

* * * * *

[No further text on this page.]

SCHEDULE B-2

PERCENTAGE INTEREST IN TRANSFERRED ENTITY

INK ACQUISITION LLC	89.7222%
INK ACQUISITION III LLC	89.7222%
INK ACQUISITION IV LLC	89.7222%
INK ACQUISITION V LLC	89.7222%
INK ACQUISITION VI LLC	89.7222%
INK ACQUISITION VII LLC	89.7222%

* * * * *

[No further text on this page.]

SCHEDULE C

List of Franchise Agreements

Property	**Franchise Agreement**	**Franchisor**
Hampton Inn Louisville Downtown, Louisville, KY	Amended and Restated Franchise License Agreement dated as of October 27, 2011, by and between Hampton Inns Franchise LLC, as licensor, and Grand Prix Floating Lessee LLC, as licensee.	Hampton Inns Franchise LLC
Hyatt House, Addison, TX	Franchise Agreement dated as of October 27, 2011, by and between Hyatt House Franchising, L.L.C., as franchisor, and Grand Prix Floating Lessee LLC, as franchisee.	Hyatt House Franchising, L.L.C.
Residence Inn San Jose, Campbell, CA	Relicensing Franchise Agreement as of October 27, 2011 by and between Marriott International, Inc. and Grand Prix Fixed Lessee LLC	Marriott International, Inc.
Residence Inn, Fremont, CA	Relicensing Franchise Agreement as of October 27, 2011 by and between Marriott International, Inc. and Grand Prix Fixed Lessee LLC	Marriott International, Inc.
Residence Inn, Mountain View, CA	Relicensing Franchise Agreement as of October 27, 2011 by and between Marriott International, Inc. and Grand Prix Fixed Lessee LLC	Marriott International, Inc.
Residence Inn San Jose South, San Jose, CA	Relicensing Franchise Agreement as of October 27, 2011 by and between Marriott International, Inc. and Grand Prix Fixed Lessee LLC	Marriott International, Inc.
Residence Inn, San Mateo, CA	Relicensing Franchise Agreement as of October 27, 2011 by and between Marriott International, Inc. and Grand Prix Fixed Lessee LLC	Marriott International, Inc.

Residence Inn Silicon Valley I, Sunnyvale, CA	Relicensing Franchise Agreement as of October 27, 2011 by and between Marriott International, Inc. and Grand Prix Fixed Lessee LLC	Marriott International, Inc.
Residence Inn Silicon Valley II, Sunnyvale, CA	Relicensing Franchise Agreement as of October 27, 2011 by and between Marriott International, Inc. and Grand Prix Fixed Lessee LLC	Marriott International, Inc.
Residence Inn Denver Downtown, Denver, CO	Relicensing Franchise Agreement as of October 27, 2011 by and between Marriott International, Inc. and Grand Prix Fixed Lessee LLC	Marriott International, Inc.
Residence inn Denver South Englewood, CO	Relicensing Franchise Agreement as of October 27, 2011 by and between Marriott International, Inc. and Grand Prix Fixed Lessee LLC	Marriott International, Inc.
Residence Inn, Shelton, CT	Relicensing Franchise Agreement as of October 27, 2011 by and between Marriott International, Inc. and Grand Prix Fixed Lessee LLC	Marriott International, Inc.
Residence Inn, Windsor, CT	Relicensing Franchise Agreement as of October 27, 2011 by and between Marriott International, Inc. and Grand Prix Fixed Lessee LLC	Marriott International, Inc.
Residence Inn, Altamonte Springs, FL	Relicensing Franchise Agreement as of October 27, 2011 by and between Marriott International, Inc. and Grand Prix Fixed Lessee LLC	Marriott International, Inc.
Courtyard, Fort Lauderdale, FL	Relicensing Franchise Agreement as of October 27, 2011 by and between Marriott International, Inc. and Grand Prix Fixed Lessee LLC	Marriott International, Inc.
Residence Inn Atlanta Downtown, Atlanta, GA	Relicensing Franchise Agreement as of October 27, 2011 by and between Marriott International, Inc. and Grand Prix Fixed Lessee LLC	Marriott International, Inc.

Residence Inn Peachtree Corners, Atlanta, GA	Relicensing Franchise Agreement as of October 27, 2011 by and between Marriott International, Inc. and Grand Prix Fixed Lessee LLC	Marriott International, Inc.
Residence Inn Chicago (Rosemont/O'Hare), Rosemont, IL	Relicensing Franchise Agreement as of October 27, 2011 by and between Marriott International, Inc. and Grand Prix Fixed Lessee LLC	Marriott International, Inc.
Residence Inn Lexington North, Lexington, KY	Relicensing Franchise Agreement as of October 27, 2011 by and between Marriott International, Inc. and Grand Prix Fixed Lessee LLC	Marriott International, Inc.
Residence Inn, Louisville, KY	Relicensing Franchise Agreement as of October 27, 2011 by and between Marriott International, Inc. and Grand Prix Fixed Lessee LLC	Marriott International, Inc.
Residence Inn, Gaithersburg, MD	Relicensing Franchise Agreement as of October 27, 2011 by and between Marriott International, Inc. and Grand Prix Fixed Lessee LLC	Marriott International, Inc.
Residence Inn Portland, Scarborough, ME	Relicensing Franchise Agreement as of October 27, 2011 by and between Marriott International, Inc. and Grand Prix Fixed Lessee LLC	Marriott International, Inc.
Residence Inn, Livonia, MI	Relicensing Franchise Agreement as of October 27, 2011 by and between Marriott International, Inc. and Grand Prix Fixed Lessee LLC	Marriott International, Inc.
Residence Inn, Cherry Hill, NJ	Relicensing Franchise Agreement as of October 27, 2011 by and between Marriott International, Inc. and Grand Prix Fixed Lessee LLC	Marriott International, Inc.
Residence Inn, Saddle River, NJ	Relicensing Franchise Agreement as of October 27, 2011 by and between Marriott International, Inc. and Grand Prix Fixed Lessee LLC	Marriott International, Inc.

Residence Inn Binghamton, Vestal, NY	Relicensing Franchise Agreement as of October 27, 2011 by and between Marriott International, Inc. and Grand Prix Fixed Lessee LLC	Marriott International, Inc.
Towneplace Suites, Horsham, PA	Relicensing Franchise Agreement as of October 27, 2011 by and between Marriott International Inc. and Grand Prix Fixed Lessee LLC	Marriott International, Inc.
Residence Inn, Addison, TX	Relicensing Franchise Agreement as of October 27, 2011 by and between Marriott International, Inc. and Grand Prix Fixed Lessee LLC	Marriott International, Inc.
Residence Inn, Arlington, TX	Relicensing Franchise Agreement as of October 27, 2011 by and between Marriott International, Inc. and Grand Prix Fixed Lessee LLC	Marriott International, Inc.
Residence Inn, Richmond, VA	Relicensing Franchise Agreement as of October 27, 2011 by and between Marriott International Inc. and Grand Prix Fixed Lessee LLC	Marriott International Inc.
Residence Inn Richmond NW, Richmond, VA	Relicensing Franchise Agreement as of October 27, 2011 by and between Marriott International, Inc. and Grand Prix Fixed Lessee LLC	Marriott International, Inc.
Residence Inn, Bellevue, WA	Relicensing Franchise Agreement as of October 27, 2011 by and between Marriott International, Inc. and Grand Prix Fixed Lessee LLC	Marriott International, Inc.
Residence Inn, Bothell, WA	Relicensing Franchise Agreement as of October 27, 2011 by and between Marriott International, Inc. and Grand Prix Fixed Lessee LLC	Marriott International, Inc.
Residence Inn, Lynnwood, WA	Relicensing Franchise Agreement as of October 27, 2011 by and between Marriott International, Inc. and Grand Prix Fixed Lessee LLC	Marriott International, Inc.

Residence Inn Tukwila, Seattle, WA	Relicensing Franchise Agreement as of October 27, 2011 by and between Marriott International, Inc. and Grand Prix Fixed Lessee LLC	Marriott International, Inc.
Residence Inn Troy Southeast, Madison Heights, MI	Relicensing Franchise Agreement dated as of October 27, 2011, by and between Marriott International, Inc., as franchisor, and Grand Prix Floating Lessee LLC, as franchisee.	Marriott International, Inc.
Courtyard, Atlantic City, NJ	Relicensing Franchise Agreement dated as of October 27, 2011, by and between Marriott International, Inc., as franchisor, and Grand Prix Floating Lessee LLC, as franchisee.	Marriott International, Inc.
Courtyard, Montvale, NJ	Relicensing Franchise Agreement dated as of October 27, 2011, by and between Marriott International, Inc., as franchisor, and Grand Prix Floating Lessee LLC, as franchisee.	Marriott International, Inc.
Residence Inn, Harrisburg, PA	Relicensing Franchise Agreement dated as of October 27, 2011, by and between Marriott International, Inc., as franchisor, and Grand Prix Floating Lessee LLC, as franchisee.	Marriott International, Inc.
Residence Inn, Ontario, CA	Relicensing Franchise Agreement dated as of October 27, 2011, by and between Marriott International, Inc., as franchisor, and Grand Prix Floating Lessee LLC, as franchisee.	Marriott International, Inc.
Hampton Inn, Naples, FL	Amended and Restated Franchise License Agreement as of October 27, 2011 by and between Hampton Inns Franchise, LLC and Grand Prix Fixed Lessee LLC	Hampton Inns Franchise LLC
Hampton Inn, Columbia, MD	Amended and Restated Franchise License Agreement as of October 27, 2011 by and between Hampton Inns Franchise, LLC and Grand Prix Fixed Lessee LLC	Hampton Inns Franchise LLC

Hampton Inn, Islandia, NY	Amended and Restated Franchise License Agreement as of October 27, 2011 by and between Hampton Inns Franchise, LLC and Grand Prix Fixed Lessee LLC	Hampton Inns Franchise LLC
Hampton Inn, Willow Grove, PA	Amended and Restated Franchise License Agreement as of October 27, 2011 by and between Hampton Inns Franchise, LLC and Grand Prix Fixed Lessee LLC	Hampton Inns Franchise LLC
Sheraton Four Points, Fort Walton Beach, FL	License Agreement dated as of October 26, 2011, as amended and assigned, by and between The Sheraton LLC, as licensor, and INK Lessee LLC, as licensee.	The Sheraton LLC
Sheraton, Rockville, MD	License Agreement dated as of October 27, 2011, as amended and assigned, by and between The Sheraton LLC, as licensor, and Grand Prix Floating Lessee LLC, as licensee.	The Sheraton LLC
Hyatt House, Belmont, CA	Franchise Agreement as of October 27, 2011 by and between Hyatt House Franchising, L.L.C. and Grand Prix Fixed Lessee LLC	Hyatt House Franchising, L.L.C.
Hyatt House, El Segundo, CA	Franchise Agreement as of October 27, 2011 by and between Hyatt House Franchising, L.L.C. and Grand Prix Fixed Lessee LLC	Hyatt House Franchising, L.L.C.
Hyatt House, Mount Laurel, NJ	Franchise Agreement as of October 27, 2011 by and between Hyatt House Franchising, L.L.C. and Grand Prix Fixed Lessee LLC	Hyatt House Franchising, L.L.C.
Hyatt House, Las Colinas, Irving, TX	Franchise Agreement as of October 27, 2011 by and between Hyatt House Franchising, L.L.C. and Grand Prix Fixed Lessee LLC	Hyatt House Franchising, L.L.C.
Westin Inn, Morristown, NJ	License Agreement dated as of October 26, 2011, as amended and assigned, by and between Westin Hotel Management, L.P., as licensor, and INK Lessee LLC, as licensee.	Westin Hotel Management, L.P.

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SCHEDULE C-1

List of Franchise Agreement Defaults

Property	Franchise Agreement	Brief Description
Residence Inn Troy Southeast, Madison Heights, MI	Relicensing Franchise Agreement dated as of October 27, 2011, by and between Marriott International, Inc., as franchisor, and Grand Prix Floating Lessee LLC, as franchisee.	Notice of Red Zone 2/Default from Franchisor, dated February 28, 2014. Hotel failed Marriott's Quality Assurance Program ("QA Program").

Potential Defaults

Property	Franchise Agreement	Brief Description
Courtyard, Fort Lauderdale, FL	Relicensing Franchise Agreement as of October 27, 2011 by and between Marriott International, Inc. and Grand Prix Fixed Lessee LLC	Hotel failed QA Program, but Franchisee has not received formal Notice Letter.
Towneplace Suites, Horsham, PA	Relicensing Franchise Agreement as of October 27, 2011 by and between Marriott International Inc. and Grand Prix Fixed Lessee LLC	Notice of Red Zone 1 Status from Franchisor, dated February 22, 2013. Hotel failed QA Program and is in Red Zone 1.
Residence Inn, Shelton, CT	Relicensing Franchise Agreement as of October 27, 2011 by and between Marriott International, Inc. and Grand Prix Fixed Lessee LLC	Hotel failed QA Program and is in Red Zone 1.
Residence Inn, Altamonte Springs, FL	Relicensing Franchise Agreement as of October 27, 2011 by and between Marriott International, Inc. and Grand Prix Fixed Lessee LLC	Notice of Red Zone 1 Status from Franchisor, dated August 30, 2013. Hotel failed QA Program and is in Red Zone 1.
Residence Inn, Mountain View, CA	Relicensing Franchise Agreement as of October 27, 2011 by and between Marriott International, Inc. and Grand Prix Fixed Lessee LLC	Notice of Red Zone 1 Status from Franchisor, dated February 28, 2014. Hotel failed QA Program and is in Red Zone 1.

Courtyard, Montvale, NJ	Relicensing Franchise Agreement dated as of October 27, 2011, by and between Marriott International, Inc., as franchisor, and Grand Prix Floating Lessee LLC, as franchisee.	Hotel failed QA Program, but Franchisee has not received formal Notice Letter.
Sheraton, Rockville, MD	License Agreement dated as of October 27, 2011, as amended and assigned, by and between The Sheraton LLC, as licensor, and Grand Prix Floating Lessee LLC, as licensee.	Resolution of May 14, 2013 Notice of Default Letter. Hotel was under construction at the time of Letter and resolved the issues, but is awaiting approval from Franchisor.
Hyatt House, Mount Laurel, NJ	Franchise Agreement as of October 27, 2011 by and between Hyatt House Franchising, L.L.C. and Grand Prix Fixed Lessee LLC	Deficiency Improvement Notice Letter from Franchisor, dated September 13, 2013. Hotel is in the Deficiency Improvement Policy ("DIP").
Hyatt House, El Segundo, CA	Franchise Agreement as of October 27, 2011 by and between Hyatt House Franchising, L.L.C. and Grand Prix Fixed Lessee LLC	Hotel is potentially in the DIP, but Franchisee has not received formal Notice Letter.

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SCHEDULE D

List of Leases

1. License Agreement, dated February 3, 2001, between INK Lessee, LLC, successor-in-interest to ACQI Associates, L.P., as licensor, and AT&T Mobility, successor-in-interest to Amcell of Atlantic City, LLC, as licensee, concerning premises located at 1212 Pacific Avenue, Atlantic City, NJ 08401.

2. Lease Agreement, dated March 1, 2011, between INK Lessee, LLC, successor-in-interest to Grand Prix Floating Lessee LLC, as landlord, and Commodore Parking Service, LLC, as tenant, concerning premises located at 1212 Pacific Avenue, Atlantic City, NJ 08401.

3. Lease Agreement, dated August 30, 2007, between INK Lessee, LLC, successor-in-interest to Grand Prix Floating Lessee LLC, as landlord, and South City Prime Montvale, LLC, as tenant, concerning premises located at 100 Chestnut Ridge Road, Montvale, New Jersey 07645.

4. (I) Retail Area Lease Agreement, dated as of October 16, 1995, by and between Grand Prix Fixed Lessee, LLC (successor-in-interest to Atlanta Lodging Associates I, Limited Partnership), as landlord, and R-H Group, L.L.C., as tenant; (II) Annex Lease Agreement, dated as of October 16, 1995, by and between Grand Prix Fixed Lessee, LLC (successor-in-interest to Atlanta Lodging Associates I, Limited Partnership), as landlord, and R-H Group, L.L.C., as tenant; and (III) Penthouse Lease Agreement, dated as of October 16, 1995, by and between Grand Prix Fixed Lessee, LLC (successor-in-interest to Atlanta Lodging Associates I, Limited Partnership), as landlord, and R-H Group, L.L.C., as tenant; each concerning premises located at 134 Peachtree Street NW, Atlanta, Georgia 30303.

5. Agreement, dated November 1, 2011, between Island Hospitality Management Inc., as agent for INK Acquisition III, LLC, and Universal Vending Management, LLC, concerning each of the Properties (as defined in the Purchase and Sale Agreement to which this Schedule D is attached).

6. Standard Office Lease, dated April 8, 2014, between INK Acquisition III, LLC, a Delaware limited liability company, as Tenant, and Lake Midas LLC, a California limited liability company, as Landlord, concerning premises located at 530 Lakeside Drive, Sunnyvale, California.

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SCHEDULE D-1

List of Prepaid Rent

None.

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SCHEDULE E

Section 2(a)(2) Definitions

The "Grossed-Up Purchase Price" shall mean amount equal to $1,260,300,000.00.

The "Grossed-Up Specified Hotel Purchase Price" shall mean an amount equal to $326,450,000.00

"Net Cash Flow" has the meaning forth in the Second Amended and Restated Limited Liability Agreement of INK Acquisition LLC, dated as of October 27, 2011, made by and between CRE-Ink REIT Member LLC and Chatham LP and the Second Amended and Restated Limited Liability Agreement of INK Acquisition III LLC, dated as of October 27, 2011, made by and between CRE-Ink TRS Holding, Inc. and Chatham TRS Holding, Inc.

The "Chatham Post-Distribution Liquidating Distribution" equals 10.2778% of the Net Cash Flow that would be distributed to the members of the Final Transferred Entities if they were liquidated following the distribution of the Specified Hotel Interests and a sale of all of the remaining assets of the Final Transferred Entities for cash in an amount equal to the excess of the Grossed-Up Purchase Price over the Grossed-Up Specified Hotel Purchase Price.

The "Chatham Pre-Distribution Liquidating Distribution" equals Net Cash Flow that would be distributed by the Final Transferred Entities to Chatham Lodging LP if they were liquidated following the Merger and the sale of all of their assets for cash in an amount equal to the Grossed-Up Purchase Price.

The "Chatham Aggregate Deemed Distribution Amount" equals the excess of the Chatham Pre-Distribution Liquidating Distribution over the Chatham Post-Distribution Liquidating Distribution.

The "Specified Hotel Net Value" equals the fair market value of the Specified Hotels immediately prior to the Mergers less the debt attributable to the Specified Hotels.

The "Specified Hotel Transaction Consideration" equals the excess of the Specified Hotels Net Value over Chatham Aggregate Deemed Distribution Amount.

The "Deemed Pro-Rata Distribution Amount" equals the Specified Hotel Consideration divided by Sellers' Sharing Percentage.

The "Chatham Deemed Pro-Rata Distribution Amount" equals the product of the Deemed Pro-Rata Distribution Amount and Chatham's Sharing Percentage.

The "Deemed Disproportionate Distribution Amount" equals the excess of the Chatham Aggregated Deemed Distribution Amount over the Chatham Deemed Pro-Rata Distribution Amount.

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SCHEDULE F

Pending Condemnation Proceedings

None.

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SCHEDULE G

List of Litigation

General Litigation

Case Caption	Docket Number
SHEA SHAW V. ISLAND HOSPITALITY MANAGEMENT, INC., ET AL.	
MAISONNEUVE PATRICE VS ISLAND HOSPITALITY MANAGEMENT,	NJ2011285256
GARCIA MARIA VS ISLAND HOSPITALITY MANAGEMENT,	ADJ8768795
HERNANDEZ VS. ISLAND HOSPITALITY MANAGEMENT	
ELODIA PARRAS VS. ISLAND HOSPITALITY MANAGEMENT	
VALENZUELA GILBERTO VS INNKEEPERS HOSPITALITY MANAGEM	NJ2011166745
SANCHEZ GLADYS VS ISLAND HOSPITALITY MANAGEMENT,	NJ2013082520
CORTES v. AMANCHA	
ROSEMARY BARRIOS V. INNKEEPERS HOSPITALITY	ADJ8728578
ORNELAS MEDINA MARIA LIVIER VS ISLAND HOSPITALITY MANAGEMENT	ADJ8254923
SANTOS MARIA V. INNKEEPERS HOSPITALITY MANAGEM	2008-671
WESCOTT ANGELINA VS INNKEEPERS HOSPITALITY MANAGEM	NJ2011197678
HARRIGAN V. ISLAND HOSPITALITY MANAGEMENT, INC.	1071331

SAPIENTE V. RESIDENCE INN BY MARRIOTT, LLC., ET AL	CV13 6012312
GUZMAN MATILDE VS ISLAND HOSPITALITY MANAGEMENT,	ADJ8370589
WILLIAMS, REGINALD ET AL V. INK ACQUISITION, LLC, ET AL	
OSMIN VASQUEZ VS ISLAND HOSPITALITY MANAGEMENT,	B771773
GARCIA VS. LAMM, INNKEEPERS HOSPITALITY, INNKEEPERS USA, ET	03915/10
LYNCH EDWARD VS ISLAND HOSPITALITY MANAGEMENT,	NJ2012343338
TIBURCIO LUISA VS INNKEEPERS HOSPITALITY MANAGEM	709-942713
MICHAEL CLAUDIUS V. GRAND PRIX WILLOW GROVE LLC	
VISSANDIER JOSIANA VS ISLAND HOSPITALITY MANAGEMENT,	3440428
DOKO BUJAR VS INNKEEPERS HOSPITALITY MANAGEM	
THOMAS O'LEARY VS GRAND PRIX LOUISVILLE LLC ISLAND HOSPITALI	
JANE DOE VS ISLAND HOSPITALITY MANAGEMENT	
SANCHEZ ANTONIETA VS INNKEEPERS HOSPITALITY MANAGEM	ADJ8210911
MARTINEZ MARJO VS ISLAND HOSPITALITY MANAGEMENT	
RIPOSO	002319-000907-GB-01

[CONTINUED ON FOLLOWING PAGE]

Open Employment Legal Matters

Party Name	**Issue**
Dilma Coleman	Discrimination
Cassandra Collins	Discrimination
Michele Halpin	Discrimination
Briel Banks	Discrimination
Martinez/Rodriguez/Mercado	Wage & Hour
Christine Barbin	Discrimination
Yuron Villanueva	Wrongful Termination
Berquy Bailote	Discrimination
CBA Local 6	New CBA
Timothy Fennell	Wrongful Termination
Timothy Fennell	Wage & Hour
Irma Silva	Lost Time
Maria Cortes	Lost Time
Elodia Parras	Lost Time
Antonio Gonzalez	Lost Time

Claudia Medina	Lost Time
Evelyn Dement	Lost Time
Alba Hernandez Anguiano	Lost Time
Graciela Galvez	Lost Time
Gloria Quezada	Lost Time
Berquy Bailote	Lost Time
Maria Magda Alvarez	Lost Time
Maria Martinez	Lost Time
Gisela Amayo	Lost Time

[CONTINUED ON NEXT PAGE]

Other Litigation

Claimant Name	Claim Number
JARED ROSSI	L001037967-1-10-00
ALICE HANIFY	L001158797-1-30-00
SHIU HUEI YEN	L000818004-1-10-12
TERRANCE JAMES	L001024886-1-30-00
ROSVELLANN DIONES-GARNER	L001024886-2-30-00
ANDREW RAPOZA	L000949836-1-30-00

Pending or Threatened Litigation

FIRE AND OAK (MONTVALE COURTYARD)	Dispute related to payments with respect to good and services.

SCHEDULE H-1

Mezz A Borrowers

1. GRAND PRIX MEZZ BORROWER FIXED A LLC
2. INK MEZZ BORROWER A LLC
3. INK IV MEZZ BORROWER A LLC
4. INK V MEZZ BORROWER A LLC
5. INK V MEZZ BORROWER 2A LLC
6. INK VI MEZZ BORROWER A LLC
7. INK VI MEZZ BORROWER 2A LLC
8. INK VII MEZZ BORROWER A LLC
9. INK VII MEZZ BORROWER 2A LLC

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SCHEDULE H-2

Mezz B Borrowers

1. GRAND PRIX MEZZ BORROWER FIXED B LLC
2. INK MEZZ BORROWER B LLC
3. INK IV MEZZ BORROWER B LLC
4. INK V MEZZ BORROWER B LLC
5. INK V MEZZ BORROWER 2B LLC
6. INK VI MEZZ BORROWER B LLC
7. INK VI MEZZ BORROWER 2B LLC
8. INK VII MEZZ BORROWER B LLC
9. INK VII MEZZ BORROWER 2B LLC

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SCHEDULE H-3

Mezz C Borrowers

1. GRAND PRIX MEZZ BORROWER FIXED LLC
2. INK MEZZ BORROWER LLC
3. INK IV MEZZ BORROWER LLC
4. INK V MEZZ BORROWER LLC
5. INK V MEZZ BORROWER 2C LLC
6. INK VI MEZZ BORROWER LLC
7. INK VI MEZZ BORROWER 2C LLC
8. INK VII MEZZ BORROWER LLC
9. INK VII MEZZ BORROWER 2C LLC

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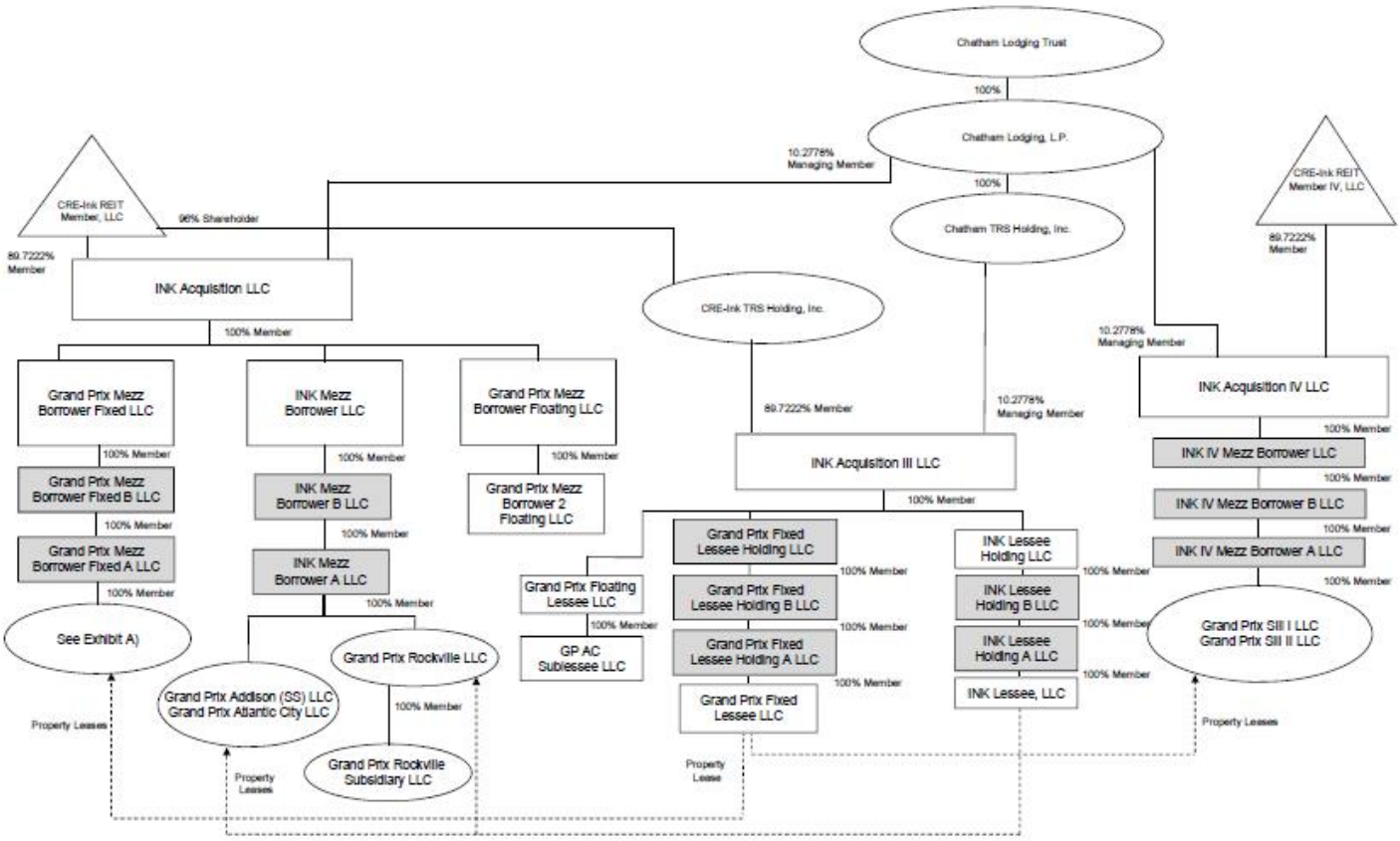
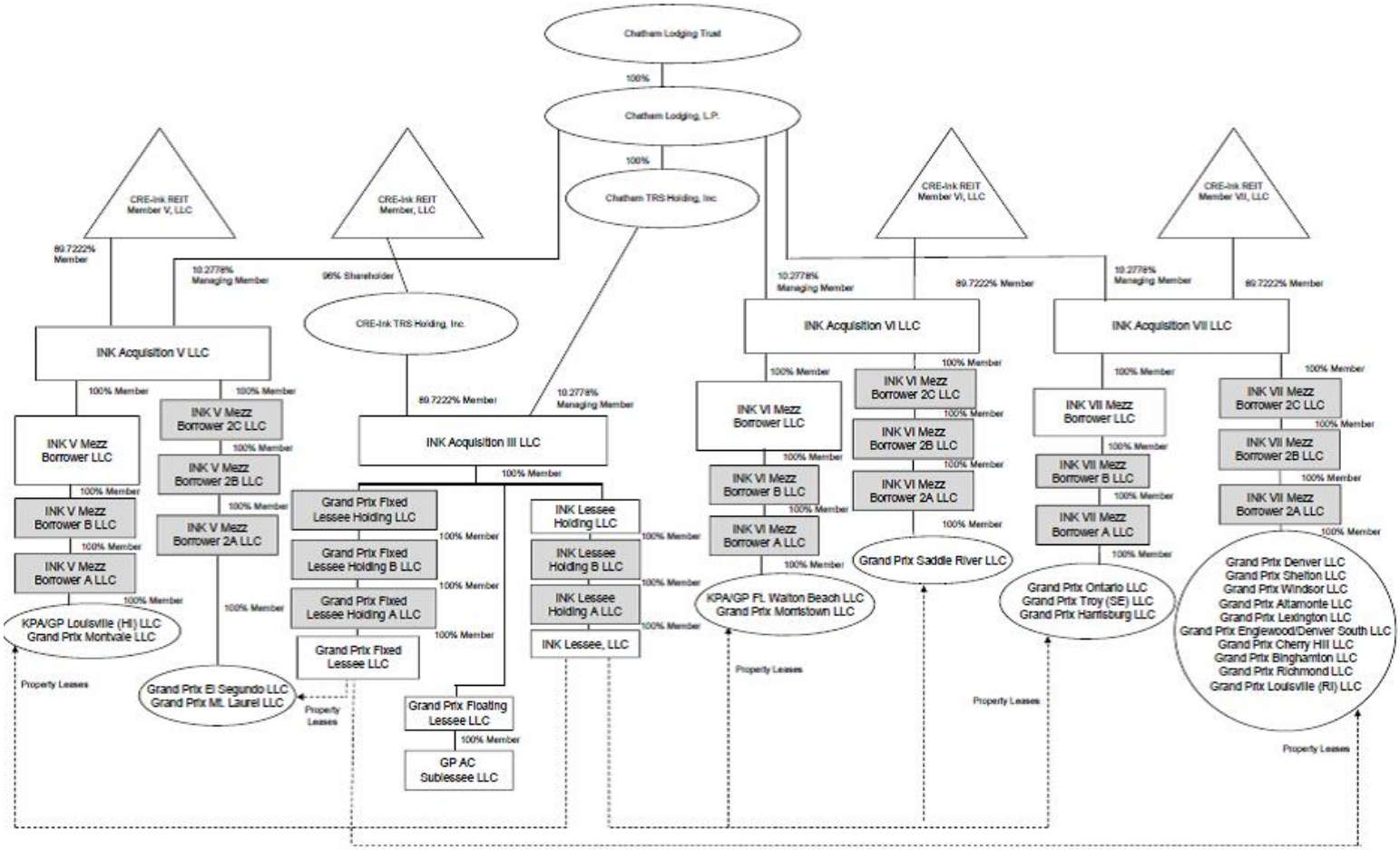
SCHEDULE I

Current Structure Chart



DOC ID - 21031260.28

Sched I-2



DOC ID - 21031260.28

Sched I-3

Exhibit A

Grand Prix Belmont LLC
Grand Prix Campbell/San Jose LLC
Grand Prix Fremont LLC
Grand Prix Mountain View LLC
Grand Prix San Jose LLC
Grand Prix San Mateo LLC
Grand Prix Ft. Lauderdale LLC
Grand Prix Naples LLC
Grand Prix Atlanta (Peachtree Corners) LLC
Grand Prix Atlanta LLC
Grand Prix Chicago LLC
Grand Prix Columbia LLC
Grand Prix Gaithersburg LLC
Grand Prix Portland LLC
Grand Prix Livonia LLC
Grand Prix Islandia LLC
Grand Prix Horsham LLC
Grand Prix Willow Grove LLC
Grand Prix Addison (RI) LLC
Grand Prix Arlington LLC
Grand Prix Las Colinas LLC
Grand Prix Richmond (Northwest) LLC
Grand Prix Bellevue LLC
Grand Prix Bothell LLC
Grand Prix Lynnwood LLC
Grand Prix Tukwila LLC

SCHEDULE J

Purchase Price

[See attached]

INK CLOSING DISTRIBUTIONS - CLOSING DATE SENSITIVITES

Closing Date	Closing Distributions: Equity Purchase Price	Closing Distributions: Debt Repayment	**Purchase Price**
5/16/2014	$ 280,687,583.58	$ 900,000,000.00	**$ 1,180,687,583.58**
5/17/2014	280,698,654.24	900,000,000.00	**1,180,698,654.24**
5/18/2014	280,709,730.65	900,000,000.00	**1,180,709,730.65**
5/19/2014	280,720,812.83	900,000,000.00	**1,180,720,812.83**
5/20/2014	280,731,900.78	900,000,000.00	**1,180,731,900.78**
5/21/2014	280,742,994.50	900,000,000.00	**1,180,742,994.50**
5/22/2014	280,754,094.00	900,000,000.00	**1,180,754,094.00**
5/23/2014	280,765,199.28	900,000,000.00	**1,180,765,199.28**
5/24/2014	280,776,310.33	900,000,000.00	**1,180,776,310.33**
5/25/2014	280,787,427.18	900,000,000.00	**1,180,787,427.18**
5/26/2014	280,798,549.81	900,000,000.00	**1,180,798,549.81**
5/27/2014	280,809,678.23	900,000,000.00	**1,180,809,678.23**
5/28/2014	280,820,812.44	900,000,000.00	**1,180,820,812.44**
5/29/2014	280,831,952.45	900,000,000.00	**1,180,831,952.45**
5/30/2014	280,843,098.27	900,000,000.00	**1,180,843,098.27**
5/31/2014	280,854,249.88	900,000,000.00	**1,180,854,249.88**
6/1/2014	280,865,407.30	900,000,000.00	**1,180,865,407.30**
6/2/2014	280,876,570.54	900,000,000.00	**1,180,876,570.54**
6/3/2014	280,887,739.58	900,000,000.00	**1,180,887,739.58**
6/4/2014	280,898,914.44	900,000,000.00	**1,180,898,914.44**
6/5/2014	280,910,095.12	900,000,000.00	**1,180,910,095.12**
6/6/2014	280,921,281.62	900,000,000.00	**1,180,921,281.62**
6/7/2014	280,932,473.95	900,000,000.00	**1,180,932,473.95**
6/8/2014	280,943,672.10	900,000,000.00	**1,180,943,672.10**
6/9/2014	280,954,876.09	900,000,000.00	**1,180,954,876.09**
6/10/2014	280,966,085.91	900,000,000.00	**1,180,966,085.91**
6/11/2014	280,977,301.57	900,000,000.00	**1,180,977,301.57**
6/12/2014	280,988,523.07	900,000,000.00	**1,180,988,523.07**
6/13/2014	280,999,750.42	900,000,000.00	**1,180,999,750.42**
6/14/2014	281,010,983.61	900,000,000.00	**1,181,010,983.61**
6/15/2014	281,022,222.65	900,000,000.00	**1,181,022,222.65**
6/16/2014	281,033,467.55	900,000,000.00	**1,181,033,467.55**
6/17/2014	281,044,718.30	900,000,000.00	**1,181,044,718.30**
6/18/2014	281,055,974.91	900,000,000.00	**1,181,055,974.91**
6/19/2014	281,067,237.39	900,000,000.00	**1,181,067,237.39**
6/20/2014	281,078,505.73	900,000,000.00	**1,181,078,505.73**

6/21/2014	281,089,779.94	900,000,000.00	**1,181,089,779.94**
6/22/2014	281,101,060.02	900,000,000.00	**1,181,101,060.02**
6/23/2014	281,112,345.98	900,000,000.00	**1,181,112,345.98**
6/24/2014	281,123,637.82	900,000,000.00	**1,181,123,637.82**
6/25/2014	281,134,935.54	900,000,000.00	**1,181,134,935.54**
6/26/2014	281,146,239.14	900,000,000.00	**1,181,146,239.14**
6/27/2014	281,157,548.64	900,000,000.00	**1,181,157,548.64**
6/28/2014	281,168,864.02	900,000,000.00	**1,181,168,864.02**
6/29/2014	281,180,185.30	900,000,000.00	**1,181,180,185.30**
6/30/2014	281,191,512.48	900,000,000.00	**1,181,191,512.48**
7/1/2014	281,202,845.55	900,000,000.00	**1,181,202,845.55**
7/2/2014	281,214,184.54	900,000,000.00	**1,181,214,184.54**
7/3/2014	281,225,529.42	900,000,000.00	**1,181,225,529.42**
7/4/2014	281,236,880.22	900,000,000.00	**1,181,236,880.22**
7/5/2014	281,248,236.94	900,000,000.00	**1,181,248,236.94**
7/6/2014	281,259,599.57	900,000,000.00	**1,181,259,599.57**
7/7/2014	281,270,968.12	900,000,000.00	**1,181,270,968.12**
7/8/2014	281,282,342.59	900,000,000.00	**1,181,282,342.59**
7/9/2014	281,293,722.99	900,000,000.00	**1,181,293,722.99**
7/10/2014	281,305,109.32	900,000,000.00	**1,181,305,109.32**
7/11/2014	281,316,501.59	900,000,000.00	**1,181,316,501.59**
7/12/2014	281,327,899.78	900,000,000.00	**1,181,327,899.78**
7/13/2014	281,339,303.92	900,000,000.00	**1,181,339,303.92**
7/14/2014	281,350,714.00	900,000,000.00	**1,181,350,714.00**
7/15/2014	281,362,130.03	900,000,000.00	**1,181,362,130.03**
7/16/2014	281,373,552.00	900,000,000.00	**1,181,373,552.00**
7/17/2014	281,384,979.93	900,000,000.00	**1,181,384,979.93**
7/18/2014	281,396,413.81	900,000,000.00	**1,181,396,413.81**
7/19/2014	281,407,853.65	900,000,000.00	**1,181,407,853.65**
7/20/2014	281,419,299.45	900,000,000.00	**1,181,419,299.45**
7/21/2014	281,430,751.22	900,000,000.00	**1,181,430,751.22**
7/22/2014	281,442,208.95	900,000,000.00	**1,181,442,208.95**
7/23/2014	281,453,672.66	900,000,000.00	**1,181,453,672.66**
7/24/2014	281,465,142.34	900,000,000.00	**1,181,465,142.34**
7/25/2014	281,476,618.00	900,000,000.00	**1,181,476,618.00**
7/26/2014	281,488,099.64	900,000,000.00	**1,181,488,099.64**
7/27/2014	281,499,587.26	900,000,000.00	**1,181,499,587.26**
7/28/2014	281,511,080.87	900,000,000.00	**1,181,511,080.87**
7/29/2014	281,522,580.47	900,000,000.00	**1,181,522,580.47**
7/30/2014	281,534,086.07	900,000,000.00	**1,181,534,086.07**
7/31/2014	281,545,597.66	900,000,000.00	**1,181,545,597.66**
8/1/2014	281,557,115.25	900,000,000.00	**1,181,557,115.25**

8/2/2014	281,568,638.85	900,000,000.00	**1,181,568,638.85**
8/3/2014	281,580,168.45	900,000,000.00	**1,181,580,168.45**
8/4/2014	281,591,704.06	900,000,000.00	**1,181,591,704.06**
8/5/2014	281,603,245.69	900,000,000.00	**1,181,603,245.69**
8/6/2014	281,614,793.33	900,000,000.00	**1,181,614,793.33**
8/7/2014	281,626,346.99	900,000,000.00	**1,181,626,346.99**
8/8/2014	281,637,906.68	900,000,000.00	**1,181,637,906.68**
8/9/2014	281,649,472.39	900,000,000.00	**1,181,649,472.39**
8/10/2014	281,661,044.13	900,000,000.00	**1,181,661,044.13**
8/11/2014	281,672,621.90	900,000,000.00	**1,181,672,621.90**
8/12/2014	281,684,205.71	900,000,000.00	**1,181,684,205.71**
8/13/2014	281,695,795.56	900,000,000.00	**1,181,695,795.56**
8/14/2014	281,707,391.45	900,000,000.00	**1,181,707,391.45**
8/15/2014	281,718,993.38	900,000,000.00	**1,181,718,993.38**
8/16/2014	281,730,601.37	900,000,000.00	**1,181,730,601.37**
8/17/2014	281,742,215.41	900,000,000.00	**1,181,742,215.41**
8/18/2014	281,753,835.50	900,000,000.00	**1,181,753,835.50**
8/19/2014	281,765,461.65	900,000,000.00	**1,181,765,461.65**
8/20/2014	281,777,093.86	900,000,000.00	**1,181,777,093.86**
8/21/2014	281,788,732.14	900,000,000.00	**1,181,788,732.14**
8/22/2014	281,800,376.49	900,000,000.00	**1,181,800,376.49**
8/23/2014	281,812,026.91	900,000,000.00	**1,181,812,026.91**
8/24/2014	281,823,683.40	900,000,000.00	**1,181,823,683.40**
8/25/2014	281,835,345.97	900,000,000.00	**1,181,835,345.97**
8/26/2014	281,847,014.63	900,000,000.00	**1,181,847,014.63**
8/27/2014	281,858,689.37	900,000,000.00	**1,181,858,689.37**
8/28/2014	281,870,370.19	900,000,000.00	**1,181,870,370.19**
8/29/2014	281,882,057.11	900,000,000.00	**1,181,882,057.11**
8/30/2014	281,893,750.12	900,000,000.00	**1,181,893,750.12**
8/31/2014	281,905,449.23	900,000,000.00	**1,181,905,449.23**
9/1/2014	281,917,154.44	900,000,000.00	**1,181,917,154.44**
9/2/2014	281,928,865.76	900,000,000.00	**1,181,928,865.76**
9/3/2014	281,940,583.19	900,000,000.00	**1,181,940,583.19**
9/4/2014	281,952,306.72	900,000,000.00	**1,181,952,306.72**
9/5/2014	281,964,036.37	900,000,000.00	**1,181,964,036.37**
9/6/2014	281,975,772.14	900,000,000.00	**1,181,975,772.14**
9/7/2014	281,987,514.03	900,000,000.00	**1,181,987,514.03**
9/8/2014	281,999,262.04	900,000,000.00	**1,181,999,262.04**
9/9/2014	282,011,016.18	900,000,000.00	**1,182,011,016.18**
9/10/2014	282,022,776.45	900,000,000.00	**1,182,022,776.45**
9/11/2014	282,034,542.86	900,000,000.00	**1,182,034,542.86**
9/12/2014	282,046,315.40	900,000,000.00	**1,182,046,315.40**

9/13/2014	282,058,094.08	900,000,000.00	**1,182,058,094.08**
9/14/2014	282,069,878.91	900,000,000.00	**1,182,069,878.91**
9/15/2014	282,081,669.89	900,000,000.00	**1,182,081,669.89**

SCHEDULE K

Insurance Certificates

1. Certificate of Liability Insurance, dated April, 24, 2014, Policy No. 301375-043877
(Agency: Arthur J. Gallagher Risk Management Services, Inc.; Insured: Island Hospitality Management, Inc.), effective December 31, 2013.

2. Certificate of Commercial Property Insurance, dated December 2, 2013, Certificate No: 57005208434 (Agency: Aon Risk Services Northeast, Inc.; Insured: INK Acquisition, LLC), effective December 1, 2013.

* * * * *

[No further text on this page.]

SCHEDULE L

Financials

[See Attached]

* * * * *

[No further text on this page.]

SCHEDULE M

Judgments

None.

* * * * *

[No further text on this page.]

SCHEDULE N

Operating Leases

	Individual Property	Operating Lease
1.	Hyatt House Belmont 400 Concourse Drive Belmont, CA 94002	Operating Lease Agreement, dated as of April 1, 2004, by and between Innkeepers Summerfield General, L.P., as lessor ("Original Lessor") and KPA Leaseco V, Inc., as lessee ("Original Lessee V"), as amended by (i) Amendment to Operating Lease, dated as of April 1, 2004, by and between Original Lessor and Original Lessee, (ii) Second Amendment to Operating Lease, dated as of October 27, 2011, by and between Grand Prix Belmont LLC ("Belmont Lessor") and Grand Prix Fixed Lessee LLC ("Fixed Lessee"), and (iii) Third Amendment to Operating Lease, dated as of September 4, 2013, by and between Belmont Lessor and Fixed Lessee.
2.	Residence Inn San Jose (Campbell) 2761 South Bascom Ave. Campbell, CA 95008	Renewed and Restated Operating Lease Agreement, dated as of June 1, 2011, by and between Grand Prix Campbell/San Jose LLC "Campbell Lessor") and Fixed Lessee, as amended by (i) First Amendment to Renewed and Restated Operating Lease, dated as of October 27, 2011, by and between Campbell Lessor and Fixed Lessee, and (ii) Second Amendment to Renewed and Restated Operating Lease, dated as of September 4, 2013, by and between Campbell Lessor and Fixed Lessee.
3.	Hyatt House El Segundo 810 South Douglas Street El Segundo, CA 90245	Operating Lease Agreement, dated as of April 1, 2004, Innkeepers Summerfield General II, L.P., as lessor ("Original Lessor II") and KPA Leaseco IV, Inc., as lessee ("Original Lessee IV"), as amended by (i) Amendment to Operating Lease, dated as of April 1, 2004, by and between Original Lessor II and Original Lessee IV (ii) Second Amendment to Operating Lease, dated as of October 27, 2011, by and between Grand Prix El Segundo LLC ("El Segundo Lessor") and Fixed Lessee and (iii) Third Amendment to Operating Lease, dated as of September 4, 2013, by and between El Segundo Lessor and Fixed Lessee.

	Individual Property	Operating Lease
4.	Residence Inn Fremont 5400 Farwell Place Fremont, CA 94536	Renewed and Restated Operating Lease Agreement, dated as of June 1, 2011, by and between Grand Prix Fremont LLC ("Fremont Lessor") and Fixed Lessee, as amended by (i) First Amendment to Renewed and Restated Operating Lease, dated as of October 27, 2011, by and between Fremont Lessor and Fixed Lessee, and (ii) Second Amendment to Renewed and Restated Operating Lease, dated as of September 4, 2013, by and between Fremont Lessor and Fixed Lessee.
5.	Residence Inn Mountain View 1854 El Camino Real West Mountain View, CA 94040	Renewed and Restated Operating Lease Agreement, dated as of June 1, 2011, by and between Grand Prix Mountain View LLC ("Mountain View Lessor") and Fixed Lessee, as amended by (i) First Amendment to Renewed and Restated Operating Lease, dated as of October 27, 2011, by and between Mountain View Lessor and Fixed Lessee, and (ii) Second Amendment to Renewed and Restated Operating Lease, dated as of September 4, 2013, by and between Mountain View Lessor and Fixed Lessee.
6.	Residence Inn Ontario 2025 Convention Center Way Ontario, CA 91764	Renewed and Restated Operating Lease Agreement, dated as of June 1, 2011, by and between Grand Prix Ontario LLC ("Ontario Lessor") and Grand Prix Floating Lessee LLC ("Floating Lessee"), as amended by First Amendment to Renewed and Restated Operating Lease, dated as of October 27, 2011, by and between Ontario Lessor and Floating Lessee, as assigned by Floating Lessee to INK Lessee LLC ("INK Lessee") by that certain Assignment and Assumption of Operating Lease Agreement, dated as of February 24, 2012, as further amended by Second Amendment to Renewed and Restated Operating Lease, dated as of September 4, 2013, by and between Ontario Lessor and INK Lessee.
7.	Residence Inn San Jose South 6111 San Ignacio Ave. San Jose, CA 95119	Renewed and Operating Lease Agrement, dated as of June 1, 2011, by and between Grand Prix Campbell/San Jose LLC ("San Jose Lessor") and Fixed Lessee, as amended by (i) First Amendment to Renewed and Restated Operating Lease, dated as of October 27, 2011, by and between San Jose Lessor and Fixed Lessee, and (ii) Second Amendment to Renewed and Restated Operating Lease, dated as of September 4, 2013, by and between San Jose Lessor and Fixed Lessee.
8.	Residence Inn San Mateo 2000 Winward Way San Mateo, CA 94404	Renewed and Restated Operating Lease Agreement, dated as of November 1, 2009, by and between Grand Prix San Mateo LLC ("San Mateo Lessor") and Fixed Lessee, as amended by (i) First Amendment to Renewed and Restated Operating Lease, dated as of October 27, 2011, by and between San Mateo Lessor and Fixed Lessee.

	Individual Property	Operating Lease
9.	Residence Inn Silicon Valley I 750 Lakeway Drive Sunnyvale, CA 94085	Renewed and Restated Operating Lease Agreement, dated as of November 1, 2009, by and between Grand Prix Sili I LLC ("Sili I Lessor") and Fixed Lessee, as amended by First Amendment to Renewed and Restated Operating Lease, dated as of October 27, 2011, by and between Sili I Lessor and Fixed Lessee.
10.	Residence Inn Silicon Valley II 1080 Stewart Drive Sunnyvale, CA 94086	Renewed and Restated Operating Lease Agreement, dated as of November 1, 2009, by and between Grand Prix Sili II LLC ("Sili II Lessor") and Fixed Lessee, as amended by First Amendment to Renewed and Restated Operating Lease, dated as of October 27, 2011, by and between Sili II Lessor and Fixed Lessee.
11.	Residence Inn Denver Downtown 2777 Zuni Street Denver, CO 80211	Renewed and Restated Operating Lease Agreement, dated as of November 1, 2009, by and between Grand Prix Denver LLC ("Denver Lessor") and Fixed Lessee, as amended by First Amendment to Renewed and Restated Operating Lease, dated as of October 27, 2011, by and between Denver Lessor and Fixed Lessee.
12.	Residence Inn Denver South (Tech) 6565 South Yosemite Street Englewood, CO 80111	Renewed and Restated Operating Lease Agreement, dated as of June 1, 2011, by and between Grand Prix Englewood/Denver South LLC ("Englewood Lessor") and Fixed Lessee, as amended by (i) First Amendment to Renewed and Restated Operating Lease Agreement, dated as of October 27, 2011, by and between Englewood Lessor and Fixed Lessee, and (ii) Second Amendment to Renewed and Restated Operating Lease, dated as of September 4, 2013, by and between Englewood Lessor and Fixed Lessee.
13.	Residence Inn Shelton 1001 Bridgeport Ave. Shelton, CT 06484	Renewed and Restated Operating Lease Agreement, dated as of June 1, 2011, by and between Grand Prix Shelton LLC ("Shelton Lessor") and Fixed Lessee, as amended by (i) First Amendment to Renewed and Restated Operating Lease Agreement, dated as of October 27, 2011, by and between Shelton Lessor and Fixed Lessee, and (ii) Second Amendment to Renewed and Restated Operating Lease, dated as of September 4, 2013, by and between Shelton Lessor and Fixed Lessee.
14.	Residence Inn Windsor I-91 at Bloomfield Ave. 100 Dufney Lane Windsor, CT 06095	Renewed and Restated Operating Lease Agreement, dated as of June 1, 2011, by and between Grand Prix Windsor LLC ("Windsor Lessor") and Fixed Lessee, as amended by (i) First Amendment to Renewed and Restated Operating Lease Agreement, dated as of October 27, 2011, by and between Windsor Lessor and Fixed Lessee, and (ii) Second Amendment to Renewed and Restated Operating Lease, dated as of September 4, 2013, by and between Windsor Lessor and Fixed Lessee.

	Individual Property	Operating Lease
15.	Residence Inn Altamonte Springs, 270 Douglas Ave. Altamonte Springs, FL 32714	Renewed and Restated Operating Lease Agreement, dated as of June 1, 2011, by and between Grand Prix Altamonte LLC ("Altamonte Lessor") and Fixed Lessee, as amended by (i) First Amendment to Renewed and Restated Operating Lease Agreement, dated as of October 27, 2011, by and between Altamonte Lessor and Fixed Lessee, and (ii) Second Amendment to Renewed and Restated Operating Lease, dated as of September 4, 2013, Altamonte Lessor and Fixed Lessee.
16.	Courtyard Fort Lauderdale 2440 W Cypress Creek Rd. Fort Lauderdale, FL 33309	Renewed and Restated Operating Lease Agreement, dated as of September 23, 2009, by and between Grand Prix Ft. Lauderdale LLC ("Ft. Lauderdale Lessor") and Fixed Lessee, as amended by First Amendment to Renewed and Restated Operating Lease, dated as of October 27, 2011, by and between Ft. Lauderdale Lessor and Fixed Lessee.
17.	Hampton Inn Naples 3210 Tamiami Trail North Naples, FL 34102	Renewed and Restated Operating Lease Agreement, dated as of September 23, 2009, by and between Grand Prix Naples LLC ("Naples Lessor") and Fixed Lessee, as amended by (i) First Amendment to Renewed and Restated Operating Lease, dated as of October 27, 2011, by and between Naples Lessor and Fixed Lessee, and (ii) Second Amendment to Renewed and Restated Operating Lease, dated as of September 4, 2013, by and between Naples Lessor and Fixed Lessee.
18.	Four Points Ft. Walton Beach 1325 Miracle Strip Ft. Walton Beach, FL 32548	Renewed and Restated Operating Lease Agreement, dated as of May 18, 2009, by and between KPA/GP Ft. Walton Beach LLC ("Ft. Walton Lessor") and Floating Lessee, as amended by First Amendment to Renewed and Restated Operating Lease, dated as of October 27, 2011, by and between Ft. Walton Lessor and Floating Lessee, as assigned by Floating Lessee to INK Lessee by that certain Assignment and Assumption of Operating Lease Agreement, dated as of February 24, 2012, as further amended by Second Amendment to Renewed and Restated Operating Lease, dated as of September 4, 2013, by and between Ft. Walton Lessor and INK Lessee.
19.	Residence Inn Atlanta Peachtree, 5500 Triangle Drive Norcross, GA 30092	Operating Lease Agreement, dated as of October 9, 1998, by and between Innkeepers RI General, L.P. ("Original Lessor RI") and JF Hotel III, Inc. ("JF Lessee"), as amended by (i) First Amendment to Operating Lease, dated as of November 1, 2002, by and between Innkeepers Residence General, L.P. and Innkeepers Hospitality III, Inc. (f/k/a JF Lessee), and (ii) Second Amendment to Operating Lease, dated as of October 27, 2011, by and between Grand Prix Atlanta (Peachtree Corners) LLC and Fixed Lessee.

	Individual Property	Operating Lease
20.	Residence Inn Atlanta Downtown 134 Peachtree Street NW Atlanta, GA 30303	Renewed and Restated Operating Lease Agreement, dated as of October 25, 2009, by and between Grand Prix Atlanta LLC ("Atlanta Lessor") and Fixed Lessee, as amended by First Amendment to Renewed and Restated Operating Lease, dated as of October 27, 2011, by and between Atlanta Lessor and Fixed Lessee.
21.	Residence Inn Rosemont/O'Hare 7101 Chestnut Street Rosemont, IL 60018	Operating Lease Agreement, dated as of January 8, 1999, by and between Original Lessor RI and JF Lessee, as amended by (i) First Amendment to Operating Lease Agreement, dated as of November 1, 2002, by and between Innkeepers Residence General, L.P. and Innkeepers Hospitality III, Inc. (f/k/a JF Lessee) as lessee, (ii) Operating Lease Amendment, dated as of June 29, 2007, by and between Grand Prix Chicago LLC ("Chicago Lessor") and Fixed Lessee and (iii) Third Amendment to Operating Lease, dated as of October 27, 2011, by and between Chicago Lessor and Fixed Lessee.
22.	Residence Inn Lexington (KY) North 1080 Newtown Pike Lexington, KY 40511	Renewed and Restated Operating Lease Agreement, dated as of June 1, 2011, by and between Grand Prix Lexington LLC ("Lexington Lessor") and Fixed Lessee, as amended by (i) First Amendment to Renewed and Restated Operating Lease Agreement, dated as of October 27, 2011, by and between Lexington Lessor and Fixed Lessee, and (ii) Second Amendment to Renewed and Restated Operating Lease, dated as of September 4, 2013, by and between Lexington Lessor and Fixed Lessee.
23.	Residence Inn Louisville North 120 North Hurstbourne Pkwy. Louisville, KY 40222	Renewed and Restated Operating Lease Agreement, dated as of June 1, 2011, by and between Grand Prix Louisville (RI) LLC ("Louisville Lessor") and Fixed Lessee, as amended by (i) First Amendment to Renewed and Restated Operating Lease Agreement, dated as of October 27, 2011, by and between Louisville Lessor and Fixed Lessee, and (ii) Second Amendment to Renewed and Restated Operating Lease, dated as of September 4, 2013, by and between Louisville Lessor and Fixed Lessee.

	Individual Property	Operating Lease
24.	Hampton Inn Louisville Downtown 101 East Jefferson Street Louisville, KY 40202	Renewed and Restated Operating Lease Agreement, dated as of June 27, 2009, by and between KPA/GP Louisville (HI) LLC ("Louisville (HI) Lessor") and Floating Lessee, as amended by First Amendment to Renewed and Restated Operating Lease, dated as of October 27, 2011, by and between Louisville (HI) Lessor and Floating Lessee, as assigned by Floating Lessee to INK Lessee by that certain Assignment and Assumption of Operating Lease Agreement, dated as of February 24, 2012, as further amended by Second Amendment to Renewed and Restated Operating Lease, dated as of September 4, 2013, by and between Louisville (HI) Lessor and INK Lessee.
25.	Hampton Inn Columbia 8880 Columbia 100 Park Columbia, MD 21045	Second Amended and Restated Operating Lease Agreement, dated as of September 4, 2013, by and between Grand Prix Columbia LLC and Fixed Lessee.
26.	Residence Inn Gaithersburg 9721 Washingtonian Blvd. Gaithersburg, MD 20878	Second Amended and Restated Operating Lease Agreement, dated as of September 4, 2013, by and between Grand Prix Gaithersburg LLC and Fixed Lessee.
27.	Sheraton Rockville 920 Redland Boulevard Rockville, MD 20850	Second Amended and Restated Operating Lease Agreement, dated as of September 4, 2013, by and between Grand Prix Rockville LLC and INK Lessee.
28.	Residence Inn Portland 800 Roundwood Drive Scarborough, ME 04074	Renewed and Restated Operating Lease Agreement, dated as of November 1, 2009, by and between Grand Prix Portland LLC ("Portland Lessor") and Fixed Lessee, as amended by First Amendment to Renewed and Restated Operating Lease, dated as of October 27, 2011, by and between Portland Lessor and Fixed Lessee.
29.	Residence Inn Livonia 17250 Fox Drive Livonia, MI 48152	Operating Lease Agreement, dated as of March 12, 1999, by and Original Lessor RI and JF Lessee, as amended by (i) First Amendment to Operating Lease Agreement, dated as of November 1, 2002, by and between Innkeepers Residence General, L.P. and Innkeepers Hospitality III, Inc. (f/k/a JF Lessee), (ii) Second Amendment to Operating Lease, dated as of October 27, 2011, by and between Grand Prix Livonia LLC ("Livonia Lessor") and Grand Prix Fixed Lessee LLC, and (iii) Third Amendment to Operating Lease, dated as of September 4, 2013, by and between Livonia Lessor and Fixed Lessee.

	Individual Property	Operating Lease
30.	Residence Inn Troy - SE (Madison Heights) 32650 Stephenson Highway Madison Heights, MI 48071	Renewed and Restated Operating Lease, dated as of June 1, 2011, by and between Grand Prix Troy (SE) LLC ("Troy Lessor") and Floating Lessee, as amended by First Amendment to Renewed and Restated Operating Lease, dated as of October 27, 2011, by and between Troy Lessor and Floating Lessee, as assigned by Floating Lessee to INK Lessee by that certain Assignment and Assumption of Operating Lease Agreement, dated as of February 24, 2012, as further amended by Second Amendment to Renewed and Restated Operating Lease, dated as of September 4, 2013, by and between Troy Lessor and INK Lessee.
31.	Courtyard Atlantic City 1212 Pacific Avenue Atlantic City, NJ 08401	Operating Lease Agreement, dated as of June 25, 2007, by and between Innkeepers USA Limited Partnership ("Innkeepers USA Lessor") and KPA Leaseco, Inc., ("Original Lessee") as amended by Operating Lease Amendment, dated as of June 29, 2007, by and between Grand Prix Atlantic City LLC ("Atlantic City Lessor") and Floating Lessee, as further amended by Second Amendment to Operating Lease, dated as of October 27, 2011, by and between Atlantic City Lessor and Floating Lessee, as assigned by Floating Lessee to INK Lessee by that certain Assignment and Assumption of Operating Lease Agreement, dated as of February 24, 2012.
32.	Residence Inn Cherry Hill 1821 Old Cuthbert Road Cherry Hill, NJ 08034	Amended and Restated Operating Lease Agreement, dated as of October 27, 2011, by and between Grand Prix Cherry Hill LLC and Fixed Lessee.
33.	Courtyard Montvale Southwest Quadrant of Garden State Parkway and Grand Street Montvale, NJ 07645	Operating Lease Agreement, dated as of June 25, 2007, by and between Innkeepers USA Lessor and Original Lessee, as amended by First Amendment to Operating Lease, dated as of October 27, 2011, by and between Grand Prix Montvale LLC and Floating Lessee, as assigned by Floating Lessee to INK Lessee by that certain Assignment and Assumption of Operating Lease Agreement, dated as of February 24, 2012.

	Individual Property	Operating Lease
34.	Westin Governor Morristown 2 Whippany Road Morristown, NJ 07960	Renewed and Restated Operating Lease Agreement, dated as of May 21, 2010, by and between Grand Prix Morristown LLC ("Morristown Lessor") and Floating Lessee, as amended by First Amendment to Renewed and Restated Operating Lease, dated as of October 27, 2011, by and between Morristown Lessor and Floating Lessee as assigned by Floating Lessee to INK Lessee by that certain Assignment and Assumption Agreement, dated as of February 24, 2012, as further amended by Second Amendment to Renewed and Restated Operating Lease, dated as of September 4, 2013, by and between Morristown Lessor and INK Lessee.
35.	Hyatt House Mt. Laurel 3000 Crawford Place Mount Laurel, NJ 08054	Operating Lease Agreement, dated as of April 1, 2004, by and between Innkeepers Summerfield General II, L.P. and Original Lessee IV, as amended by (i) Amendment to Operating Lease Agreement, dated as of April 1, 2004, by and between Innkeepers Summerfield General II, L.P., and Original Lessee IV, (ii) Second Amendment to Operating Lease, dated as of October 27, 2011, by and between Grand Prix Mt. Laurel LLC ("Mt. Laurel Lessor") and Fixed Lessee, and (iii) Third Amendment to Operating Lease, dated as of September 4, 2013, by and between Mt. Laurel Lessor and Fixed Lessee.
36.	Residence Inn Saddle River 7 Boroline Road Saddle River, NJ 07458	Renewed and Restated Operating Lease Agreement, dated as of September 15, 2007, by and between Grand Prix Saddle River LLC ("Saddle River Lessor") and Fixed Lessee, as amended by (i) First Amendment to Renewed and Restated Operating Lease, dated as of October 27, 2011, by and between Saddle River Lessor and Fixed Lessee, and (ii) Second Amendment to Renewed and Restated Operating Lease, dated as of September 4, 2013, by and between Saddle River Lessor and Fixed Lessee.
37.	Residence Inn Binghamton 4610 Vestal Pkwy East Vestal, NY 13850	Renewed and Restated Operating Lease Agreement, dated as of September 23, 2009, by and between Grand Prix Binghamton LLC ("Binghamton Lessor") and Fixed Lessee, as amended by First Amendment to Renewed and Restated Operating Lease, dated as of October 27, 2011, by and between Binghamton Lessor and Fixed Lessee.

	Individual Property	Operating Lease
38.	Hampton Inn Islandia 1600 Veterans Memorial Highway Islandia, NY 11749	Renewed and Restated Operating Lease, dated as of September 23, 2009, by and between Grand Prix Islandia LLC ("Islandia Lessor") and Fixed Lessee, as amended by (i) First Amendment to Renewed and Restated Operating Lease, dated as of October 27, 2011, by and between Islandia Lessor and Fixed Lessee, and (ii) Second Amendment to Renewed and Restated Operating Lease, dated as of September 4, 2013, by and between Islandia Lessor and Fixed Lessee.
39.	Residence Inn Harrisburg 4480 Lewis Road Harrisburg, PA 17111	Renewed and Restated Operating Lease, dated as of May 7, 2006, by and between Innkeepers USA Lessor and Original Lessee, as amended by Operating Lease Amendment, dated as of June 29, 2007, by and between Grand Prix Harrisburg LLC ("Harrisburg Lessor") and Floating Lessee, as amended by Second Amendment to Renewed and Restated Operating Lease, dated as of October 27, 2011, by and between Harrisburg Lessor and Floating Lessee, as assigned by Floating Lessee to INK Lessee by that certain Assignment and Assumption of Operating Lease Agreement, dated as of February 24, 2012.
40.	TownePlace Suites Horsham 198 Precision Drive Horsham, PA 19044	Operating Lease Agreement, dated as of June 1, 1999, by and between Innkeepers USA Lessor and Innkeepers Hospitality III, Inc., as amended by (i) First Amendment to Operating Lease Agreement, dated as of November 1, 2002, by and between Innkeepers USA Lessor and Innkeepers Hospitality III, Inc. (f/k/a JF Lessee), (ii) Second Amendment to Operating Lease, dated as of October 27, 2011, by and between Grand Prix Horsham LLC ("Horsham Lessor") and Fixed Lessee, and (iii) Third Amendment to Operating Lease, dated as of September 4, 2013, by and between Horsham Lessor and Fixed Lessee.
41.	Hampton Inn Willow Grove 1500 Easton Road Willow Grove, PA 19090	Renewed and Restated Operating Lease Agreement, dated as of September 23, 2009, by and between Grand Prix Willow Grove LLC ("Willow Grove Lessor") and Fixed Lessee, as amended by (i) First Amendment to Renewed and Restated Operating Lease, dated as of October 27, 2011, by and between Willow Grove Lessor and Fixed Lessee and (ii) Second Amendment to Renewed and Restated Operating Lease, dated as of September 4, 2013, by and between Willow Grove Lessor and Fixed Lessee.

	Individual Property	Operating Lease
42.	Residence Inn Addison 14975 Quorum Dr. Addison, TX 75240	Renewed and Restated Operating Lease Agreement, dated as of February 1, 2010, by and between Grand Prix Addison (RI) LLC ("Addison (RI) Lessor") and Fixed Lessee, as amended by First Amendment to Renewed and Restated Operating Lease Agreement, dated as of October 27, 2011, by and between Addison (RI) Lessor and Fixed Lessee.
43.	Hyatt House Addison 4900 Edwin Lewis Drive Addison, TX 75001	Operating Lease Agreement, dated as of April 1, 2004, by and between Original Lessor II and Original Lessee IV, as amended by (i) Amendment to Operating Lease Agreement, dated as of April 1, 2004 by and between Original Lessor II and Original Lessee IV, (ii) Second Amendment to Operating Lease, dated as of October 27, 2011, by and between Grand Prix Addison (SS) LLC ("Addison (SS) Lessor") and Floating Lessee, as assigned by Floating Lessee to INK Lessee by that certain Assignment and Assumption of Operating Lease Agreement, dated as of February 24, 2012, as further amended by (iii) Third Amendment to Operating Lease, dated as of September 4, 2013, by and between Addison (SS) Lessor and INK Lessee.
44.	Residence Inn Arlington 1050 Brookhollow Plaza Drive Arlington, TX 76006	Renewed and Restated Operating Lease Agreement, dated as of February 1, 2010, by and between Grand Prix Arlington LLC ("Arlington Lessor") and Fixed Lessee, as amended by First Amendment to Renewed and Restated Operating Lease, dated as of October 27, 2011, by and between Arlington Lessor and Fixed Lessee.
45.	Hyatt House Las Colinas 5901 North MacArthur Boulevard Las Colinas, TX 75039	Operating Lease Agreement, dated as of April 1, 2004, by and between Innkeepers Summerfield General, L.P., ("Summerfield Lessor") and Original Lessee V, as amended by (i) Amendment to Operating Lease Agreement, dated as of April 1, 2004, by and between Summerfield Lessor Original Lessor V, (ii) Second Amendment to Operating Lease, dated as of October 27, 2011, by and between Grand Prix Las Colinas LLC ("Las Colinas Lessor") and Fixed Lessee, and (iii) Third Amendment to Operating Lease, dated as of September 4, 2013, by and between Las Colinas Lessor and Fixed Lessee.

	Individual Property	Operating Lease
46.	Residence Inn Richmond NW 3940 Westerre Parkway Richmond, VA 23233	Operating Lease Agreement, dated as of January 8, 1999, by and between Original Lessor RI and JF Lessee, as amended by (i) First Amendment to Operating Lease Agreement, dated as of November 1, 2002, by and between Innkeepers Residence General, L.P. and Innkeepers Hospitality III, Inc. (f/k/a JF Lessee), (ii) Second Amendment to Operating Lease, dated as of October 27, 2011, by and between Grand Prix Richmond (Northwest) LLC ("Richmond (Northwest) Lessor") and Fixed Lessee, and (iii) Third Amendment to Operating Lease, dated as of September 4, 2013, by and between Richmond (Northwest) Lessor and Fixed Lessee.
47.	Residence Inn Richmond West 2121 Dickens Road Richmond, VA 23230	Renewed and Restated Operating Lease Agreement, dated as of June 1, 2011, by and between Grand Prix Richmond LLC ("Richmond Lessor") and Fixed Lessee, as amended by (i) First Amendment to Renewed and Restated Operating Lease, dated as of October 27, 2011, by and between Richmond Lessor and Fixed Lessee and (ii) Second Amendment to Renewed and Restated Operating Lease, dated as of September 4, 2013, by and between Richmond Lessor and Fixed Lessee.
48.	Residence Inn Bellevue 14455 NE 29th Place Bellevue, WA 98007	Renewed and Restated Operating Lease Agreement, dated as of June 1, 2011, by and between Grand Prix Bellevue LLC ("Bellevue Lessor") and Fixed Lessee, as amended by (i) First Amendment to Renewed and Restated Operating Lease, dated as of October 27, 2011, by and between Bellevue Lessor and Fixed Lessee and (ii) Second Amendment to Renewed and Restated Operating Lease, dated as of September 4, 2013, by and between Bellevue Lessor and Fixed Lessee.
49.	Residence Inn Bothell 11920 NE 195th Street Bothell, WA 98011	Renewed and Restated Operating Lease Agreement, dated as of June 1, 2011, by and between Grand Prix Bothell LLC ("Bothell Lessor") and Fixed Lessee, as amended by (i) First Amendment to Renewed and Restated Operating Lease, dated as of October 27, 2011, by and between Bothell Lessor and Fixed Lessee and (ii) Second Amendment to Renewed and Restated Operating Lease, dated as of September 4, 2013, by and between Bothell Lessor and Fixed Lessee.

	Individual Property	Operating Lease
50.	Residence Inn Lynnwood 18200 Alderwood Mall Parkway Lynnwood, WA 98037	Renewed and Restated Operating Lease Agreement, dated as of June 1, 2011, by and between Grand Prix Lynnwood LLC ("Lynnwood Lessor") and Fixed Lessee, as amended by (i) First Amendment to Renewed and Restated Operating Lease, dated as of October 27, 2011, by and between Lynnwood Lessor and Fixed Lessee and (ii) Second Amendment to Renewed and Restated Operating Lease, dated as of September 4, 2013, by and between Lynnwood Lessor and Fixed Lessee.
51.	Residence Inn Tukwila 16201 West Valley Highway Tukwila, WA 98188	Renewed and Restated Operating Lease Agreement, dated as of June 1, 2011, by and between Grand Prix Tukwila LLC ("Tukwila Lessor") and Fixed Lessee, as amended by (i) First Amendment to Renewed and Restated Operating Lease, dated as of October 27, 2011, by and between Tukwila Lessor and Fixed Lessee and (ii) Second Amendment to Renewed and Restated Operating Lease, dated as of September 4, 2013, by and between Tukwila Lessor and Fixed Lessee.

* * * * *

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SCHEDULE O

Intentionally Omitted

* * * * *

[No further text on this page.]

SCHEDULE P

Hotel Employees

[See Attached]

* * * * *

[No further text on this page.]

SCHEDULE Q

Transfer Taxes

STATE	TITLE FEES	TRANSFER TAXES
California	**SELLER** pays base premium; **PURCHASER** pays for extended coverage and all endorsements	**SELLER** pays state, county, and city transfer taxes except: • San Jose (South) (City Tax): split **50/50** • Mountain View (City Tax): split **50/50** • San Mateo (City Tax): split **50/50**
Colorado	**SELLER** pays base premium; **PURCHASER** pays for all endorsements	N/A – no transfer tax
Connecticut	**PURCHASER** pays for title searches, base premium and all endorsements	**SELLER** pays state and local conveyance taxes
Florida	**PURCHASER** pays base premium and all endorsements	N/A – no transfer tax
Georgia	**PURCHASER** pays base premium and all endorsements	N/A – no transfer tax
Illinois	**SELLER** pays cost of abstract and policy premium; **PURCHASER** pays for all endorsements	**SELLER** pays state and county transfer taxes No local transfer taxes in the Village of Rosemont (where property located)
Kentucky	**PURCHASER** pays base premium and all endorsements and premium sales tax	**SELLER** pays
Maine	**PURCHASER** pays base premium and all endorsements	Split **50/50**
Maryland	**PURCHASER** pays base premium and all endorsements	Split **50/50**
Michigan	**SELLER** pays base premium; **PURCHASER** pays for all endorsements	**SELLER** pays state and county transfer tax by law
New Jersey	**PURCHASER** pays base premium and all endorsements	For an entity transfer, **PURCHASER** pays
New York	**PURCHASER** pays base premium and all endorsements	**SELLER** pays
Pennsylvania	**PURCHASER** pays base premium and all endorsements	Split **50/50**
Texas	**SELLER** pays base premium; **PURCHASER** pays for extended coverage and all endorsements	N/A – no transfer tax

Virginia	**PURCHASER** pays base premium and all endorsements	N/A – no transfer tax
Washington	**SELLER** pays base premium and sales tax thereon; **PURCHASER** pays for extended coverage and all endorsements and sales tax thereon	**SELLER** pays

* * * * *

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EXHIBIT 1

Escrow Agent's Wire Instructions

NEW YORK CITY COMMERCIAL
WIRE INSTRUCTIONS

ABA#: 021000021

SWIFT CODE: CHASUS33

BANK: JP MORGAN CHASE
REAL ESTATE DIVISION
707 Travis, 6th Flr South
Houston, TX 77002

ACCT#: 006-171176

ACCT NAME: FIDELITY NATIONAL TITLE
INSURANCE COMPANY

FNT CONTACT: Accounting Department
212- 481-5858

FNT TITLE#/REFERENCE: 32511 / InnKeepers

TITLE OFFICER: Dina Pupovic / John Maddie

EXHIBIT 2

Form of FIRPTA Affidavit

Section 1445 of the Internal Revenue Code provides that a transferee of a U.S. real property interest must withhold tax if the transferor is a foreign person. To inform the transferee that withholding of tax is not required upon the disposition of a U.S. real property interest by _____, the undersigned hereby certifies the following on behalf of _____ ("Seller").

1. Seller is not a foreign corporation, foreign partnership, foreign trust, or foreign estate (as such terms are defined in the Internal Revenue Code and Income Tax Regulations).

2. Seller's U.S. employer identification number is _____.

3. Seller's office is:

_____
_____
_____
_____, _____

The undersigned understands that this certification may be disclosed to the Internal Revenue Service by the transferee and that any false statement contained herein could be punished by fine, imprisonment, or both.

Under penalties of perjury I declare that I have examined this certification and to the best of my knowledge and belief it is true, correct and complete, and I further declare that I have authority to sign this document on behalf of Seller.

_____

By: _____
Name:
Title:

_____, 201___

EXHIBIT 3

Form of Assignment and Assumption Agreement

THIS ASSIGNMENT AND ASSUMPTION AGREEMENT (this "Agreement"), is dated as of [_____] (the "Effective Date"), by and between [_____], a [_____] ("Assignor"), as assignor, and [_____], a [_____] ("Assignee"), as assignee.

WHEREAS, Assignor owns a [_____]% membership interest (the "Interest") in [_____], a limited liability company organized under the laws of the State of Delaware (the "LLC") pursuant to the terms of that certain [Limited Liability Company Operating Agreement] of the LLC (the "LLC Agreement"), dated as of [_____];

WHEREAS, Assignor has agreed to assign and convey to Assignee 100% of its interest in the LLC (the "Assigned Interest"), and to cause Assignee to be admitted to the LLC as a Member, in accordance with the terms of the LLC Agreement; and

WHEREAS, Assignee wishes to obtain and acquire the Assigned Interest.

NOW, THEREFORE, in consideration of Ten Dollars ($10.00) paid, the mutual agreements and covenants contained herein, and other good and valuable consideration, the receipt, adequacy and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. Assignment of the Assigned Interest. Assignor hereby assigns, conveys and transfers to Assignee, its successors and assigns, as of the Effective Date, all of its right, title and interest in and to the Assigned Interest, including, without limitation, all allocations of profits and losses, and distributions of cash or other property, represented by such interest, and other rights otherwise accruing to Assignee by virtue of owning the Assigned Interest, subject in each case to the terms and conditions associated with such Assigned Interest, in its capacity as a member of the LLC, set forth in the LLC Agreement.

2. Acceptance by Assignee. Assignee hereby accepts the assignment of the Assigned Interest and assumes and agrees to be bound by and perform the obligations under the LLC Agreement in respect of all of its interest in the LLC.

3. Governing Law. This Agreement shall be construed and enforced in accordance with the laws of the State of New York.

4. Construction. The rights and obligations of the parties hereto, including under Paragraphs 1 and 2 hereof, shall be subject to and governed by the provisions of the LLC Agreement.

5. Counterparts. This Agreement may be executed in one or more counterparts, which, taken together, shall constitute one fully-executed original Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered as of the Effective Date.

ASSIGNOR:

[_____], a [_____]

By: _____
Name:
Title:

ASSIGNEE:

[_____], a [_____]

By: _____
Name:
Title:

EXHIBIT 4

Form of Ground Lease Estoppel Certificate

This **ESTOPPEL CERTIFICATE** is given this ___ day of _____, 2014, by the **CITY OF FORT LAUDERDALE**, a municipal corporation of the State of Florida, for the benefit of the ground lessee of Parcel 8F2 and [_____] ("Lender"), together with their respective successors and/or assigns pertaining to: Parcel 8F2 and certifies:

The following estoppel information is being provided for the above-referenced airport ground lease dated August 1, 1984 as amended on May 21, 1987, July 6, 1988 and July 30, 1993 (the "Ground Lease").

1. Tenant/Borrower: Grand Prix Ft. Lauderdale LLC
2. Address of tenant: 2440 NW 62 Street
3. Lease commencement date: August 1, 1984
4. Lease expiration date: July 31, 2034
5. Amount of annual rent: $[_____]
6. Amount of security deposit: $0
7. Date of last payment received: [_____]
8. Date of next rent payment due: [_____]
9. Next rent adjustment: August 1, 2014
10. Any other outstanding sums: [Broward County Property Taxes of $100,491.44]
11. Credits and/or offsets: $0
12. Special assessments: $0
13. Any existing violations or defaults under the lease: None
14. The Ground Lease constitutes the entire understanding between the City and the Tenant/Borrower.
15. The Ground Lease is in full force and effect.
16. There are no defenses, claims against Tenant or offsets which are presently known by the City and which may be asserted by the City against the Tenant in respect of the obligations under the Ground Lease.

LESSOR:

CITY OF FORT LAUDERDALE, a municipal corporation of the State of Florida

By: _____

Clara Bennett, Airport Manager

cc: Cate McCaffery, Director of Business Enterprises
Victoria Minard, Assistant City Attorney

THE TRANSFER OF THE LIMITED LIABILITY COMPANY INTERESTS DESCRIBED IN THIS AGREEMENT IS RESTRICTED AS DESCRIBED HEREIN.

THIRD AMENDED AND RESTATED

LIMITED LIABILITY COMPANY AGREEMENT

OF

INK ACQUISITION LLC,

a Delaware Limited Liability Company

THIS THIRD AMENDED AND RESTATED LIMITED LIABILITY COMPANY AGREEMENT (together with the schedules and exhibits hereto, this "Agreement"), of INK Acquisition LLC, a Delaware limited liability company (the "Company"), is made effective as of June 9, 2014 (the "Effective Date") by and between Platform Member-T, LLC ("NS Managing Member") and Chatham Lodging, L.P. ("Chatham Managing Member", and, together with NS Managing Member and any other Person who becomes a member of the Company from time to time in accordance with the provisions hereof, the "Members").

RECITALS:

A Certificate of Formation of the Company was filed with the Secretary of State of the State of Delaware on April 15, 2011;

Each of the Cerberus Member and Chatham Managing Member previously acquired a percentage interest in the Company and entered into the Second Amended and Restated Limited Liability Company Agreement of the Company dated as of October 27, 2011 (the "Prior Agreement");

As of the Effective Date, NS Managing Member is acquiring all of the Cerberus Member's right, title and interest to the membership interests in the Company (such interests, the "Cerberus Interests"), and concurrently therewith, the Cerberus Member is withdrawing as a member of the Company; and

The Members desire to amend and restate the Prior Agreement in its entirety on the terms and conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the mutual promises and agreements herein made and intending to be legally bound hereby, the parties hereto amend and restate the Prior Agreement in its entirety and agree as follows:

ARTICLE I.

GENERAL PROVISIONS; ORGANIZATION; STRUCTURE

Section 1.1 Registered Office. The registered agent and office of the Company in the State of Delaware shall be Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware, 19801. The Managing Member, after giving notice to the other Members, may change the registered office from one location to another in the State of Delaware.

Section 1.2 Place of Business; Offices. The principal place of business of the Company, where the books and records of the Company shall be kept, shall be c/o Chatham Lodging LP, 50 Cocoanut Row, Suite 200, Palm Beach, FL 33480. The Company may, at any time, change the location of the principal office of the Company or have one or more offices as may be established from time to time.

Section 1.3 Purpose; Nature of Business Permitted; Powers; Title to Property.

(a) The purpose to be conducted or promoted by the Company is to engage in the following activities:

(i) to acquire, own, hold, manage, operate, lease, sell, transfer, service, convey, safekeep, dispose of, pledge, assign, borrow money against, finance, refinance or otherwise deal with the Business and the Properties and any portion thereof with unrelated third parties or with affiliated entities;

(ii) to acquire, own, hold, sell, transfer, service, convey, safekeep, dispose of, pledge, assign, borrow money against, finance, refinance or otherwise deal with, publicly or privately issued securities and whether with unrelated third parties or with affiliated entities, in each case in connection with the Business and the Properties;

(iii) to own equity interests in other limited liability companies, partnerships or other entities whose purposes are restricted to those set forth in clauses (i) and (ii) above; and

(iv) to engage in any other lawful act or activity and to exercise any powers permitted to limited liability companies organized under the laws of the State of Delaware that are related or incidental to and necessary, convenient or advisable for the accomplishment

of the above-mentioned purposes (including the entering into of interest rate or basis swap, cap, floor or collar agreements, or similar hedging transactions and referral, management, servicing and administration agreements).

(b) The Company shall not engage in any other business or activity. Except as otherwise provided in Section 1.10 hereof and except for contracts customarily entered into by a property management agent on behalf of a hotel property owner, all property acquired in connection with the business of the Company shall be held by the Company in its own name, and all contracts and leases of real or personal property by or to the Company shall be made in its own name.

(c) Title to assets of the Company, whether real, personal or mixed, tangible or intangible, shall be deemed to be owned by the Company, and no Member, individually or collectively, shall have any ownership interest in such assets or any portion thereof.

Section 1.4 [Reserved]

Section 1.5 Tax Classification; No State Law Partnership; REIT Qualifications. (a) The Members intend that the Company shall be treated as a partnership for federal, state and local tax purposes. Each Member and the Company agree to file all tax returns and otherwise take all tax and financial reporting positions in a manner consistent with such treatment. No provision of this Agreement shall be deemed or construed to constitute the Company (including its subsidiaries) as a partnership (including a limited partnership) or joint venture, or any Member as a partner of or with any other Member for any purposes other than tax purposes.

(b) As of the Effective Date, NS Managing Member shall be owned, directly or indirectly, by NS REIT and Chatham Managing Member shall be owned, directly or indirectly, by Chatham REIT. Each of Chatham REIT and NS REIT intend to qualify as a REIT, and the Members intend that the Company shall own the Properties in a manner that will not jeopardize the REIT status of either Chatham REIT or NS REIT. Accordingly, the Property Companies will lease the Properties to the Property Leasecos pursuant to arm's-length leases and the Property Leasecos will engage Island Hospitality Management or another entity that qualifies as an "eligible independent contractor" under Code Section 856(d)(9) to operate the Properties on their behalf.

Section 1.6 Definitions. Unless the context otherwise requires, the terms defined in this Section 1.6 shall, for the purposes of this Agreement, have the meanings herein specified (such meanings to be equally applicable to both the singular and plural forms of the terms defined).

"1933 Act" has the meaning set forth in Section 12.16.

"1940 Act" means the Investment Company Act of 1940, as amended, and the rules and regulations thereunder.

"Accountants" means PricewaterhouseCoopers LLP or such other independent accounting firm of national reputation that is selected by NS Managing Member.

"Act" means the Delaware Limited Liability Company Act (as it may be amended from time to time and any successor to such Act).

"Additional Capital Contribution" means any Capital Contribution made by a Member pursuant to Section 2.2(b) hereof.

"Adjusted Asset Purchase Price" is the (a) Asset Purchase Price, plus (b) Buy/Sell Additions, minus (c) Buy/Sell Prorations which would be credited to a purchaser if the Buy/Sell Assets were being sold to a third party on the Buy/Sell Closing Date, plus (d) Buy/Sell Prorations which would be credited to a seller if the Buy/Sell Assets were being sold to a third party on the Buy/Sell Closing Date minus (e) the amount required to repay in full any outstanding Buy/Sell Third Party Loans as if same was paid off at the Buy/Sell Closing, minus (f) any other existing liabilities of the Company and the Property Companies that have not been otherwise taken into consideration as part of the Buy/Sell Prorations minus (g) the net proceeds from the sale of any Asset that is consummated after delivery of the Buy/Sell Notice and before the Buy/Sell Closing Date, appropriately adjusted to take into account any proceeds that are held in any reserves or escrows for a contingent liability which may arise after the Buy/Sell Closing Date (it being acknowledged and agreed to by the Members that any such proceeds that are held in any reserves or escrows shall be distributed to the Members pursuant to Section 7.1 as if it was in effect upon the release or distribution of such amounts after the Buy/Sell Closing Date).

"Adjusted Fair Market Value" means, the (a) the Fair Market Value, plus (b) Fair Market Value Additions, minus (c) Fair Market Value Prorations which would be credited to a purchaser if the Assets were being sold to a third party on the Option Closing Date (which prorations shall be as of 11:59 p.m. of the day preceding the Option Closing Date), plus (d) Fair Market Value Prorations which would be credited to a seller if the Assets were being sold to a third party on the Option Closing Date (which prorations shall be as of 11:59 p.m. of the day preceding the Option Closing Date), minus (e) the amount required to repay in full any outstanding Loans as if same were paid off at the Option Closing, minus (f) any other existing liabilities of the Company and the Property Companies that have not been otherwise taken into consideration as part of the Fair Market Value Prorations.

"Affiliate" means, with respect to a Person, another Person that directly or indirectly controls, is controlled by or is under common control with such first Person. For the avoidance of doubt, Island Hospitality Management shall not be considered to be an Affiliate of Chatham REIT or any of its Affiliates.

"Agreement" has the meaning set forth in the Preamble.

"Allocation Schedule" has the meaning set forth in Section 5.1(c).

"Appraisal Period" has the meaning set forth in Section 3.8(d)(i).

"Appraiser" has the meaning set forth in Section 3.8(d)(i).

"Approved FATF Country" shall mean any country that is a member of the Financial Action Task Force on Money Laundering, as such list may be amended, from time to time, and as approved in this Agreement. As of the date of this Agreement, the following countries are Approved FATF Country members: Argentina, Australia, Austria, Belgium, Brazil, Canada, Denmark, Finland, France, Germany, Greece, Hong Kong, Iceland, Ireland, Italy, Japan, Luxembourg, Mexico, Kingdom of the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, Turkey, United Kingdom and the United States.

"Approved Severance Costs" means any severance payable to Chatham Company Personnel to the extent such severance (i) for a senior Chatham Company Personnel does not exceed three (3) months of such employee's monthly salary, (ii) for any other Chatham Company Personnel is determined by Chatham Managing Member in accordance with such employee's position and seniority and does not exceed two (2) months of such employee's monthly salary or (iii) otherwise has been approved by NS Managing Member or NS Ink III Managing Member at the time of grant to the applicable Chatham Company Personnel, it being understood that any severance costs shall be deemed to be Approved Severance Costs if such costs are in accordance with the terms of the then-approved Operating Budget and the then-approved Business Plan.

"Asset" means an asset owned by the Company or its Subsidiaries.

"Asset Purchase Price" has the meaning set forth in Section 3.7(a).

"Available Cash" means, as the context requires, Available Cash From Capital Event or Available Cash From Operations, as applicable.

"Available Cash From Capital Event" means cash paid to or in the possession of, the Company from the occurrence of a Capital Event after deducting therefrom (a) if a sale, all expenses of the sale (including, without limitation, transfer taxes, legal fees, brokerage expenses, marketing expenses, and other third party expenses of every kind or nature), (b) if a financing or a refinancing, all expenses of the financing or refinancing (including, without limitation, legal fees, points, lender charges, mortgage or indebtedness taxes and other third party expenses of every kind or nature), (c) if a casualty or condemnation, all expenses arising from such casualty or condemnation (including, without limitation, legal fees, costs of settlement of any awards or payments, and other third party expenses of every kind or nature), (d) if a sale, all funds necessary to pay for any currently payable obligations of the applicable Property Company or Asset, as applicable, (e) if a sale, the payment of all currently payable debt service, reserve and escrow amounts for all outstanding Loans that pertain to the applicable Property Company or Company Asset, (f) if a sale, the payment of all other currently payable obligations of the Company and the applicable Property Company to third parties, including, without limitation, obligations in connection with the applicable Property Company or Assets, and (g) if a sale, an amount equal to the Working Capital Sale Reserve.

"Available Cash From Operations" means cash paid to or in the possession of, the Company from whatever source (other than Available Cash From Capital Event) after deducting therefrom (a) all funds necessary to pay for the currently payable expenses incurred in connection with the normal operations of the Company and the Property Companies in accordance with and subject to the terms hereof, (b) the payment of all currently payable debt service, reserve and escrow amounts for all outstanding Loans when and as they become due and payable and/or are required to be reserved or escrowed, (c) the payment of all other currently payable obligations of the Company and the Property Companies to third parties, including, without limitation, obligations in connection with the Assets, and (d) an amount equal to the Working Capital Operating Reserve.

"Bankruptcy" means, with respect to any Person, a "Voluntary Bankruptcy" or an "Involuntary Bankruptcy". A "Voluntary Bankruptcy" shall mean, with respect to any Person, (a) an admission in writing by such Person of its inability to pay its debts generally or a general assignment by such Person for the benefit of creditors, (b) the filing of any petition or answer by such Person seeking to adjudicate it bankrupt or insolvent or seeking for itself any liquidation, winding up, reorganization, arrangement, adjustment, protection, relief or composition of such Person or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors, or seeking, consenting to or acquiescing in the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for such Person or for any substantial part of its property, or (c) corporate action taken by such Person to authorize any of the actions set forth above. An "Involuntary Bankruptcy" shall mean, with respect to any Person, without the consent or acquiescence of such Person, the entering of an order for relief or approving a petition for relief or reorganization or any other petition seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or other similar relief under any present or future bankruptcy, insolvency or similar statute, law or regulation or the filing of any such petition against such Person which order or petition shall not be dismissed within 90 days or, without the consent or acquiescence of such Person, the entering of an order appointing a trustee, custodian, receiver or liquidator of such Person or of all or any substantial part of the property of such Person which order shall not be dismissed within 90 days.

"Bankruptcy Court" means the United States Bankruptcy Court for the Southern District of New York.

"Business" means (a) the ownership, lease and operation of the Properties, and (b) any other business of the Company, directly or indirectly related, incidental to or connected with the foregoing.

"Business Day" means any day other than a Saturday, Sunday or any other day on which banks in New York City are required or permitted by law to be closed.

"Business Plan" means the comprehensive strategic plan for the Company's and Ink III's ownership, operation, leasing, financing and sale of the Properties, as in effect from time to time pursuant to Section 3.5 hereof.

"Buy/Sell Additions" means the following additions to the Asset Purchase Price: (a) cash in the bank accounts of the Company and each Property Company (including, without limitation, cash in bank accounts established with or by third parties for the benefit of the Company and each Property Company (e.g., lockbox accounts, accounts under Hotel Management Agreements, third party property management agreements, reserves under franchise agreements, etc.)) and other Company and Property Company revenues as of the Buy/Sell Closing Date, (b) net accounts receivable received by the Company and the Property Companies (other than rents or similar payments from tenants, licensees,

concessionaires or similar parties) as of the Buy/Sell Closing Date (c) any utility deposits made by the Property Companies and (d) cash deposited securing any bonds, letters of credit, or other amounts posted by the Company or any Property Company.

"Buy/Sell Assets" means the Assets being purchased or sold pursuant to Section 3.7.

"Buy/Sell Closing" has the meaning set forth in Schedule G attached hereto.

"Buy/Sell Closing Date" means the date designated by the Purchasing Member for the Buy/Sell Closing, which date shall be no later than the date which is sixty (60) days after delivery of the Buy/Sell Response.

"Buy/Sell Deposit Funds" means all sums deposited with the Buy/Sell Escrow Agent pursuant to the provisions of Section 3.7 (including the Proposing Member's Deposit (if the Purchasing Member is the Proposing Member) or the Non-Proposing Member's Deposit (if the Purchasing Member is the Non-Proposing Member)), together with all interest earned thereon.

"Buy/Sell Escrow Agent" has the meaning set forth in Section 3.7(a).

"Buy/Sell Membership Interest Purchase Price" means a price for the sale by the Selling Member(s) of their interest in the Company calculated as equal to the amount that would be received by the Selling Member(s) pursuant to the application of the provisions of Section 7.1, if the Assets were sold to a third party on the Buy/Sell Closing Date for a net purchase price equal to the Adjusted Asset Purchase Price (it being agreed that any disputes as to Buy/Sell Additions and/or Buy/Sell Prorations shall be resolved by the determination of the Accountants, which determination shall be binding on the Members, absent manifest error).

"Buy/Sell Notice" has the meaning set forth in Section 3.7(a).

"Buy/Sell Prorations" means the following prorations and adjustments to the Asset Purchase Price (which prorations shall be deducted from or added to the Asset Purchase Price in the same manner as deductions or additions to a sale price would occur between a buyer and seller in an arms-length transaction in connection with a sale of the Assets to a third party)): (a) rents, occupancy charges and similar revenues paid or payable by the Company or the Property Companies, (b) rents and other amounts payable by the Property Companies under or pursuant to any ground leases (if applicable), (c) real estate taxes in respect of the Assets, (d) any other taxes and/or assessments affecting the Company, the Property Companies or the Assets (other than income taxes or gross receipt taxes), (e) insurance premiums due and payable (or paid) with respect to the Company, the Property Companies or the Assets, (f) license and/or permit fees that are either due and payable or have been prepaid with respect to the Company or the Property Companies, (g) utility charges that are either due and payable or have been prepaid with respect to the Assets, the Company or the Property Companies, (h) the cost of any fuel oil on hand at the Properties, (i) amounts paid or payable under service, management, development or construction contracts entered into by the Company or the Property Companies, and (j) any accounts payable of the Company or the Property Companies outstanding as of the Buy/Sell Closing Date.

"Buy/Sell Response" has the meaning set forth in Section 3.7(b).

"Buy/Sell Response Period" means the date which is thirty (30) days after the date of delivery of a Buy/Sell Proposal.

"Buy/Sell Third Party Loans" means all Loans outstanding with respect to the Company and the Property Companies as of the Buy/Sell Closing Date.

"Call Notice" has the meaning set forth in Section 3.8(b).

"Call Option" has the meaning set forth in Section 3.8(c)(i).

"Call Option Commencement Date" has the meaning set forth in Section 3.8(b).

"Capital Account" has the meaning set forth in Section 2.3(a).

"Capital Call" shall mean a written notice to the Members calling for a Capital Contribution, which written notice shall include (a) the total amount of the Capital Contribution then required, (b) a brief description of the expenditures or obligations giving rise to the requirement for such Capital Contribution, (c) each Member's proportionate share of the total Capital Contribution as then required by this Agreement, (d) the date by which each Member's Capital Contribution is required to be made, which date shall be thirty (30) days after such written notice has been given or such other date as may be agreed to by the Members, and (e) the account of the Company to which such Capital Contributions must be paid.

"Capital Contribution" means with respect to any Member, the sum of the Effective Date Deemed Capital Contribution and Additional Capital Contributions made by such Member. For the avoidance of doubt, Priming Capital Contributions shall not be considered Capital Contributions for purposes of this definition.

"Capital Event" means (i) the sale of any Asset, (ii) a financing or refinancing of an Asset, (iii) the receipt of insurance proceeds or condemnation awards in connection with the ownership of an Asset (which proceeds are not used for restoration in connection with the applicable casualty or condemnation) or (iv) other transactions which, in accordance with generally accepted accounting principles, consistently applied, would be treated as a capital event.

"Carveout Guarantor" has the meaning set forth in Section 1.11(c).

"Carveout Guaranty" means any guaranty of non-recourse carveouts or indemnity for environmental liabilities given to a Lender in connection with any Loan, which guaranty or indemnity is in form and substance satisfactory to the applicable Lender and approved in advance in writing by the Members (including, without limitation, any such guaranty or indemnity required by Current Lender in connection with the JPM Loan, it being agreed that the "Guarantees" as defined in the Contribution Agreement are approved by the Members).

"Cerberus Interests" has the meaning set forth in the Recitals.

"Cerberus Member" means CRE-Ink REIT Member, LLC, CRE-Ink REIT Member IV, LLC, CRE-Ink REIT Member V, LLC, CRE-Ink REIT Member VI, LLC and CRE-Ink REIT Member VII, LLC.

"Certificate of Formation" means the Certificate of Formation referred to in the Recitals and any and all amendments thereto and restatements thereof filed on behalf of the Company with the office of the Secretary of State of the State of Delaware pursuant to the Act.

"Change in Control" means, as of any date, (i) with respect to NS Managing Member, the failure of NS Managing Member to be Controlled by NS Parent and (ii) with respect to Chatham Managing Member, the failure of the Chatham Managing Member to be Controlled by Chatham REIT or any entity that succeeds to all or substantially all of the assets and liabilities thereof (whether by merger, consolidation or otherwise).

"Chatham Company Personnel" means any personnel employed by Chatham Managing Member (or one of its Affiliates other than Ink III or the Company) solely for the purpose of providing asset management services to the Company and/or Ink III, the employment generally of whom, including compensation and severance other than Approved Severance Costs, if any, payable to such personnel, has been approved by NS Managing Member and NS Ink III Managing Member.

"Chatham Competitor" shall mean (a) a Person that is then in a pending material litigation filed in court with Chatham REIT or any Affiliate of Chatham REIT that has been disclosed by Chatham REIT or its Affiliate entity in public filings with the Securities and Exchange Commission (other than (1) litigation in connection with the applicable Parent Change in Control with respect to NS Parent and (2) litigation involving individuals who are directors or officers of Chatham REIT unrelated to their capacity as such); or (b) (i) a publicly traded hotel REIT the stock of which is traded on a national stock exchange or (ii) a lodging-focused hotel company that owns or operates at least 50 hotels (it being acknowledged and agreed to by the parties that for purposes of clause (i) and (ii), an entity which is Controlled by NS Parent shall not constitute a Chatham Competitor, provided that if NS Parent undergoes a Parent Change in Control in a transaction with a Chatham Competitor, NS Parent shall be deemed to be a Chatham Competitor.

"Chatham Guarantor" has the meaning set forth in Section 1.11(c).

"Chatham Guaranty" means that certain Guaranty of Recourse Obligations, dated as of the Effective Date, by Chatham REIT in favor of the beneficiaries thereof, as same may be hereafter amended or modified.

"Chatham Ink III Managing Member" means Chatham TRS Holding, Inc.

"Chatham Managing Member" has the meaning set forth in the Preamble.

"Chatham Managing Member Effective Date Deemed Capital Contribution" has the meaning set forth in Section 2.2(a).

"Chatham Principal" means Jeffrey Fisher.

"Chatham REIT" means Chatham Lodging Trust, a Maryland real estate investment trust.

"Close Associate" means a Person who is widely and publicly known (or is actually known) to be a close associate of a Senior Foreign Political Figure.

"Code" means the Internal Revenue Code of 1986, as amended from time to time.

"Company" has the meaning set forth in the Preamble.

"Contributing Members" has the meaning set forth in Section 2.2(d).

"Control" means, with respect to any Person, the power of another Person, through ownership of equity, contract rights or otherwise, to direct the management and policies of such Person, and "Controlled" and "Controlling" have correlative meanings.

"Covered Entity" means (a) NS, (b) any Person acquiring all or substantially all of the assets of NS, and (c) any Person acquiring all or substantially all of a class of assets of NS, provided, in the case of each of clauses (a) through (c), that the equity value of NS Managing Member does not exceed 50% of the value of such Person, provided, further, that the condition set forth in the preceding proviso need not be satisfied in the case of a Permitted Corporate Transaction that is a spin-off described in clause (vii) of the definition thereof.

"Cure" means, with respect to any action or failure to act triggering a right to Cure, that such action or failure to act, to the extent that it triggered the right to Cure, has been discontinued, and all parties adversely affected by such action or failure to act have been made whole in all material respects as if such action or failure to act had not occurred.

"Current Lender" means JPMorgan Chase Bank, National Association.

"Depreciation" means, for each Fiscal Period, an amount equal to the depreciation, amortization or other cost recovery deduction allowable with respect to an asset for such Fiscal Period, except that if the Gross Asset Value of such asset differs from its adjusted basis for federal income tax purposes at the beginning of such Fiscal Period, Depreciation shall be an amount that bears the same ratio to such beginning Gross Asset Value as the federal income tax depreciation, amortization, or other cost recovery deduction for such Fiscal Period bears to such beginning adjusted tax basis; provided, however, that if the adjusted basis for federal income tax purposes of an asset at the beginning of such Fiscal Period is zero, Depreciation shall be determined with reference to such beginning Gross Asset Value using any reasonable method selected by the Tax Matters Member.

"Effective Date" has the meaning set forth in the Preamble.

"Effective Date Deemed Capital Contributions" means (a) with respect to a Member, as the context requires, either the NS Managing Member Effective Date Deemed Capital Contributions or the Chatham Managing Member Effective Date Deemed Capital Contributions made by such Member and (b) with respect to all Members, all NS Managing Member Effective Date Deemed Capital Contributions and all Chatham Managing Member Effective Date Deemed Capital Contributions, collectively.

"Environmental Law" means all applicable laws, including, for this purpose, all common law, governing public health or safety, workplace health or safety, pollution or the protection of the environment.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time.

"Excess Promote Amount" has the meaning set forth in Section 7.4(a).

"Exchange Act" means the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder.

"Expedited Arbitration" has the meaning set forth in Section 3.2(i).

"Expense Reimbursement" has the meaning set forth in Section 3.1(c).

"Failed Contribution" has the meaning set forth in Section 2.2(d).

"Fair Market Value" means (a) the Initiating Party Fair Market Value, if the Notice Recipient accepts the Initiating Party Fair Market Value pursuant to Section 3.8(c), (b) the fair market value agreed upon by and between the Initiating Party and the Notice Recipient pursuant to Section 3.8(c)(v) or (c) the fair market value determined pursuant to the appraisal process described in Section 3.8(d).

"Fair Market Value Additions" means only the following additions to the Fair Market Value: (a) cash in the bank accounts of the Company and each Property Company (including, without limitation, cash in bank accounts established with or by third parties for the benefit of the Company and each Property Company (e.g., lockbox accounts, accounts under Hotel Management Agreements, third party property management agreements, reserves under franchise agreements, etc.)) and other Company and Property Company revenues as of the Option Closing Date, (b) net accounts receivable accrued by the Company and the Property Companies (other than rents or similar payments from tenants, licensees, concessionaires or similar parties) as of the Option Closing Date, (c) any utility deposits made by the Property Companies, and (d) cash deposited securing any bonds, letters of credit, or other amounts posted by the Company or any Property Company.

"Fair Market Value Prorations" means the following prorations and adjustments to the Fair Market Value (which prorations shall be deducted from or added to the Fair Market Value in the same manner as deductions or additions to a sale price would occur between a buyer and seller in an arms-length transaction in connection with a sale of the Assets to a third party): (a) rents, occupancy charges and similar revenues paid or payable by the Company or the Property Companies, (b) rents and other amounts payable by the Property Companies under or pursuant to any ground leases (if applicable), (c) real estate taxes in respect of the Assets, (d) any other taxes and/or assessments affecting the Company, the Property Companies or the Assets (other than income taxes or gross receipt taxes), (e) insurance premiums due and payable (or paid) with respect to the Company, the Property Companies or the Assets, (f) license and/or permit fees that are either due and payable or have been prepaid with respect to the Company or the Property Companies, (g) utility charges that are either due and payable or have been prepaid with respect to the Assets, the Company or the Property Companies, (h) the cost of any fuel oil on hand at the Properties, (i) amounts paid or payable under service, management, development or construction contracts entered into by the Company or the Property Companies, and (j) any accounts payable of the Company or the Property Companies outstanding as of the Option Closing Date.

"Family Member" means, with respect to any specified natural person, (a) any parent, child, descendant or sibling of such natural person (including relationships resulting from adoption) or (b) the spouse of such natural person or of any person covered by clause (a).

"Fiscal Period" means (a) the period commencing on the Effective Date and ending on December 31, 2014, (b) any subsequent 12-month period commencing on January 1 and ending on December 31 and (c) any portion of the period described in clauses (a) and (b) of this sentence (i) for which the Company is required to allocate Profits, Losses and other items of Company income, gain, loss or deduction pursuant to Article VI and (ii) ending on the date of an adjustment to the Gross Asset Value pursuant to clause (b) of the definition of "Gross Asset Value".

"Fiscal Year" means (a) the period commencing on the Effective Date and ending on December 31, 2014, (b) any subsequent 12-month period commencing on January 1 and ending on December 31 and (c) the period commencing on the immediately preceding January 1 and ending on the date on which all property of the Company is distributed to the Members pursuant to Article X.

"FMV Determination Date" has the meaning set forth in Section 3.8(e)(2).

"Funded Amount" has the meaning set forth in Section 2.2(d).

"Governmental Entity" means a court, arbitral tribunal, administrative agency or commission or other governmental or other regulatory authority or agency.

"Gross Asset Value" means, with respect to any asset, the asset's adjusted basis for federal income tax purposes, except as follows:

(a) the initial Gross Asset Value of any asset contributed by a Member to the Company shall be the fair market value of such asset at the time it is accepted by the Company, unreduced by any liability secured by such asset, as reasonably determined by the Managing Member;

(b) the Gross Asset Values of all Assets shall be adjusted to equal their respective fair market values, unreduced by any liabilities secured by such assets, as reasonably determined by the Managing Member as of the following times: (i) the acquisition of an additional interest in the Company by any new or existing Member in exchange for more than a de minimis Capital Contribution; (ii) the distribution by the Company to a Member of more than a de minimis amount of property as consideration for an interest in the Company; (iii) the grant of more than a de minimis interest in the Company as consideration for the provision of services to or for the benefit of the Company by an existing Member acting in a partner capacity or by a new Member acting in a partner capacity or in anticipation of being a partner; and (iv) the liquidation of the Company within the meaning of Regulations Section 1.704-1(b)(2)(ii)(g); provided, however, that (x) an adjustment described in clauses (i), (ii) or (iii) of this paragraph shall be made only if the Managing Member reasonably determines that such an adjustment is necessary to reflect the relative economic interests of the Members and (y) the Managing Member shall have adjusted the Gross Asset Values of all Assets to equal their respective fair market values immediately following the Mergers (as defined in the Purchase and Sale Agreement) and immediately prior to the distribution of the Specified Hotel Interests (as defined in the Purchase and Sale Agreement) pursuant to Section 2(a)(ii) of the Purchase and Sale Agreement and for purposes of that revaluation the Managing Member shall treat the Assets as having an aggregate fair market value equal to the Grossed-Up Purchase Price (as defined in the Purchase and Sale Agreement).

(c) the Gross Asset Value of any Asset distributed to any Member shall be adjusted to equal the fair market value of such asset on the date of distribution, unreduced by any liability secured by such asset, as reasonably determined by the Managing Member; and

(d) the Gross Asset Value of all Assets shall be increased (or decreased) to reflect any adjustments to the adjusted basis of such assets pursuant to Code Section 734(b) or Code Section 743(b), but only to the extent that such adjustments are taken into account in determining Capital Accounts pursuant to Regulations Section 1.704-1(b)(2)(iv)(m) and paragraph (f) of the definition of "Profits" and "Losses" or Section 8.2(g); provided, however, that Gross Asset Value shall not be adjusted pursuant to this paragraph (d) to the extent that an adjustment pursuant to paragraph (b) is required in connection with a transaction that would otherwise result in an adjustment pursuant to this paragraph (d).

If the Gross Asset Value of an asset has been determined or adjusted pursuant to paragraphs (a), (b) or (d) of this definition, such Gross Asset Value shall thereafter be adjusted by the Depreciation taken into account with respect to such asset for purposes of computing Profits and Losses.

"Hazardous Substance" means any material, substance or waste as to which liability or standards of conduct may be imposed pursuant to any Environmental Laws.

"Hotel Management Agreement" means, collectively, those certain Hotel Management Agreements, dated as of the Effective Date, by and between Island Hospitality Management and each Property Leaseco.

"Hotel Manager" has the meaning set forth in the definition of Major Decision.

"Immediate Family Member" includes the parents, siblings, spouse, children, and spouse's parents and siblings, of a Senior Foreign Political Figure.

"Indemnifiable Losses" has the meaning set forth in Section 11.1.

"Indemnified Person" has the meaning set forth in Section 11.1.

"Initiating Party" has the meaning set forth in Section 3.8(c)(ii).

"Initiating Party Fair Market Value" has the meaning set forth in Section 3.8(c)(ii).

"Ink III" means INK Acquisition III LLC, a Delaware limited liability company.

"Ink III Available Cash" means "Available Cash" as defined in the Ink III LLC Agreement.

"Ink III Capital Contributions" means "Capital Contributions" as defined in the Ink III LLC Agreement.

"Ink III Effective Date Deemed Capital Contributions" means "Effective Date Deemed Capital Contributions" as defined in the Ink III LLC Agreement.

"Ink III LLC Agreement" means the Limited Liability Company Agreement of INK Acquisition III LLC, effective as of the Effective Date, as may be amended in accordance therewith.

"Internal Rate of Return" means the annual percentage rate, compounded monthly, which, when utilized to calculate the present value of the aggregate amount of all actual distributions of Available Cash to NS Managing Member hereunder and Ink III Available Cash to NS Ink III Managing Member when made, causes such present value of such aggregate distributions to equal the present value of the sum of NS Managing Members' aggregate Capital Contributions to the Company and NS Ink III Managing Member's aggregate Ink III Capital Contributions to Ink III. The present value of NS Managing Member's Effective Date Deemed Capital Contribution to the Company is the nominal amount thereof and the present value of NS Managing Member's additional Capital Contributions to the Company (other than Effective Date Deemed Capital Contributions) is the nominal amount of such additional Capital Contribution discounted back from the date such Capital Contribution was made utilizing said annual percentage rate. The present value of NS Ink III Managing Member's Ink III Effective Date Deemed Capital Contribution is the nominal amount thereof and the present value of NS Ink III Managing Member's additional Ink III Capital Contributions to Ink III (other than Ink III Effective Date Deemed Capital Contributions) is the nominal amount of such additional Ink III Capital Contribution discounted back from the date such Ink III Capital Contribution was made utilizing said annual percentage rate. All equity contributions and distributions will be assumed to have occurred on the first day of the month in which they were made and all present values

shall be calculated as if discounted back to the date of the first day of the month in which each of the Effective Date Deemed Capital Contribution and Ink III Effective Date Deemed Capital Contribution was made. In the case that there are multiple capital events within a given calendar month, the amounts of the capital events will be summed as if they had occurred simultaneously on the 15th day of that calendar month. For all relevant purposes of this definition "Internal Rate of Return" shall be calculated by NS Managing Member using the Microsoft Excel XIRR function (or if such function is no longer available, such other software program for calculating internal rate of return as shall have been reasonably determined by NS Managing Member which approximates Microsoft Excel XIRR as close as reasonably possible).

"Involuntary Bankruptcy" has the meaning set forth in the definition of Bankruptcy.

"IPO Entity" has the meaning set forth in Section 3.2(g)(vii).

"IRS" means the U.S. Internal Revenue Service, or any successor government agency.

"Island Hospitality Management" means Island Hospitality Management, Inc. or one of its Affiliates.

"JPM Loan" means collectively, (i) that certain mortgage loan, in the original principal amount of $635,000,000, made on the Effective Date, by Current Lender, as lender, to certain Property Companies, as borrower, (ii) that certain mezzanine loan, in the original principal amount of $130,000,000, made on the Effective Date, by Current Lender, as lender, to certain Property Companies, as borrower and (iii) that certain mezzanine loan, in the original principal amount of $75,000,000, made on the Effective Date, by Current Lender, as lender, to certain Property Companies, as borrower.

"Lender" means the lender under any Loan Documents to be executed with respect to a Loan, including, without limitation, Current Lender.

"Loan" means a loan obtained or assumed by the Company or any of its Subsidiaries, as borrower, secured by all or any portion of the Property or by equity interests of any Subsidiary of the Company, including, without limitation, the JPM Loan.

"Loan Documents" means any and all loan documents to be executed by the Company or any of its Subsidiaries, as applicable, and the Lender in connection with a Loan.

"Major Decision" means any determination to cause the Company or any Subsidiary of the Company to:

(a) directly or indirectly acquire, or execute and deliver any documents, agreements or instruments necessary to close on the direct or indirect acquisition by the Company or any Subsidiary of the Company of, any Property, except as set forth in the then-approved Operating Budget or the then-approved Business Plan;

(b) (A) sell, assign, transfer, encumber or dispose of the Company, any Property Company, any Property, or any revenue-generating business of the Company or any Property Company, or agree to any of the foregoing, or (B) except as expressly provided in this Agreement or in the then-approved Operating Budget or the then-approved Business Plan, improve, design, rehabilitate, alter, or repair (collectively, the "Repairs") of any of the Properties, provided, however, that the Managing Member may make or caused to be made Repairs not contemplated by the then-approved Operating Budget if (i) any such Repair is required by any franchisor under the applicable franchise agreement or any other agreement with the franchisor, (ii) emergency action or expenditures is necessary to prevent imminent risk to the health and safety of Persons on or about the Properties, imminent material property damage or imminent imposition of criminal or civil sanctions against the Company or any Member (each, an "Emergency Expenditure"), provided that (1) any such Emergency Expenditure made without approval of all the Members is, in the Managing Member's commercially reasonable judgment, reasonable and necessary under the circumstances set forth above and (2) the Managing Member endeavors diligently and in good faith (x) to notify the Members of any such Emergency Expenditure promptly in writing and (y) attempts to obtain verbal approval of the Members for any required Emergency Expenditure, or (iii) if the aggregate cost of such Repairs fall within the thresholds set forth in clause (l) of this definition;

(c) except as otherwise expressly permitted by this Agreement, call for Capital Contributions, approve Capital Calls or determine the portion of the then-approved Operating Budget that is to be funded by equity and by debt, or raise any new equity for any Subsidiary of the Company or admit any new member, partner or owner to the Company or any of its Subsidiaries;

(d) make any operating expenditure or incur any operating obligation by or on behalf of the Company that varies materially from the then-approved Operating Budget other than an Emergency Expenditure made pursuant to the procedures set forth in clause (b) of this definition and expenditures that fall within the thresholds set forth in clause (l) of this definition;

(e) execute or modify, amend, supplement, terminate, extend or renew leases with tenants for occupancy of space in any Property or ground leases affecting any Property (or grant any consents or exercise remedies thereunder), except to the extent delegated to the Hotel Manager pursuant to the Hotel Management Agreements or set forth in the then-approved Operating Budget or the then-approved Business Plan;

(f) enter into, modify or terminate any contractual arrangements with service providers (including lenders, attorneys, consultants, appraisers, third party property managers, brokerage companies, general contractors, accountants, auditors, architects, banks or other depositaries and all other service providers) for services to be rendered in connection with the business of the Company; provided, however, that (i) until further written notice, NS Managing Member hereby delegates the tasks set forth in this subsection (f) to the Managing Member, so long as all such services are expressly provided for and are not in excess of the amounts budgeted for such services in the then-approved Operating Budget and Business Plan and either (x) are terminable, without cause or fee, upon not more than thirty (30) days' notice, (y) have a stated term of not more than one year, or (z) are expressly approved in writing by NS Managing Member, (ii) NS Managing Member hereby authorizes the Managing Member to cause the Property Leasecos to engage Island

Hospitality Management to act as the hotel manager of all of the Properties on behalf of the Property Leasecos (the "Hotel Manager") pursuant to the Hotel Management Agreements and (iii) the entry into, modification or termination of any contractual arrangement that requires an annual payment by the Company of $25,000 or less, or the determination to take any of the foregoing actions, shall not be considered a Major Decision;

(g) incur or pay any real estate taxes, insurance premiums, or any assessments or charges with respect to the ownership and operation of any Property, except to the extent provided for in the then-approved Operating Budget or delegated to the Hotel Manager pursuant to the Hotel Management Agreement;

(h) make distributions to the Members other than as set forth in Article VII of this Agreement;

(i) establish reserves, determine reserve levels or make any distributions from any such reserves, except as set forth in the then-approved Operating Budget or the then-approved Business Plan;

(j) except as set forth in the then-approved Operating Budget or the then-approved Business Plan, cause or permit the Company to finance all or any portion of any Property (other than the JPM Loan and trade debt incurred in the ordinary course of business consistent with the then-approved Operating Budget), agree to the form, substance, provider or documentation pertaining to any Loan, modify, restructure or terminate any Loan or repay any Loan except in accordance with the express terms of the applicable Loan, or enter into, modify or amend any documents, agreements or instruments relating to any Loan;

(k) except to the extent expressly set forth in the then-approved Operating Budget or the then-approved Business Plan, select or determine any insurance plans, carriers or coverages to be purchased and maintained by or on behalf of the Company or any Property Company;

(l) taking into account amounts spent under clause (l) of the definition of Major Decision in the Ink III LLC Agreement, make any expenditures which are at variance with the then-approved Operating Budget or Business Plan (A) (1) with respect to any Operating Expense (as defined in the applicable Hotel Management Agreement) for any Property unless Operating Expenses for such Property would not exceed the estimated Operating Expenses for such Property as set forth in the then-current and approved Operating Budget with respect to such Property by five percent (5%) or more (in the aggregate, but not by line item) and (2) with respect to any other expenditure not described in clause (1), unless the variance in question does not exceed a particular summary line item by the lesser of (x) $50,000 or (y) 10% of that summary line item, and (B) unless the overall Operating Budget for the Company and Ink III is not exceeded in the aggregate by more than 2.5% (excluding, for purposes of the foregoing calculation, the use of any contingency line items set forth in the then-approved Operating Budget)), and provided that in any case the Managing Member may make an Emergency Expenditure pursuant to the procedures set forth in clause (b) of this definition);

(m) grant or convey any easement, lien, ground lease, mortgage, deed, deed of trust, bill of sale, contract or other instrument purporting to convey or encumber any Property, either wholly or in part;

(n) take any Bankruptcy action on behalf of the Company or any of its Subsidiaries;

(o) institute any legal or arbitration proceedings in the name of the Company, settle any legal or arbitration proceedings against the Company or confess any judgment against the Company or any Property, other than (i) the institution of an eviction action, a suit for breach of a tenant lease or other similar proceeding contemplated in or provided for in the then-approved Operating Budget or the then-approved Business Plan or (ii) settlements or compromises for litigation or arbitration providing solely for the payment of money damages where the amount paid (after giving effect to any insurance proceeds) in settlement or compromise does not exceed $50,000;

(p) execute, deliver or file any agreement, permit, request, application or filing with any governmental agency, any neighboring property owner, any community organization or any similar regulatory body, or send any correspondence to or have any other material communications with, any governmental agency, which directly binds the Company or any of its Affiliates or any Member or any of its Affiliates, or which advocates a position on behalf of the Company or its Affiliates or any Member or its Affiliate (excluding correspondence, communications and other actions with respect to ministerial matters consistent with the then-approved Operating Budget and the then-approved Business Plan);

(q) approve any investment other than as contemplated by this Agreement or approve any renovation or disposition of any Property, except as expressly authorized by the then-approved Business Plan and other than an Emergency Expenditure or Repair made pursuant to the procedures set forth in clause (b) of this definition;

(r) enter into any exclusivity, competition or confidentiality agreement that is or purports to be binding upon any Member or any of its Affiliates or interest holders;

(s) enter into any settlements with any third party or any consent decree, order (judicial or otherwise) with any Governmental Entity, related to the breach of any Environmental Law, or the sampling, monitoring, treatment, remediation, removal or clean up of Hazardous Substances with respect to the Properties;

(t) knowingly take or approve, or refrain from taking or approving, any action that is reasonably likely to lead to a default under any Loan Documents or to a material dispute with any Lender;

(u) knowingly take or approve, or refrain from taking or approving, any action that could trigger a recourse provision under any then-outstanding Loan;

(v) approve any marketing plans or agreements with respect to any Property, except as expressly authorized by the then-approved Business Plan;

(w) require or permit the Company to make any loan to any Member or any of its Affiliates, or require or permit any loan to be made by any Member to the Company;

(x) cause the Company or any Property Company to execute or deliver any indemnity or guaranty;

(y) change the Company's depreciation and accounting methods and make other decisions with respect to the treatment of various transactions for federal income tax purposes, and change the Company's elections for federal, state or local income tax purposes, provided, however, that NS Managing Member's ability, as Tax Matters Member, to cause the Company to make an election under Section 754 of the Code with respect to the Company's taxable year that will end on the Closing Date in accordance with Treasury Regulations section 1.708-1(b)(3)(ii) as a result of a "technical termination" of the Company as a partnership under Section 708(b)(1)(B) of the Code and Treasury Regulations section 1.708-1, shall not constitute a Major Decision;

(z) amend this Agreement (or the corresponding organizational documents of any Subsidiary of the Company) in any respect;

(aa) take or approve any action relating to any tax certiorari proceeding or other tax appeal affecting any Property;

(bb) recapitalize, reclassify, redeem, repurchase or otherwise acquire any equity or other interests of the Company or any Subsidiary of the Company;

(cc) merge, consolidate or dissolve the Company or any of its Subsidiaries;

(dd) remove and replace Island Hospitality Management as Hotel Manager;

(ee) permit or cause any Transfer that may reasonably be expected to cause the assets of the Company or any Subsidiary of the Company to be deemed "plan assets" (within the meaning of 29 C.F.R. 2510.3-101, as modified by Section 3(42) of ERISA);

(ff) enter into any swap, hedge, collar or other interest rate protection agreement;

(gg) enter into any lease, whether as lessor or lessee, other than short term storage leases in connection with a capital program or equipment leases in the ordinary course of business;

(hh) take any action that could reasonably be expected to cause the Company to fail to satisfy the gross income and asset tests applicable to REITs under Code Section 856(c)(1)-(4), assuming for this purpose that the Company were a REIT;

(ii) enter in any transaction that could reasonably be expected to cause Chatham REIT or NS REIT to incur a liability for the tax on "prohibited transactions" under Code Section 857(b)(6);

(jj) cause any rebranding of properties or entry into new franchise agreements or amend, supplement, terminate, extend or renew any franchise agreements (or grant any material consents or exercise material remedies thereunder);

(kk) approve or implement any Operating Budget or Business Plan, as set forth in Section 3.5;

(ll) except as otherwise expressly permitted pursuant to this Agreement or the then-current Operating Budget or Business Plan, entering into, amending or modifying agreements if such action would result in the Company, Ink III or their respective Subsidiaries being required to make expenditures not permitted by clause (l);

(mm) entering into any agreement with an Affiliate of a Member other than pursuant to Section 4.4;

(nn) causing the Company or any Subsidiary other than a Property Company or Property Leaseco to hold any assets other than (x) the interests in its Subsidiaries as of the Effective Date, (y) any cash reserves intended for distributions to the Members or to pay Company expenses or (z) any other assets that the Managing Member is permitted to acquire and hold pursuant to the then-effective Operating Budget;

(oo) entering into or terminating, disposing of or materially amending the terms of any joint venture to which the Company or any of its Subsidiaries is a party;

(pp) changing the principal banking institutions with which the Company or its subsidiaries maintain deposit, borrowing or other relationships;

(qq) causing the Company or any Property Company to employ any Person (it being acknowledged that neither the Company nor any Property Company shall have any employees);

(rr) materially changing the line(s) of business of the Company and its Subsidiaries or conducting business in a jurisdiction other than the United States; or

(ss) the disposition of any casualty insurance proceeds and the application of any condemnation award, including the settlement of any casualty insurance proceeds with an insurance company or the settlement of any condemnation award with any condemning authority on behalf of the Company or any of the Property Companies.

"Managing Member" means Chatham Managing Member, in its capacity as Managing Member of the Company, and any successor thereto appointed in accordance with this Agreement.

"Member" has the meaning set forth in the Preamble.

"Member Representatives" has the meaning set forth in Section 12.12.

"Monthly Expense Amount" has the meaning set forth in Section 3.1(c)(i).

"Necessary Capital" means any capital that is not Non-Discretionary Capital that is needed from time to time by the Company or any Property Company for Company or Property Company purposes.

"Nonrecourse Built-in Gain" shall mean the amount of taxable gain that would be allocated to a Member under Section 704(c) of the Code (or in the same manner as Section 704(c) of the Code in connection with a revaluation of Company property) if the Company disposed of (in a taxable transaction) all Company property subject to one or more Nonrecourse Liabilities of the Company in full satisfaction of the liabilities and for no other consideration.

"Nonrecourse Deductions" shall have the meaning set forth in Treasury Regulations Section 1.704-2(b)(1), and the amount of Nonrecourse Deductions for a Fiscal Year shall be determined in accordance with the rules of Treasury Regulations Section 1.704-2(c).

"Nonrecourse Liability" shall have the meaning set forth in Treasury Regulations Section 1.752-1(a)(2).

"Non-Contributing Member" has the meaning set forth in Section 2.2(d).

"Non-Discretionary Capital" means (x) payments required to be made by the Company or any Property Company to (a) avoid or minimize the imminent threat of either (i) loss or impairment of life or of personal injury or (ii) damage to any Asset of the Company or a Property Company or (b) make any repairs or capital improvements or take other action immediately required in order to avoid a violation of any laws, orders, rules, regulations and other requirements enacted, imposed or enforced by any governmental authority or (y) any Capital Contributions that are expressly contemplated by the approved Operating Budget or the then-approved Business Plan.

"Non-Proposing Member" has the meaning set forth in Section 3.7(a).

"Non-Proposing Member's Deposit" has the meaning set forth in Section 3.7(b).

"Notice Recipient" has the meaning set forth in Section 3.8(c)(ii).

"Notice Response" has the meaning set forth in Section 3.8(c)(ii).

"NRFC" means NorthStar Realty Finance Corp., a Maryland corporation, or any entity that succeeds to all or substantially all of the assets and liabilities thereof pursuant to a Permitted Corporate Transaction.

"NRFC Sub-REIT" means NRFC Sub-REIT Corp., a Maryland corporation, or any entity that succeeds to all or substantially all of the assets and liabilities thereof pursuant to a Permitted Corporate Transaction.

"NS" means (a) NRFC, (b) NRFC Sub-REIT, (c) NorthStar Realty Finance Limited Partnership, a Delaware limited partnership, or any entity that succeeds to all or substantially all of the assets and liabilities thereof pursuant to a Permitted Corporate Transaction, or (d) NSAM.

"NSAM" means NorthStar Asset Management Group, Inc., a Delaware corporation, or any entity that succeeds to all or substantially all of the assets and liabilities thereof pursuant to a Permitted Corporate Transaction.

"NS Competitor" means (a) a Person that is then in a pending material litigation filed in court with NS or any Affiliate of NS that has been disclosed by NS or its Affiliate entity in public filings with the Securities and Exchange Commission (other than (1) litigation in connection with the applicable Parent Change in Control with respect to Chatham REIT and (2) litigation involving individuals who are directors or officers of NS unrelated to their capacity as such); or (b) any Person (other than a hotel REIT or Person for whom the Chatham Principal serves as chief executive officer) that (i) is engaged in the business of lending on or owning commercial real estate in the United States and (ii) (A) owns total gross assets in excess of $1,000,000,000 or (B) has total assets (in name or under management) in excess of $1,000,000,000.

"NS Guarantor" has the meaning set forth in Section 1.11(c).

"NS Ink III Managing Member" means Platform Member Holdings-T CAM2, LLC.

"NS Managing Member" has the meaning set forth in the Preamble.

"NS Managing Member Effective Date Deemed Capital Contribution" has the meaning set forth in Section 2.2(a).

"NS Operating Company Managing Members" means, collectively, NS Managing Member and NS Ink III Managing Member.

"NS Parent" means NRFC or, if NSAM Controls the NS Managing Member, NSAM.

"NS REIT" means NRFC Sub-REIT or NRFC.

"OFAC" means the U.S. Department of the Treasury's Office of Foreign Assets Control.

"OFAC Sanctions Programs" means any countries, territories, individuals or entities that are prohibited pursuant to the laws, regulations or Executive Orders administered by OFAC, including the List of Specially Designated Nationals and Blocked Persons administered by OFAC, as such list may be amended from time to time.

"Officer" means any officer of the Company or any Subsidiary thereof appointed in accordance with this Agreement or by the manager of such Subsidiary.

"Operating Budget" means the annual operating budget for the ownership, operation, leasing, marketing and sale of the Properties and Assets, as applicable, and any liabilities or obligations of the Company and Ink III, as in effect from time to time pursuant to Section 3.5 hereof and in the Ink III LLC Agreement (it being acknowledged and agreed that (i) the Operating Budget shall initially be based on the Final Operating Budget (as such term is defined in the Hotel Management Agreements) and shall then incorporate any additional costs and expenses of the Company and Ink III not included in the Final Operating Budget (including, without limitation, costs of any Chatham Company Personnel) and (ii) the Operating Budget shall have a line item reimbursing NS Managing Member and the NS Ink III Managing Member, as applicable, for any third party consultant retained by NS Managing Member and the NS Ink III Managing Member, as applicable, to oversee the activities and operation of the Company, Ink III, the Assets, and the Properties, as applicable, which expenses shall not exceed Three Hundred Thousand Dollars ($300,000) per Fiscal Year in the aggregate under this Agreement and the Ink III LLC Agreement).

"Option Closing" has the meaning set forth in Section 3.8(e)(i).

"Option Closing Date" has the meaning set forth in Section 3.8(e)(i).

"Option Closing Period" has the meaning set forth in Section 3.8(e)(ii).

"Option Interests" has the meaning set forth in Section 3.8(a).

"Option Notice" has the meaning set forth in Section 3.8(b).

"Option Price" has the meaning set forth in Section 3.8(c)(i).

"P&L Statement" has the meaning set forth in Section 4.2(a).

"Parent Change in Control" means, as of any date, with respect to NS Parent or Chatham REIT, as applicable:

(a) any merger, consolidation or similar business combination of NS Parent or Chatham REIT, as applicable, into or with another Person as a result of which holders of the voting securities of NS Parent or Chatham REIT, as applicable, immediately prior to the consummation of the transaction hold, directly or indirectly, immediately following the consummation of the transaction, equity interests in the surviving entity in such transaction or its ultimate parent possessing less than a majority of the voting power of such surviving entity or ultimate parent; or

(b) any other transaction (other than a merger, consolidation or similar business combination, which is addressed by clause (a)), including the sale by NS Parent or Chatham REIT, as applicable, of new equity interests or a transfer of existing equity interests of NS Parent or Chatham REIT, as applicable,, the result of which is that any other Person or group of related Persons, directly or indirectly, acquires (i) beneficial ownership (as defined under Section 13(d) of the Exchange Act) of equity interests of NS Parent or Chatham REIT, as applicable, representing a majority of NS Parent's or Chatham REIT's, as applicable, voting power or (ii) a majority of the assets of NS Parent or Chatham REIT, as applicable.

"Partnership Minimum Gain" shall have the meaning set forth in Treasury Regulations Section 1.704-2(b)(2), and the amount of Partnership Minimum Gain, as well as any net increase or net decrease in Partnership Minimum Gain for a Fiscal Year shall be determined in accordance with the rules of Treasury Regulations Section 1.704-2(d).

"Percentage Interest" means, with respect to any Member, such Member's ownership interest in the Company, calculated as the percentage obtained by dividing the Capital Contributions of such Member by the aggregate Capital Contributions of all the Members. As of the Effective Date, the Percentages Interests of the Members are set forth on Schedule A.

"Permitted Corporate Transaction" means any of the following: (i) a direct or indirect Transfer of the stock or other equity interests in a Covered Entity, (ii) the direct or indirect creation of new stock (including separate classes of stock) or other equity interests in a Covered Entity, (iii) direct or indirect stock splits or reverse stock splits in a Covered Entity, (iv) redemption of stock or equity interests by a Covered Entity, (iv) the conversion of a Covered Entity that is a REIT from a public to a private company or vice versa, (v) the conversion of a Covered Entity that is a public company to a private company or vice versa, (vi) any reorganization, merger, consolidation, recapitalization, restructuring or similar transaction with respect to a Covered Entity, (vii) the spin-off or formation of a company or entity that has as its direct or indirect majority owners any Covered Entity or shareholders of a Covered Entity, or Affiliates of any of the foregoing; and (viii) any other transaction that modifies, changes, or affects the ownership or control of a Covered Entity or all or substantially all of the assets of a Covered Entity.

"Permitted Transfer" means the sale, transfer or encumbrance of the stock, partnership interest or limited liability company interest in a Member or any corporation, partnership, trust, limited liability company or other entity that directly or indirectly holds an interest in a Member, provided that such sale, transfer or encumbrance does not constitute a Change in Control (it being acknowledged and agreed (x) that a Member may from time to time consist of one or more members, partners, managers and other persons that may contribute funds or loan funds to a Member to be used in connection with the obligations of a Member under this Agreement, provided that if such contribution or loan does not

constitute a Permitted Corporate Transaction then the foregoing shall only be permitted if it does not result in a Change in Control, (y) any such sale, transfer or encumbrance that does constitute an Change in Control shall require the consent of the other Member and (z) notwithstanding anything to the contrary in the foregoing clauses (x) or (y) or elsewhere in this Agreement, a Permitted Corporate Transaction shall be deemed a Permitted Transfer).

"Person" means any individual, corporation, association, partnership (general or limited), joint venture, trust, joint-stock company, estate, limited liability company, Series, unincorporated organization or other legal entity or organization.

"Portfolio Sale Blackout Period" means any period commencing on the date when NS Managing Member delivers to Chatham Managing Member notice (a "Portfolio Sale Notice") of its good faith intention to sell all or substantially all of the Properties and ending six (6) months following such date, unless NS Managing Member enters into a purchase agreement for such sale during such six-month period, in which case such period shall end nine (9) months following the date such Portfolio Sale Notice is delivered; provided, that if NS Managing Member delivers a Buy/Sell Notice to Chatham Managing Member during any Portfolio Sale Blackout Period, then such Portfolio Sale Blackout Period shall end on the date of such delivery; provided, further, that NS Managing Member shall not be permitted to deliver a subsequent Portfolio Sale Notice until six (6) months after the end of a Portfolio Sale Blackout Period.

"Post-Termination Major Decision" means any determination to cause the Company or any Subsidiary of the Company to take any action described in clauses (h), (r), (z), (bb), (hh) or (ii) of the definition of "Major Decisions".

"President and CEO" has the meaning set forth in Section 3.4(d)(i).

"Priming Capital Contribution" has the meaning set forth in Section 2.2(d).

"Priming Capital Contribution Return" means with respect to each Priming Capital Contribution and as of the date of calculation, an amount equal to (x) the accrued and unpaid per annum interest at twenty percent (20%) on Priming Capital Contributions made by a Contributing Member in connection with Capital Calls for Necessary Capital and (y) the accrued and unpaid per annum interest at fifteen percent (15%) on Priming Capital Contributions made by a Contributing Member in connection with Capital Calls for Additional Capital Contributions other than for Necessary Capital, which accrued and unpaid interest, in either instance, shall (i) commence accruing as of the date of funding of the applicable Priming Capital Contribution, (ii) compound monthly, to the extent not paid from distributions of Available Cash from Operations under Section 7.1(a)(i) or Available Cash from Capital Event under Section 7.1(b)(i) (as applicable), and (iii) be calculated on the basis of a 360-day year composed of twelve (12) months of thirty (30) days each, except that the interest payable in respect of any period less than a full calendar month shall be calculated by multiplying the actual number of days elapsed in such period by a daily rate based on a 360-day year.

"Prior Agreement" has the meaning set forth in the Recitals.

"Profits" or "Losses" means for each Fiscal Period, an amount equal to the taxable income or loss for such Fiscal Period. Such amount shall be determined in accordance with Code Section 703(a) (for this purpose, all items of income, gain, loss, or deduction required to be stated separately pursuant to Code Section 703(a)(1) shall be included in taxable income or loss), with the following adjustments (without duplication):

(a) any income that is exempt from federal income tax and not otherwise taken into account in computing Profits or Losses pursuant to this definition shall be added to such taxable income or loss;

(b) any expenditures described in Code Section 705(a)(2)(B) or treated as Code Section 705(a)(2)(B) expenditures pursuant to Regulations Section 1.704-1(b)(2)(iv)(i), and not otherwise taken into account in computing Profits or Losses pursuant to this definition shall be subtracted from such taxable income or loss;

(c) in the event the Gross Asset Value of any Asset is adjusted pursuant to paragraphs (b) or (c) of the definition of Gross Asset Value, the amount of such adjustment shall be taken into account as an item of gain (if the adjustment increases the Gross Asset Value of the asset) or an item of loss (if the adjustment decreases the Gross Asset Value of the asset) from the disposition of such asset and shall be taken into account for purposes of computing Profits or Losses;

(d) gain or loss resulting from any disposition of property with respect to which gain or loss is recognized for federal income tax purposes shall be computed by reference to the Gross Asset Value of property disposed of, notwithstanding that the adjusted tax basis of such property differs from its Gross Asset Value;

(e) in lieu of depreciation, amortization, and other cost recovery deductions taken into account in computing such taxable income or loss there shall be taken into account Depreciation for such Fiscal Period, computed in accordance with the definition of Depreciation; and

(f) to the extent an adjustment to the adjusted tax basis of any Asset pursuant to Code Section 734(b) or 743(b) is required pursuant to Regulations Section 1.704-1(b)(2)(iv)(m) to be taken into account in determining Capital Accounts as a result of a distribution other than in liquidation of a Member's interest in the Company, the amount of such adjustment shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases the basis of the asset) from the disposition of the asset and shall be taken into account for purposes of computing Profits or Losses.

"Promote" means any right of the Chatham Managing Member to receive distributions of Available Cash under Section 7.1(b)(iii)(A), Section 7.1(b)(iv)(A) and Section 7.1(b)(v)(A).

"Promote Forfeiture Event" means any event under clauses (b)(i) (provided that the applicable breach is a Willful Breach), (b)(ii), (e), (g) (but solely if the event constituting a Termination Event (as defined in the Ink III LLC Agreement) under the Ink III LLC Agreement

was in respect of clauses (b)(i) (provided that the applicable breach is a Willful Breach), (b)(ii), (e), (i) or (j) of the definition of "Termination Event" under the Ink III LLC Agreement), (i) and (j) of the definition of "Termination Event".

"Promote Payment Loan" has the meaning set forth in Section 7.4(b).

"Properties" means the hotel properties listed on Schedule B hereto, and any other property (real, personal or mixed) or real estate acquired by the Company in accordance with this Agreement.

"Property Company" means a direct or indirect subsidiary of the Company through which the Company indirectly holds an ownership, leasehold or other interest in one or more Properties. The Property Companies existing as of the Effective Date are set forth on Schedule B hereto.

"Property Leasecos" means each of Grand Prix Fixed Lessee, LLC and INK Lessee, LLC, each a Delaware limited liability company, that will be indirectly or directly owned by Ink III.

"Proposing Member" has the meaning set forth in Section 3.7(a).

"Proposing Member's Deposit" has the meaning set forth in Section 3.7(a).

"Purchase and Sale Agreement" means that certain Purchase and Sale Agreement, dated as of May 8, 2014, by and among certain affiliates of Cerberus Real Estate Capital Management, LLC, as sellers, and the NewINK, LLC, as buyer, and the other parties thereto.

"Purchasing Member" means either (a) the Proposing Member or any person, partnership, corporation, limited liability company or other entity designated by the Proposing Member, if the Non-Proposing Member elects (or is deemed to have elected) to sell pursuant to Section 3.7, it being acknowledged that there shall be no restrictions on the right of the Proposing Member (concurrently with the Buy/Sell Closing but not prior thereto) to assign or transfer its right to purchase the Non-Proposing Member's membership interest in the Company (including, without limitation, a right to assign such rights to more than one entity), provided that no such transfer shall release the Proposing Member from its obligation to consummate the Buy/Sell Closing, shall delay the Buy/Sell Closing Date, shall decrease the amounts ultimately payable to the Non-Proposing Member or shall, in the Non-Proposing Member's reasonable judgment, expose the Non-Proposing Member to any increased risk or liability (including, without limitation, income tax liability) in excess of that which it would have had in the event there were no such transfer or (b) the Non-Proposing Member or any person, partnership, corporation, limited liability company or other entity designated by the Non-Proposing Member, if the Non-Proposing Member elects to purchase pursuant to Section 3.7, it being acknowledged that there shall be no restrictions on the right of the Non-Proposing Member (concurrently with the Buy/Sell Closing but not prior thereto) to assign or transfer its right to purchase the Proposing Member's membership interest in the Company (including, without limitation, a right to assign such rights to more than one entity), provided that no such transfer shall release the Non-Proposing Member from its obligation to consummate the Buy/Sell Closing or shall delay the Buy/Sell Closing Date.

"Put Notice" has the meaning set forth in Section 3.8(a).

"Put Option" has the meaning set forth in Section 3.8(c)(i).

"Put Option Commencement Date" has the meaning set forth in Section 3.8(a).

"QIB" means a "qualified institutional buyer" within the meaning of Rule 144A under the 1933 Act.

"Qualified IPO" shall mean an initial public underwritten (firm commitment) offering of equity securities of the Company or an IPO Entity; provided that (a) equity interests with associated Percentage Interests of not less than 10% in the aggregate are sold in the Qualified IPO, (b) the equity interests sold in the Qualified IPO are approved for listing on the New York Stock Exchange, Nasdaq or another US national securities exchange and (c) in the case of a Qualified IPO Demand made on or prior to the first anniversary of the date of this Agreement, the equity capitalization of the Company or IPO Entity, as applicable, based on the price of the equity interests to be sold in the Qualified IPO, is reasonably acceptable to Chatham Managing Member.

"Regulations" means the federal income tax regulations promulgated by the Treasury Department under the Code, as such regulations may be amended from time to time. All references herein to a specific section of the Regulations shall be deemed also to refer to any corresponding provisions of succeeding Regulations.

"REIT" means an entity that qualifies as a "real estate investment trust" under Code Sections 856 through 860.

"Representative" has the meaning set forth in Section 10.2.

"Removal Notice" has the meaning set forth in Section 3.2(h).

"Response Notice" has the meaning set forth in Section 3.2(i).

"Selling Member" means the Member that elects (or is deemed to have elected) to sell pursuant to Section 3.7.

"Senior Foreign Political Figure" means (a) a current or former senior official in the executive, legislative, administrative, military or judicial branches of a non-U.S. government (whether elected or not), a current or former senior official of a major United States political party or a current or former senior executive of a non-U.S. commercial enterprise, (b) a corporation, business or other entity that has been formed by or for the benefit of a Senior Foreign Political Figure; (c) an immediate family member of a Senior Foreign Political Figure; and (d) a close associate of a Senior Foreign Political Figure. For purposes of this definition, a "senior official or "senior executive" means an individual with substantial authority over policy, operations, or the use of government-owned resources.

"Spin-Off Blackout Period" means any period commencing on the date when NS Managing Member delivers to Chatham Managing Member (a) notice of its good faith intention to effectuate a Permitted Corporate Transaction that is a spin-off described in clause (vii) of the definition thereof or (b) a Call Notice in respect of a spin-off pursuant to Section 3.8 (a notice described in clause (a) or a Call Notice, a "Spin-Off Notice") and ending on the earliest of (i) twelve (12) months following such date, (ii) the consummation of such spin-off, (iii) the date when NS Managing Member notifies Chatham Managing Member that is not pursuing such spin-off, and (iv) the date NS Managing Member delivers a Buy/Sell Notice; provided, however, that NS Managing Member shall not be permitted to deliver a subsequent Spin-Off Notice until six (6) months after the end of a Spin-Off Blackout Period.

"Subsidiary" of a Person means any corporation, partnership, limited liability company, trust and other entity, whether incorporated or unincorporated, with respect to which such Person, directly or indirectly, legally or beneficially, owns (i) a right to a majority of the profits of such entity; or (ii) securities having the power to elect a majority of the board of directors or similar body governing the affairs of such entity.

"Tax Matters Member" has the meaning set forth in Section 8.1.

"Termination Event" means (a) the occurrence of a Failed Contribution with respect to any Capital Contribution (other than an Effective Date Deemed Capital Contribution) for which a Capital Call has been made by Chatham Managing Member, (b)(i) any material breach of Chatham Managing Member's obligations hereunder (other than a Failed Contribution) or (ii) any gross negligence, willful misconduct, misappropriation of funds or fraud, in each case committed by the Chatham Principal (so long as he is an Affiliate of Chatham Managing Member, it being understood that he is such an Affiliate as of the date hereof), Chatham Managing Member or any Affiliate of Chatham Managing Member in connection with the performance of Chatham Managing Member's obligations hereunder, in each case other than such material breach, gross negligence, willful misconduct, misappropriation of funds or fraud that, if capable of being Cured, is Cured within thirty (30) days after Chatham Managing Member receives written notice thereof; provided, however, (i) if such misappropriation of funds or fraud is committed knowingly by the Chatham Principal then the Chatham Managing Member shall not have an opportunity to Cure such misappropriation of funds or fraud and such misappropriation of funds or fraud shall immediately constitute a Termination Event and (ii) it shall not be a breach of Chatham Managing Member's obligations hereunder if (x) Chatham Managing Member takes an action that would be a Major Decision as defined in clause (t) or (u) of the definition thereof that is approved by a Member other than the Managing Member to the extent such other Member is authorized to give such direction or (y) Chatham Managing Member refuses to take an action that would be a Major Decision as defined in clause (t) or (u) of the definition thereof as a result of an affirmative veto or lack of approval by a Member other than the Managing Member to the extent such other Member is authorized to give such veto or approval, (c) the reduction of Chatham Managing Member's Percentage Interest to a percentage of less than 5% hereof, (d) the failure of the Chatham Principal to remain as active in the management and business of Chatham REIT as he is as of the date of this Agreement, (e) any direct or indirect Transfer of an interest in Chatham Managing Member that is not a Transfer permitted under Article V hereof, unless such Transfer, if capable of being Cured, is Cured within thirty (30) days after the occurrence thereof, (f) the failure of Chatham Managing Member to timely satisfy its binding obligation to sell as a selling Member or to purchase as a purchasing Member, as applicable, under and as set forth in Section 3.7 and Section 3.8 below, (g) the termination of the Chatham Ink III Member as managing member of Ink III as a result of a Termination Event (for purposes of this clause (g), as defined in the Ink III LLC Agreement), (h) Chatham Managing Member is subject to any Bankruptcy Action, (i) Chatham Managing Member or any Affiliate of Chatham Managing Member takes any improper action which results in a material default under a Loan, any franchise agreement affecting any of the Properties or any ground lease affecting any of the Properties, unless such default, if capable of being Cured, is Cured within thirty (30) days after the occurrence thereof, (j) Chatham Managing Member or any Affiliate of Chatham Managing Member breaches its obligations set forth in Section 12.17 of this Agreement or (k) there is a Change in Control with respect to Chatham Managing Member, or a Parent Change in Control with respect to Chatham REIT, that in either instance results in Chatham Managing Member being Controlled by a NS Competitor (unless, in the case of this clause (k), the Chatham Principal remains chief executive officer of Chatham REIT (or its successor pursuant to such Change of Control or Parent Change of Control) upon consummation of such Change of Control or Parent Change of Control).

"Third Party Claim" has the meaning set forth in Section 11.6.

"Transaction Costs" means the transaction costs and expenses incurred by the Members or their Affiliates in connection with the consummation of the transactions contemplated by the Purchase and Sale Agreement, including, without limitation (i) the purchase of the Cerberus Interests (but excluding the purchase price therefor), (ii) any transfer taxes and other closing costs in connection therewith that are borne by the "Purchaser" under the Purchase and Sale Agreement, (iii) the fees, costs and disbursements of counsel to the Members and the Company, including the fees and costs of Duval & Stachenfeld LLP as counsel to NS Managing Member, the fees and costs of Hunton & Williams LLP as tax counsel to NS Managing Member, the fees and costs of Wachtell, Lipton, Rosen & Katz, as counsel to Chatham Managing Member and the fees and costs of Hunton & Williams LLP as tax counsel to Chatham Managing Member, (iv) the establishment of any Working Capital Reserve upon the Effective Date in an amount reasonably determined by NS Managing Member, (v) the fees, costs and disbursements paid to Current Lender in connection with the repayment of the indebtedness owing thereto on the Effective Date that are borne by the "Purchaser" under the Purchase and Sale Agreement and (vi) other fees, costs and expenses (including due diligence costs, the costs of any environmental consultants and other expenses incurred by the Members or their Affiliates prior to the Effective Date) which are approved by both of the Members.

"Transfer" means any direct or indirect sale, assignment, pledge, hypothecation or other transfer or encumbrance of an interest in any Member or any Member's Interest in the Company, whether by operation of law or otherwise (including, without limitation, the withdrawal of any Person having any direct or indirect interest in any Member); provided that the sale or transfer of capital stock or other equity interests in Chatham REIT or any entity that succeeds to all or substantially all of the assets and liabilities thereof (whether by merger, consolidation or otherwise) shall not be considered a Transfer of any interests in Chatham REIT (or such successor) or its Affiliates, including Chatham Managing Member, provided further, without limiting the ability of NS to effectuate a Permitted Corporate Transaction, that the sale or transfer of capital stock or other equity interests in a publicly traded entity comprising part of NS shall not be considered a Transfer of any interests in NS or its Affiliates, including NS Managing Member.

"Treasury Regulations" means the federal income tax regulations promulgated by the Treasury Department under the Code, as such regulations may be amended from time to time. All references herein to a specific section of the Treasury Regulations shall be deemed also to refer to any corresponding provisions of succeeding Treasury Regulations.

"TRS" means an entity that qualifies as a "taxable REIT subsidiary" under Code Section 856(l).

"Value Acceptance Notice" has the meaning set forth in Section 3.8(c)(iii).

"Value Dispute Notice" has the meaning set forth in Section 3.8(c)(iii).

"Value Negotiation Period" has the meaning set forth in Section 3.8(c)(v).

"Voluntary Bankruptcy" has the meaning set forth in the definition of Bankruptcy.

"Voting Representative" has the meaning set forth in Section 10.2.

"Willful Breach" means an intentional and willful material breach of this Agreement or the Ink III LLC Agreement, as applicable, that is the consequence of an act or omission by a party with the actual knowledge that the taking of such act or failure to take such act would cause a breach of this Agreement or the Ink III LLC Agreement, applicable.

"Wind-Down Expenses" has the meaning set forth in Section 3.2(h).

"Working Capital Operating Reserve" means a reserve for the working capital and other needs of the Company and/or any Property Company. The parties acknowledge that any Working Capital Sale Reserve that is established pursuant to the sale of the Assets shall be separate and apart from the Working Capital Operating Reserve and, without limitation of the foregoing, the funds determined to be placed in any such Working Capital Sale Reserve shall not, unless otherwise reasonably determined by NS Managing Member, reduce the funds that shall remain in the Working Capital Operating Reserve.

"Working Capital Reserve" means, as the context requires, the Working Capital Operating Reserve or the Working Capital Sale Reserve, as applicable. The parties acknowledge that the funds contributed by the Members on the Effective Date shall remain with the Company as the initial Working Capital Reserve to be disposed of in accordance with the then-approved Operating Budget or the then-approved Business Plan.

"Working Capital Sale Reserve" means, with respect to the sale of an Asset, a reserve for the working capital and other needs of the Company and/or the applicable Property Company that pertains to the Asset that has been sold, in each case as is reasonably determined by NS Managing Member.

Any capitalized term not defined herein shall have the meaning ascribed to such term in the Act.

Section 1.7 Certificates. Each Officer of the Company is an authorized Person within the meaning of the Act to execute, deliver and file any certificates (and any amendments and/or restatements thereof) necessary for the Company to qualify to do business in a jurisdiction within the United States in which the Company may wish to conduct business.

Section 1.8 Term. The term of the Company shall begin on the date the Certificate of Formation was filed with the Secretary of State of the State of Delaware and shall continue until terminated in accordance with the provisions hereof or pursuant to the Act.

Section 1.9 [Reserved]

Section 1.10 Property Companies. The Managing Member shall perform, with no additional compensation, substantially identical services for each Property Company as the Managing Member performs for the Company, subject to the terms, conditions, limitations and restrictions set forth in this Agreement. The Managing Member agrees to perform such duties, and, in such circumstances and with regard to such duties, the Managing Member shall be subject to the same standards of conduct and shall have the same rights and obligations with regard to such duties performed or to be performed on behalf of any such Property Company as are set forth in this Agreement with regard to substantially identical services to be performed for or on behalf of the Company. Without limiting the generality of the foregoing, the Members agree to make such non-economic changes as any Lender(s) may require with respect to this Agreement and/or to the organizational documents of the Property Companies, including, without limitation, the addition of a non-member manager and/or independent director to the structure of any Property Company to the extent not already in place. The Property Companies and the Properties are listed on Schedule B hereto and such Properties and Property Companies shall be subject to this Section 1.10.

Section 1.11 Liability of Members.

(a) No Member shall have any duty to any other Member or to the Company beyond those specifically set forth in this Agreement, any Contribution Agreement and the Chatham Guaranty.

(b) Except as otherwise expressly provided in the Act, the debts, obligations and liabilities of the Company, whether arising in contract, tort or otherwise, shall be solely the debts, obligations and liabilities of the Company, and no Member shall be obligated personally for any such debt, obligation or liability of the Company or of any other Member solely by reason of being a member of the Company. Except as otherwise expressly provided in the Act or this Agreement, the liability of each Member to the Company shall be limited to the amount of Capital Contributions required to be made by such Member, from time to time, in accordance with the provisions of this Agreement.

(c) Except as otherwise provided in this Agreement or under applicable laws or Regulations, the Members shall not be required to lend any funds to the Company or, after their respective Capital Contributions shall have been made, to make any further contributions to the Company or to repay to the Company, any Member or any creditor of the Company all or any portion of any negative amount in their respective Capital Accounts. Subject to the terms of this Agreement, the Managing Member may, on behalf of the Company or any of its Subsidiaries, at any time and from time to time, apply for and secure one or more Loans, in such amounts, at such rates and on such other terms as are set forth in the then-applicable Operating Budget and then-applicable Business Plan or as may be agreed by the Members then permitted to approve Major Decisions. The Company shall use commercially reasonable efforts to either obtain (or to cause its Subsidiaries to obtain) such Loan(s) on a fully nonrecourse basis or to have such Loan(s) provide that any liability for customary non-recourse "carveouts" and for environmental liabilities will be limited to the Company and its assets (and/or one or more Subsidiaries thereof and its or their assets); provided, however, that if such efforts are unsuccessful, then the Chatham REIT or a Subsidiary of the Chatham REIT acceptable to Lender (such entity, the "Chatham Guarantor"), together with NS Managing Member or an Affiliate thereof acceptable to Lender ("NS Guarantor" and, together with Chatham Guarantor, the "Carveout Guarantors"), shall execute and deliver one or more Carveout Guarantees in forms reasonably acceptable to Lender and such Carveout Guarantors, providing for recourse to such Carveout Guarantors in favor of the applicable Lender; provided, further, however, if the Lender requires one or more Carveout Guarantees, but does not require an NS Guarantor to execute and deliver any such Carveout Guarantee, then the Chatham Guarantor shall execute the Carveout Guarantees solely.

Notwithstanding anything to the contrary herein, neither Member shall have an obligation to enter into (or to cause any Affiliate thereof to enter into) any Carveout Guaranty unless and until the other Member (and, in the event that no NS Guarantor is executing such Carveout Guaranty, NRFC Sub-REIT) executes and delivers to such Person a contribution agreement in substantially the same form as the contribution agreement executed by the parties in connection with the JPM Loan, which form is attached hereto as Schedule D (each such agreement, a "Contribution Agreement"). A breach by a party of a Contribution Agreement shall be deemed to be a breach by such party (or, if such party is not a Member, by any Affiliate thereof that is a Member) of this Agreement.

ARTICLE I.

PERCENTAGE INTERESTS, CAPITAL CONTRIBUTIONS AND CAPITAL ACCOUNTS

Section 1.12 Percentage Interests. Each Member will receive a Percentage Interest in the Company for such Member's Capital Contributions.

Section 1.13 Capital Contributions.

(a) Effective Date Deemed Capital Contributions. On the Effective Date:

(i) NS Managing Member shall be deemed to make a capital contribution to the Company (the "NS Managing Member Effective Date Deemed Capital Contribution") in an amount equal to $192,992,588.40;

(ii) Chatham Managing Member shall be deemed to make a capital contribution to the Company (the "Chatham Member Effective Date Deemed Capital Contribution") in an amount equal to $22,107,563.40; and

(iii) the Company shall reimburse the Members for the Transaction Costs incurred by them and their respective Affiliates.

(b) Additional Capital Contributions. (i) Subject to the terms and conditions of this Agreement, NS Managing Member (without obtaining prior approval from Chatham Managing Member) shall have the right to deliver a Capital Call for any Additional Capital Contribution that constitutes either (1) Non-Discretionary Capital or (2) Necessary Capital, provided in each case that such capital call is made in good faith (*e.g.*, not for the purpose of seeking to dilute or subordinate the Chatham Managing Member's interests pursuant to Section 2.2(d)), (ii) Chatham Managing Member (without obtaining prior approval from NS Managing Member) shall have the right to deliver a Capital Call Notice for any Additional Capital Contribution that constitutes Non-Discretionary Capital, and (iii) both NS Managing Member and Chatham Managing Member shall have the right (after obtaining the prior approval of the other) to deliver a Capital Call Notice for any Additional Capital Contribution other than those set forth in clauses (i) and (ii). No capital contributions shall be permitted other than Additional Capital Contributions pursuant to the preceding sentence or Effective Date Deemed Capital Contributions, except with the consent of both NS Managing Member and Chatham Managing Member.

(c) Payment of Capital Contributions. Capital Contributions by the Members shall be made in U.S. dollars by wire transfer of federal funds to an account or accounts of the Company specified by the Company.

(i) Each Member shall be required to fund its pro rata share (in accordance with Percentage Interests) of any Additional Capital Contribution, except as provided in clause (ii).

(ii) If, as of the date any Capital Call is made, Chatham Managing Member has received distributions in respect of the Promote, (A) Chatham Managing Member shall be required to fund a percentage of the applicable Additional Capital Contribution equal to the highest percentage of a distribution of Available Cash From Capital Event that Chatham Managing Member would have been entitled to receive pursuant to Section 7.1(b) if the Promote were recalculated as of such date (a "Hypothetical Promote Calculation"), provided that the Hypothetical Promote Calculation and applicable percentage shall be further recalculated with each dollar of funds so contributed by Chatham Managing Member (e.g., by way of illustration only, if the Hypothetical Promote Calculation would have resulted in Chatham Managing Member receiving $250,000 pursuant to Section 7.1(b)(ii) at a level equal to its Percentage Interest, another $1,000,000 pursuant to Section 7.1(b)(iii) at a

level equal to the Section 7.1(b)(iii) Aggregate Percentage and another $500,000 pursuant to Section 7.1(b)(iv) at level equal to the Section 7.1(b)(iv) Aggregate Percentage, Chatham Managing Member shall be required to fund the Section 7.1(b)(iv) Aggregate Percentage of the applicable Additional Capital Contribution until it has contributed $500,000, then the Section 7.1(b)(iii) Aggregate Percentage of any remaining portion of the applicable Capital Contribution until it has contributed $1,000,000, and then its pro rata share (in accordance with its Percentage Interest) of any remaining portion of the applicable Capital Contribution and (B) NS Managing Member shall be required to fund the portion of the Additional Capital Contribution not required to be funded by Chatham Managing Member pursuant to clause (A).

(iii) Notwithstanding the foregoing, NS Managing Member shall determine the Hypothetical Promote Calculation and deliver same to Chatham Managing Member in writing, setting out in reasonable detail the basis for such calculation. Within ten (10) days of receipt of such notice, Chatham Managing Member shall either (x) agree to NS Managing Member's determination of the Hypothetical Promote Calculation or (y) object to NS Managing Member's determination of the Hypothetical Promote Calculation (and failure to respond shall be deemed an election under clause (x)). In the event Chatham Managing Member elects pursuant to clause (y), (A) Chatham Managing Member shall describe the basis of such disagreement and such dispute shall be resolved by Expedited Arbitration pursuant to and in accordance with the Expedited Arbitration Procedures set forth in Schedule K attached hereto and (B) the amount of Chatham Managing Member's Additional Capital Contribution shall be the amount calculated based on NS Managing Member's Hypothetical Promote Calculation. If Chatham Managing Member is successful in any such Expedited Arbitration, then any amount so funded by Chatham Managing Member in excess of the amount of Chatham Managing Member's Additional Capital Contribution based on the Hypothetical Promote Calculation determined by the Expedited Arbitration Procedures shall be promptly paid by the NS Managing Member to Chatham Managing Member.

(iv) Except as otherwise provided herein, no Member shall be entitled to any compensation by reason of its Capital Contribution or by reason of serving as a Member. No Member shall be required to lend any funds to the Company.

(d) Failure to Fund Capital Contributions. If a Member shall fail to timely make any Capital Contribution required pursuant to Section 2.2(c) (such Member being hereinafter referred to as a "Non-Contributing Member"), the Managing Member shall promptly give the other Members notice of the amount not funded by the Non-Contributing Member (such amount being hereinafter referred to as the "Failed Contribution"), and if one or more of such other Members shall have funded its ratable share of the Capital Contribution in question (each a "Contributing Member" and collectively, the "Contributing Members"), each Contributing Member shall have the right within fifteen (15) days after receipt of such notice to fund its pro rata portion of such Failed Contribution (such amount of all or any part of a Failed Contribution funded by such Contributing Member, the "Funded Amount"), and elect, at its sole election, to make such Additional Capital Contribution (i) as an Additional Capital Contribution by the Contributing Members (in which event the provisions of Section 2.2(d)(i) shall apply) or as (ii) a priming capital contribution to the Company in the amount of the Additional Capital Contribution required to be made by the Non-Contributing Member (the "Priming Capital Contribution") (in which event the provisions of Section 2.2(d)(ii) shall apply).

(i) Adjustment of Capital Contribution and Percentage Interest of Non-Contributing Member. If the Contributing Member elects to make an Additional Capital Contribution in lieu of a Non-Contributing Member, such Additional Capital Contribution shall be in the form of a Capital Contribution from the Contributing Member to the Company in lieu of the Non-Contributing Member. If the Contributing Member so determines, then on the date of such contribution by such Contributing Member (i) the Capital Contributions of the Contributing Member making such Additional Capital Contribution in lieu of the Non-Contributing Member (for all purposes under this Agreement, including, without limitation, the making of computations under Article VII and Article X) shall be deemed to be increased by an amount equal to one hundred percent (100%) of the Additional Capital Contribution made by such Contributing Member in lieu of the Non-Contributing Member, and (ii) the Percentage Interest of the Members shall be adjusted to take into consideration the increase in such Contributing Member's Capital Contributions (for all purposes under this Agreement, including, without limitation, the making of computations under Article VII and Article X). In the event that one or more Contributing Members elect to treat their respective Funded Amounts as Additional Capital Contributions and the Non-Contributing Member subsequently contributes all or any portion of the Failed Contribution amount to the Company pursuant to the 10-day cure period in Section 3.6(a), (x) such contributed amount shall be distributed to the Contributing Member(s) pro rata in accordance with their respective Funded Amounts, and (y)(I) the Contributing Members' Percentage Interests shall be decreased by such distribution in respect of its Funded Amount and (II) the Non-Contributing Member's Percentage Interest shall be correspondingly increased.

(ii) Priming Capital Contribution. If the Contributing Member elects to make an Additional Capital Contribution as a Priming Capital Contribution, such Priming Capital Contribution shall earn the Priming Capital Contribution Return and shall be repaid from distributions of Available Cash pursuant to Section 7.1(a)(i) and Section 7.1(b)(i). If there is more than one Priming Capital Contribution during the term hereof which relate to separate Capital Calls, the oldest Priming Capital Contribution and interest thereon shall be repaid in full first, with any subsequent Priming Capital Contribution and interest thereon being repaid in the order same were advanced. Any amounts distributed to a Member in respect of a Priming Capital Contribution shall be allocated first, to the Priming Capital Contribution Return and second, to return of such Priming Capital Contribution. The Members acknowledge and agree that Priming Capital Contributions shall not adjust the Percentage Interests of the Members.

(e) Emergency Capital Contributions. Notwithstanding the foregoing provisions of this Section 2.2, if (i) NS Managing Member or Chatham Managing Member is entitled to deliver a Capital Call and the Chatham Managing Member or NS Managing Member, as applicable, believes, in its reasonable discretion, that the Additional Capital Contribution is required by the Company by a date that is sooner than the applicable date set forth in the Capital Call, and (ii) a Member is unable or unwilling to deliver its pro rata portion of such Additional Capital Contribution by such earlier date, then the other Members may, but shall have no obligation to, contribute 100% of such Additional Capital Contribution on such earlier date. In such event, (x) if the non-advancing Member subsequently funds its share (the "Required Contribution") of the applicable Additional Capital Contribution on or before the required date set forth in the Capital Call, then the Required Contribution shall be distributed to the advancing Member (but shall not be deemed a distribution of Available Cash) and, for the avoidance of doubt, shall not be treated as a Failed Contribution or (y) if the non-advancing Member does not subsequently fund the Required Contribution on or before the required date set forth in the Capital Call, then the

advancing Member shall have the rights of a Contributing Member set forth in Section 2.2(d) above with respect to such Required Contribution.

Section 1.14 Capital Accounts.

(a) Capital Accounts. A capital account ("Capital Account") shall be maintained for each Member in accordance with this Section 2.3. Without limiting the generality of the foregoing, a Member's Capital Account shall be increased by (i) the amount of money contributed by the Member to the Company, including, for this purpose, Priming Capital Contributions, (ii) the initial Gross Asset Value of property contributed by the Member to the Company, as determined by the Contributing Member and the Managing Member (net of liabilities that the Company is considered to assume or take subject to pursuant to Code Section 752), (iii) allocations to the Member of Profits pursuant to Article VI, and (iv) the amount of any Company liability assumed by such Member. A Member's Capital Account shall be decreased by (x) the amount of money distributed to the Member, (y) the Gross Asset Value of any property so distributed to the Member as determined by the distributee Member and the Managing Member (net of any liabilities that such Member is considered to assume or take subject to pursuant to Code Section 752), and (z) allocations to the Member of Losses pursuant to Article VI. The Capital Accounts of the Members shall be adjusted in accordance with Treasury Regulations Sections 1.704-1(b)(2)(iv)(f) and (g) when the Gross Asset Value of all Assets are adjusted pursuant to the definition of Gross Asset Value.

(b) Negative Capital Account. No Member shall be required to make up a deficit balance in such Member's Capital Account or to pay to any Member the amount of any such deficit in any such account.

(c) Credit of Capital Contribution. For purposes of computing the balance in a Member's Capital Account, no credit shall be given for any Capital Contribution which such Member is to make until such Capital Contribution is actually made. For the avoidance of doubt, it is agreed that any Effective Date Deemed Capital Contribution will not constitute a Capital Contribution for purposes of maintaining Capital Accounts.

(d) Transfer. In the event of a Transfer of all or a portion of a Member's interest in the Company in accordance with the terms of this Agreement, the transferee shall succeed to the Capital Account of the transferring Member to the extent it relates to the transferred interest.

Section 1.15 Admission of New Members. Unless otherwise permitted under Article V, new Members may only be admitted to membership in the Company with the approval of NS Managing Member and Chatham Managing Member. A new Member must agree in writing to be bound by the terms and provisions of the Certificate of Formation and this Agreement, each as may be amended from time to time, and must execute a counterpart of, or an agreement adopting, this Agreement or other related agreements as NS Managing Member and Chatham Managing Member may require. Upon admission, the new Member shall have all rights and duties of a Member of the Company; provided, however, that such new Member shall only be entitled to such voting rights as are expressly provided pursuant to this Agreement.

Section 1.16 Interest. No interest shall be paid or credited to the Members on their Capital Accounts or upon any undistributed amounts held by the Company.

Section 1.17 Capital Withdrawal Rights, Interest and Priority. Except as expressly provided in this Agreement, no Member shall be entitled to withdraw or reduce such Member's Capital Accounts in whole or in part until the dissolution, liquidation and winding-up of the Company, except to the extent that distributions pursuant to Article VII represent returns of capital. A Member who withdraws or purports to withdraw as a Member of the Company without the consent of all of the Members or as otherwise allowed by this Agreement shall be liable to the Company for any damages suffered by the Company on account of the breach and shall not be entitled to receive any payment in respect of its Percentage Interest in the Company or a return of its Capital Contribution until the time otherwise provided herein for distributions to Members.

ARTICLE II.

MANAGEMENT OF THE COMPANY

Section 2.1 Company Governance. Each Member and the Company hereby agree that the Business and the Company shall be governed by the provisions of this Article III and that, accordingly, the Company shall cause its Subsidiaries to act in accordance with the determinations of the Company made pursuant to this Article III.

(a) The Company shall generally be managed by NS Managing Member and the Managing Member (which, as of the date hereof, is Chatham Managing Member), who shall have the overall responsibility for the management, operation and administration of the Company. Each of NS Managing Member and the Managing Member is, to the extent of its rights and powers set forth in this Agreement, an agent of the Company and the actions of the Company by and through such party taken in accordance with such rights and powers shall bind the Company. Except as authorized by the Managing Member or as set forth in this Agreement, no Member shall participate in the management and control of the Business or the Company nor shall any Member have the right or authority to act on behalf of the Company in connection with any matter.

(b) Limitation on Liability of Managing Member. The Managing Member shall not, solely by reason of being Managing Member, be personally liable for the expenses, liabilities or obligations of the Company whether arising in contract, tort or otherwise.

(c) Compensation and Reimbursement. (i) Provided that such amounts are contemplated by the Operating Budget, not less than five days before the first Business Day of each month, Chatham Managing Member and Chatham Ink III Managing Member shall provide the Members with a notice setting forth (x) Chatham Managing Member's good faith estimate of the out-of-pocket expenses that it will incur for such month in connection with its duties in its capacity as Managing Member of the Company and Chatham Ink III Managing Member's good faith estimate of the out-of-pocket expenses that it will incur for such month in connection with its duties in its capacity as managing member of Ink III, including, without limitation, Chatham Managing Member's and Chatham Ink III Managing Member's reasonable costs and expenses of any Chatham Company Personnel, less (y) any amounts paid to Chatham Managing Member and Chatham Ink III Managing Member previously in respect of a Monthly Expense Amount in excess of expenses actually incurred by Chatham Managing Member and Chatham Ink III Managing Member for such month, plus (z) any expenses actually incurred by Chatham Managing Member and Chatham Ink III Managing Member previously with respect to a given month exceeding the Monthly Expense Amount for such month (together, the "Monthly Expense Amount"). So long as neither Chatham Managing Member nor any of its Affiliates is in material default of its obligations under this Agreement or the Ink III LLC Agreement, or, if such party is in material default, such material default has been cured within thirty (30) days after written notice of such material default is delivered to Chatham Managing Member and Chatham Ink III Managing Member, as applicable, by any other Member, and provided that Chatham Managing Member has not been removed as the Managing Member pursuant to Section 3.2(h) and Chatham Ink III Managing Member has not been removed as the Managing Member of Ink III pursuant to Section 3.2(h) of the Ink III LLC Agreement, the Company shall pay to Chatham Managing Member in its capacity as Managing Member (or, at the written direction of Chatham Managing Member, to a designated Affiliate of Chatham REIT), on the first Business Day of each month or as promptly as practicable thereafter, an amount equal to the Company's portion, determined based on a reasonable methodology agreed to between Chatham Managing Member and NS Managing Member, of the Monthly Expense Amount submitted for such month (the "Expense Reimbursement"), it being understood that such methodology may allocate different categories of expenses differently.

(ii) Except as expressly set forth in clause (i) above or in any separate agreement between the Managing Member and the Company, the Managing Member shall not receive compensation or reimbursement of its expenses for its services performed on behalf of the Company or other benefits it provides to the Company.

(iii) At any time in connection with its review of Chatham Managing Member's proposed Monthly Expense Amount for any month, NS Managing Member may in its reasonable discretion require that Chatham Managing Member eliminate the position(s) associated with particular Chatham Company Personnel and no longer include the costs associated with such position(s) as part of Chatham's Monthly Expense Amount, beginning with the Monthly Expense Amount that is three months after Chatham Managing Member is notified of such requirement from NS Managing Member; provided, that the Managing Member shall be permitted to include in the applicable Monthly Expense Amount for the month in which such expenses are to be paid all severance and related costs incurred in connection with the termination of such Chatham Company Personnel at NS Managing Member's request, to the extent the grant to such terminated Chatham Company Personnel of such severance obligation was approved by NS Managing Member or NS Ink III Managing Member, as applicable, at the time of grant.

(iv) Chatham Managing Member and NS Managing Member acknowledge and agree that the Operating Budget shall include reimbursement for any costs in connection with any third party retained by NS Managing Member to oversee the activities of Chatham Managing Member and the operation of the Company and the Property Companies, which costs shall not exceed Three Hundred Thousand Dollars ($300,000) per annum.

Section 2.2 Authority, Duties and Obligations of the Managing Member.

(a) The Member designated as the Managing Member (i) shall act in good faith and in the best interests of the Company and conduct and manage the day-to-day affairs of the Company in accordance with (A) the standard of care required of prudent and experienced joint venture managers and of third party asset and property managers performing similar functions for similar properties, (B) customary industry standards, and (C) the then-approved Operating Budget and the then-approved Business Plan, in each case subject to the limitations on the Managing Member's authority and the rights granted solely to other Members set forth in this Agreement; (ii) shall perform the duties assigned to it hereunder; and (iii) shall use its best efforts to carry out all decisions permitted to be made unilaterally by NS Managing Member pursuant to this Agreement. In addition to the foregoing, the authority of the Managing Member shall be limited where (x) any Member's consent or approval is expressly required under this Agreement, (y) the consent or approval of any of the Members is expressly required by a non-waivable provision of applicable law, or (z) the Managing Member's authority is otherwise limited or rights are otherwise granted solely to other Members by the terms of this Agreement. Notwithstanding anything to the contrary contained herein, neither the Managing Member nor any other Member shall have any fiduciary duties, fiduciary obligations or other duties to the Company, any other Member or any other Person, except as expressly set forth in this Agreement.

(b) In furtherance of the foregoing, and subject in each case to the terms of this Agreement, including the restrictions on the Managing Member set forth in Section 3.6(b), the Managing Member shall (i) use commercially reasonable efforts to enforce all agreements entered into by the Company; (ii) use commercially reasonable efforts to cause the Company at all times to perform and comply with the provisions (including, without limitation, any provisions requiring the expenditure of funds) of any loan commitment, agreement, mortgage, lease or other contract, instrument or agreement to which the Company is a party or which affects any Property; (iii) subject to the availability of the funds therefor, pay in a timely manner all non-disputed operating expenses of the Company in accordance with the terms of the then-approved Operating Budget and the then-approved Business Plan; (iv) subject to the availability of the funds therefor, obtain and maintain insurance coverage with respect to the Properties, at customary levels and in any event consistent with the requirements of any Loans, and, subject to the availability of the funds therefor, pay all non-disputed taxes, assessments, charges and fees payable in connection with the ownership, operation and sale of the Properties; (v) devote sufficient time to the performance of its duties hereunder in accordance with good industry practice and this Agreement; and (vi) provide NS Managing Member with copies of all material correspondence and other communications with any Lender pertaining to any Loan, as and when the same are delivered or received.

(c) The Managing Member hereby covenants and agrees that it shall cause its personnel, including all Chatham Company Personnel, to perform and/or supervise the performance of, as applicable, all of the day-to-day activities and/or duties required of the Managing Member under the terms of this Agreement; and (ii) no Chatham Company Personnel shall spend any business time as an employee of Chatham Managing Member on any project(s) other than the Business of Ink III, the Company and their respective Subsidiaries.

(d) Promptly following any request therefor by any Member, the Managing Member shall deliver to such Member a counterpart copy of any agreement, certificate or other document executed and delivered by the Managing Member in the name of or on behalf of the Company, and shall otherwise make available to any Member all of the books and records of the Company that are in the possession or control of the Managing Member during reasonable business hours; provided, that from and after the occurrence of a Termination Event, this paragraph (d) shall apply only to NS Managing Member, and Chatham Managing Member shall no longer have any of the rights set forth in this paragraph (d).

(e) Provided that Chatham Managing Member has not been removed as the Managing Member pursuant to Section 3.2(g) hereof, the Chatham Principal and the other officers of the Managing Member shall at all times oversee the fulfillment of the duties of the Managing Member hereunder. Except as expressly provided or permitted herein, the Managing Member shall not delegate any of its rights or powers to manage and control the business and affairs of the Company without the prior written consent of NS Managing Member.

(f) The Managing Member hereby covenants and agrees that it shall not hold itself out to any third party as having any authority to act for or on behalf of the Company, or to bind the Company in any manner, other than to the extent that such authority is expressly granted to the Managing Member in Section 3.2(a) or otherwise granted herein or in writing by NS Managing Member. The Managing Member hereby acknowledges and agrees that notwithstanding anything set forth in this Section 3.2 to the contrary, the Managing Member shall not have any authority to act on behalf of the Company or to execute any documents, agreements or instruments on behalf of the Company other than to the extent that such authority is set forth in Section 3.2(a) or otherwise expressly granted under this Agreement or in writing by the Members, and the Managing Member, acting in such capacity, shall be subject, in all events, to the then-approved Operating Budget and Business Plan of the Company.

(g) Notwithstanding anything set forth in Section 3.2(a)-(j) hereof to the contrary, NS Managing Member shall have the power and authority, on behalf of the Company, to request, authorize and approve each of the following without the approval or consent of any other Member:

(i) Compel, cause and undertake the liquidation of the Company and take all actions related thereto, including the disposition of all then remaining Properties, so long as such liquidation will not (A) cause a default under any then existing Loan Documents, (B) cause Chatham Managing Member to incur or suffer any recourse liability under any then existing Loan Documents (including, without limitation, any Carveout Guaranty given by Chatham REIT or any of its Affiliates), (C) cause Chatham Managing Member or any of its Affiliates to become the subject of a Bankruptcy, (D) cause the Company to fail to satisfy the gross income and asset tests applicable to REITs under Code Section 856(c)(1)-(4), assuming for this purpose that the Company were a REIT, (E) cause Chatham REIT to incur a liability for the tax on "prohibited transactions" under Code Section 857(b)(6), or (F) otherwise jeopardize the REIT status of Chatham REIT; provided, however, that NS Managing Member shall keep the other Members reasonably informed of any material actions undertaken pursuant to this clause (i) with respect to intended, planned or pending dispositions;

(ii) Demand and receive an updated Operating Budget and Business Plan (and require Chatham Managing Member to amend any Operating Budget due to a change in facts or circumstances from when the Operating Budget was initially approved) from the Managing Member, at any time and from time to time but in any event no more than once each fiscal quarter, together with such other reporting items or information as NS Managing Member may reasonably require;

(iii) Audit the books and records of the Company and any Property Companies; provided, however, that the Company shall only be required to pay for one such audit per calendar year, and any additional audits requested by NS Managing Member in any given calendar year shall be paid for by NS Managing Member;

(iv) Compel, cause and undertake the disposition of any Property in an arms' length transaction to any Person other than NS Managing Member or an Affiliate of NS Managing Member, so long as such disposition will not (A) cause a default under any then existing Loan Documents, (B) cause Chatham Managing Member to incur or suffer any recourse liability under any then existing Loan Documents (including, without limitation, any Carveout Guaranty given by Chatham REIT or any of its Affiliates), (C) cause Chatham Managing Member or any of its Affiliates to become the subject of a Bankruptcy, (D) cause the Company to fail to satisfy the gross income and asset tests applicable to REITs under Code Section 856(c)(1)-(4), assuming for this purpose that the Company were a REIT, (E) cause Chatham REIT to incur a liability for the tax on "prohibited transactions" under Code Section 857(b)(6), or (F) otherwise jeopardize the REIT status of Chatham REIT; provided, however, that NS Managing Member shall keep the other Members reasonably informed of any material actions undertaken pursuant to this clause (iv) with respect to intended, planned or pending dispositions;

(v) Take any action which may be reasonably necessary for the continuation of the Company's valid existence as a limited liability company under the laws of the State of Delaware; provided, however, that NS Managing Member shall keep the Managing Member reasonably informed of any material actions undertaken pursuant to this clause (v);

(vi) Approve any restructuring plan or take or refrain from taking any other action relating to the restructuring of the Company, any Property or any Loan, so long as such restructuring will not (A) cause a default under any then existing Loan Documents, (B) cause Chatham Managing Member to incur or suffer any recourse liability under any then existing Loan Documents (including, without

limitation, any Carveout Guaranty given by Chatham REIT or any of its Affiliates), (C) cause Chatham Managing Member or any of its Affiliates to become the subject of a Bankruptcy, (D) cause the Company to fail to satisfy the gross income and asset tests applicable to REITs under Code Section 856(c)(1)-(4), assuming for this purpose that the Company were a REIT, (E) cause Chatham REIT to incur a liability for the tax on "prohibited transactions" under Code Section 857(b)(6) (F) otherwise jeopardize the REIT status of Chatham REIT, or (G) be more adverse to any Member other than NS Managing Member than it is to NS Managing Member; provided, that the restrictions contained in this clause (G) shall not apply to a restructuring of the Company, any Property or any Loan to the extent NS Managing Member has made a good faith determination that such restructuring is reasonably necessary to avoid, or mitigate the effects of, an existing default or an impending or imminent default under any Loan or franchise agreement and that the disproportionately adverse impact is reasonably necessary to consummate the restructuring on terms that, in NS Managing Member's good faith judgment, are in the aggregate most favorable to the Company; provided, further, that NS Managing Member shall keep the Managing Member reasonably informed of any material actions undertaken pursuant to this clause (vi);

(vii) Conduct an initial public offering of the Company into a separate public traded company upon at least 30 days' notice prior to the initial filing of the registration statement for such initial public offering (a "Qualified IPO Demand"), provided that Chatham Managing Member's consent shall be required with respect to such initial public offering unless (i) it is a Qualified IPO, (ii) such Qualified IPO does not adversely affect in any material respect Chatham Managing Member's rights and economic interests provided in this Agreement in a manner that is disproportionate to any such effect on NS Managing Member, (iii) such Qualified IPO does not (I) cause the Company to fail to satisfy the gross income and asset tests applicable to REITs under Code Section 856(c)(1)-(4), assuming for this purpose that the Company were a REIT, (II) cause Chatham REIT to incur a liability for the tax on "prohibited transactions" under Code Section 857(b)(6), or (III) otherwise jeopardize the REIT status of Chatham REIT, (iv) Chatham Managing Member receives customary piggyback registration rights in connection with such Qualified IPO and customary registration rights following such Qualified IPO, in each instance in this clause (iv), as applied to a non-controlling holder and (v) unless Chatham Managing Member sells membership interests in such Qualified IPO pursuant to piggyback rights, NS Managing Member reimburses the Company and IPO Entity for all registration expenses incurred by the Company or IPO Entity in connection with such Qualified IPO. Subject to proviso in the preceding sentence, such Qualified IPO may be effectuated by whatever corporate or company action or restructuring is reasonably required by NS Managing Member in order to effectuate such Qualified IPO, including, by way of example only, by creating a new parent entity, subsidiary, parallel vehicle, or other entity formed in connection with or otherwise resulting from a restructuring of the legal status and/or capital structure of the Company (any such entity, an "IPO Entity"), which IPO Entity may be a corporation and may elect to be treated as a REIT for U.S. federal income tax purposes;

(viii) Cause the Company or any Property Company to refinance, amend or otherwise modify the terms and conditions of any Loan, so long as such refinancing will not (A) cause a default under any then existing Loan Documents, (B) cause Chatham Managing Member to incur or suffer any recourse liability under any then existing Loan Documents (including, without limitation, any Carveout Guaranty given by Chatham REIT or any of its Affiliates), (C) cause Chatham Managing Member or any of its Affiliates to become the subject of a Bankruptcy, (D) cause the Company to fail to satisfy the gross income and asset tests applicable to REITs under Code Section 856(c)(1)-(4), assuming for this purpose that the Company were a REIT, (E) cause Chatham REIT to incur a liability for the tax on "prohibited transactions" under Code Section 857(b)(6), (F) otherwise jeopardize the REIT status of Chatham REIT or (G) be more adverse to any Member other than NS Managing Member than it is to NS Managing Member; provided, that NS Managing Member shall keep the Managing Member reasonably informed of any material actions undertaken pursuant to this clause (viii); and

(ix) Notwithstanding anything to the contrary contained herein, cause the Company or any Property Company to become the subject of a Bankruptcy.

(h) Upon the occurrence of a Termination Event, NS Managing Member shall have the right, in its sole and absolute discretion, to remove Chatham Managing Member as Managing Member hereunder by delivering written notice (a "Removal Notice") to Chatham Managing Member stating that NS Managing Member believes a Termination Event has occurred, describing the basis of such belief and specifying the applicable clause of the definition of "Termination Event" and the removal of the Chatham Managing Member shall be effective on the date set forth in the Removal Notice (which date may be the date of the Removal Notice or any date thereafter as designated by NS Managing Member). In the event that NS Managing Member removes Chatham Managing Member as Managing Member pursuant to this Section 3.2(h), (i) NS Managing Member shall have the right, in its sole and absolute discretion, to either become or designate an Affiliate to become the Managing Member of the Company or cause the Company to engage a third-party manager for the Company's business, (ii) the consent of Chatham Managing Member shall no longer be necessary for any Major Decision other than a Post-Termination Major Decision, and (iii) except in connection with a Promote Forfeiture Event (in which case Chatham Managing Member shall not be entitled to Wind-Down Expenses), upon its removal as Managing Member, Chatham Managing Member may submit to the Company and NS Managing Member a good faith estimate of the amount of expenses (the "Wind-Down Expenses") it will reasonably incur in connection with the wind-down of its duties in its capacity as Managing Member, including without limitation Approved Severance Costs, together with reasonably detailed backup for such estimate, and the Company will promptly pay such Wind-Down Expenses to Chatham Managing Member (or, at the written direction of Chatham Managing Member, to a designated Affiliate of Chatham Managing Member); provided, that in no event shall the Company be required to pay to Chatham Managing Member under this Section 3.2(h) Wind-Down Expenses that, when aggregated with the Wind-Down Expenses payable by Ink III pursuant to Section 3.2(h) of the Ink III LLC Agreement, exceed $500,000 unless such excess amounts result from liabilities or obligations incurred in accordance with the applicable Operating Budget and Business Plan as approved by NS Managing Member and NS Ink III Managing Member at the time of incurrence as potential Wind-Down Expenses, or as otherwise approved in writing by NS Managing Member and NS Ink III Managing Member as potential Wind-Down Expenses.

(i) Notwithstanding the foregoing, in the event Chatham Managing Member seeks to contest whether a Termination Event occurred, Chatham Managing Member shall have the right to deliver a notice (the "Response Notice") on or prior to the date that is fourteen (14) days after Chatham Managing Member has been removed, which Response Notice shall state that Chatham Managing Member either (i) disagrees that a Termination Event has occurred and is submitting such dispute to an expedited arbitration hearing (each an "Expedited Arbitration") pursuant to and in accordance with the Expedited Arbitration Procedures set forth in Schedule K

attached hereto or (ii) that Chatham Managing Member does not dispute that a Termination Event has occurred (it being agreed that if Chatham Managing Member fails to timely deliver a Response Notice it shall be deemed to have delivered a Response Notice pursuant to this clause (ii). If Chatham Managing Member is successful in any such Expedited Arbitration then, (A) Chatham Managing Member shall be reinstated as the Managing Member of the Company, and (B) NS Managing Member (or a third party appointed by NS Managing Member) shall be removed as the Managing Member. Chatham Managing Member acknowledges and agrees that (i) Chatham Managing Member shall not attempt to obtain injunctive relief or any other remedy available at law or equity to interfere with or delay the removal of the Chatham Managing Member, as the Managing Member, and (ii) if Chatham Managing Member breaches the foregoing, then NS Managing Member shall have the right to file a copy of this Section in any proceeding as conclusive evidence of the foregoing intent by the Chatham Managing Member.

(j) If Chatham Managing Member is removed as the Managing Member as a result of an act of fraud or misappropriation of funds by Chatham Managing Member or any Person affiliated with Chatham Managing Member (including the Chatham Principal) in connection with the performance of Chatham Managing Member's obligations hereunder, then from and after the date of removal of Chatham Managing Member, Chatham Managing Member shall forfeit its rights to deliver a Buy/Sell Notice under the provisions of Section 3.7.

(k) If Chatham Managing Member (or any Affiliate or principal of Chatham Managing Member) has any liability under a Carveout Guaranty, then NS Managing Member shall use good faith efforts to deliver to Chatham Managing Member as a condition to the removal of Chatham Managing Member as Managing Member a full and unconditional release from such Lender of all such liability other than any liability resulting directly from acts of Chatham Managing Member or its Affiliates prior to the effective date of such removal, provided that if Lender refuses to grant such release to Chatham Managing Member then NS Managing Member shall be required as a condition to the removal of Chatham Managing Member as Managing Member to deliver to Chatham Managing Member a full and unconditional release from such Lender of all liability under a Carveout Guaranty arising for events first occurring after the effective date of the removal of Chatham Managing Member as Managing Member (and not a release for all acts other than those arising from acts of Chatham Managing Member). In connection with the JPM Loan, the parties acknowledge and agree that NS Managing Member shall only be required to deliver to Chatham Managing Member a full and unconditional release of all liability under the Carveout Guaranty arising for events first occurring after the effective date of the removal of Chatham Managing Member as Managing Member (and not a release for all acts other than those arising from acts of Chatham Managing Member).

Section 2.3 Managing Member Certifications. Any Person dealing with the Company may rely (without duty of further inquiry) upon a certificate issued by the Company that is signed by the Managing Member or any of the Officers as to any of the following:

(a) the identity of any Member or Officer or other agent of the Company;

(b) the existence or nonexistence of any fact or facts which constitute(s) a condition precedent to acts by the Managing Member or the Members;

(c) the Person or Persons authorized to execute and deliver any instrument or document of the Company; or

(d) any act or failure to act by the Company or any other matter whatsoever involving the Company.

Section 2.4 Officers.

(a) Principal Officers. The Officers of the Company shall be a President and Chief Executive Officer, and may be a Chief Operating Officer, Chief Financial Officer, Secretary, Treasurer, one or more Vice Presidents, and one or more Assistant Treasurers or Assistant Secretaries.

(b) Other Officers. The Managing Member may also appoint such other Officers and agents as it shall deem necessary who shall hold their offices for such terms and shall, subject to the limitations set forth herein, exercise such powers and perform such duties as shall be determined from time to time by the Managing Member.

(c) Compensation. In no event shall the Company be required to pay any compensation to any Officer.

(d) Authority of Officers.

(i) The President and Chief Executive Officer (or "President and CEO") of the Company shall have general and active management of the Company, shall have the responsibility for the day-to-day management and operation of the Company, and shall see that all lawful orders and resolutions are carried out. The President and CEO shall execute bonds, mortgages and other contracts except where the signing and execution shall be expressly delegated by the Members or, to the extent permitted by this Agreement, the Managing Member to one or more other officers or agents of the Company.

(ii) If appointed, the Chief Operating Officer, Chief Financial Officer, Vice Presidents, Treasurer, Secretary, Assistant Treasurers and Assistant Secretaries shall have the powers and duties described in this Section 3.4, as may be modified from time to time by the Managing Member:

1) Chief Operating Officer. The Chief Operating Officer shall have responsibility for the day-to-day management and operation of the Business, general oversight of the operation of the Company's operations and employees, and other such duties and responsibilities as determined by the President and CEO or the Managing Member.

2) Chief Financial Officer. The Chief Financial Officer shall have responsibility for the day-to-day management and general oversight of the accounting and finance function of the Company and supervision of any Treasurer and Assistant Treasurers, and other such duties and responsibilities as determined by the President and CEO, the Chief Operating Officer or the Managing Member.

3) The Vice Presidents. The Vice Presidents shall perform such duties and have such powers as the Managing Member or the President and CEO or the Chief Operating Officer may from time to time prescribe.

4) The Secretary; Assistant Secretary. The Secretary shall attend all meetings of the Members and record all the proceedings of the meetings of the Company and of the Members in a book to be kept for that purpose and shall perform like duties for any standing committees when required. He or she shall give, or cause to be given, notice of all meetings of committees of the Company, and shall perform such other duties as may be prescribed by the Managing Member or the President and CEO, under whose supervision he or she shall be. In the absence of the Secretary or in the event of his or her incapacity or refusal to act, or at the direction of the Secretary, any Assistant Secretary may perform the duties of the Secretary.

5) The Treasurer; Assistant Treasurer. The Treasurer shall have the custody of the Company's funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Company and shall deposit all moneys and other valuable effects in the name and to the credit of the Company in such depositories as may be designated by the Members. The Treasurer shall disburse the funds of Company as may be ordered by the Members or, to the extent permitted by this Agreement, the Managing Member, President and CEO, Chief Financial Officer or Chief Operating Officer, taking proper vouchers for such disbursements, and shall render to the President and CEO, Chief Operating Officer, Chief Financial Officer and Managing Member, or when any Officer so requires, an account of all transactions as treasurer and of the financial condition of the Company.

(e) Limitations on Officer's Powers. Notwithstanding any other provision contained in this Agreement to the contrary, should a delegation of authority be established by the Managing Member, no act shall be taken, sum expended, decision made, obligation incurred or power exercised by any Officer on behalf of the Company other than in accordance with such delegation of authority.

(f) Term of Officers. (i) An Officer may resign at any time by giving written notice to the Managing Member. The resignation of an Officer shall take effect upon the Managing Member's receipt of written notice of the Officer's resignation or at such later time as shall be specified in the written notice. Unless otherwise specified in the Officer's written notice of resignation, the acceptance of the Officer's resignation shall not be necessary to make it effective. If the Officer also is a Member, the Officer's resignation as an Officer shall not affect the Officer's rights as a Member and shall not constitute a withdrawal of the Officer as a Member.

(ii) The Managing Member may terminate the employment of and/or remove any Officer with or without cause.

(iii) The Managing Member may elect at any time a new or replacement Officer to fill any vacancy.

(g) Acknowledgement. The Members acknowledge and agree that as of the Effective Date no Officers have been appointed to the Company. Notwithstanding anything to the contrary contained herein, the Managing Member shall not appoint Officers to the Company without the prior written consent of NS Managing Member.

Section 2.5 Operating Budget and Business Plan. (g) For the period beginning on the Effective Date and ending on December 31, 2014, the Company and Ink III shall operate in accordance with an Operating Budget to be mutually agreed upon by the Members after the Effective Date. Thereafter, the Operating Budget and Business Plan shall be prepared and submitted annually by the Managing Member and Chatham Ink III Managing Member (or the Hotel Manager at the direction of the Managing Member and Chatham Ink III Managing Member) to the Members for approval at least thirty (30) calendar days prior to the end of each fiscal year with respect to the following fiscal year which shall, in the case of the Operating Budget, set forth, *inter alia*, all anticipated revenues, operating expenses, capital expenditures, renovation budgets, renovation schedules and reserves for the Company and Ink III during such period, and, in the case of the Business Plan shall set forth, *inter alia*, the Company's and Ink III's strategy for the leasing, marketing and operation of each of the Properties, and an estimate of the amount, timing and reason for all anticipated Capital Contributions from the Members during such period; provided, that if the Managing Member should fail to timely prepare and submit in proposed form any such Operating Budget and Business Plan, NS Managing Member and NS Ink III Managing Member shall be authorized to prepare such Operating Budget and Business Plan for the approval of the Members. Whenever the Managing Member determines that revisions to the then-approved Operating Budget or Business Plan would be in the best interests of the Company, the Managing Member may submit such proposed revisions to such Operating Budget and/or Business Plan to NS Managing Member for its review; provided, however, that all amendments and modifications to the then-approved Operating Budget or Business Plan shall require the approval of NS Managing Member, which approval may be granted or withheld by NS Managing Member in its sole and absolute discretion.

(h) Notwithstanding Section 3.5(a), in the event that the Members are unable to agree on all or certain provisions of an Operating Budget or Business Plan for a given year, (i) the Managing Member will conduct the business of the Company pursuant to those provisions of such Operating Budget or Business Plan which are agreed-upon and adopted and (ii) the Operating Budget or Business Plan for the prior Fiscal Year shall be applicable with respect to those line items that have not been approved; provided, however, the foregoing shall not apply to line items pertaining to any capital expenditures, project management costs or Capital

Contributions, which line items must be approved by NS Managing Member and the prior year's amounts thereof shall not be applicable unless such amounts are required to be paid to prevent a default under a Loan or any franchise agreement affecting the Properties. With respect to any aspects of the business of Company that are not addressed by the Operating Budget or Business Plan for that given year, the Managing Member is authorized and directed to cause the employees of the Company to conduct such aspect of the business of the Company in accordance with the guidelines set forth in the most recently approved Operating Budget or Business Plan, as applicable, and otherwise in accordance with prior practice; provided, however, that, if applicable, the Managing Member may adjust the annual compensation of the Chatham Company Personnel and other expenses of the Company for inflation.

Section 2.6 Voting Rights of Members.

(a) The Members shall have no right or authority to vote on matters other than matters explicitly requiring such vote in this Agreement or in the Act. For matters set forth in this Agreement explicitly requiring a vote of the Members, such matters shall require the vote of all Members. In the event any Member shall transfer less than all of its Percentage Interest to an unaffiliated third party in a transaction or in a series of transactions, then the portion of such Member's votes that is equal to the portion of such Member's Percentage Interest transferred shall be deemed cancelled and the transferee (if an unaffiliated third party) in such transfer shall not have the right to vote on any matter as an "Member". In the event any Member shall transfer its entire Percentage Interest held on the date of such transfer to an unaffiliated third party in a transaction or in a series of transactions, then all of the votes of its Percentage Interest on the date of such transfer shall be deemed to have been transferred to such transferee upon the satisfaction of the conditions contained in Article V and such transferee shall not have the right to vote on any matter as a "Member". Notwithstanding the foregoing, if at any time a Member (i) shall transfer more than 50% of such Member's Percentage Interest (excluding, however, Permitted Transfers), or (ii) shall be in default with respect to its obligations to fund additional capital contributions pursuant to Section 2.2 above, the remaining votes of such Member shall be deemed cancelled and such Member shall have no voting rights except as otherwise required by the Act; provided, that in the case of clause (ii), (x) to the extent Contributing Member(s) elect to treat their respective Funded Amounts as Priming Capital Contributions and such Non-Contributing Member repays all such Priming Capital Contributions (including all interest thereon) within 10 days, the voting rights of such Member shall be reinstated and (y) to the extent the Contributing Member(s) elect to treat their respective Funded Amounts as Additional Capital Contributions, the Company shall provide notice to such Non-Contributing Member on the next Business Day indicating such election and the voting rights of such Non-Contributing Member shall be deemed cancelled if the Non-Contributing Member does not provide its capital contribution to the Company within 10 days after receipt of such notice.

(b) Notwithstanding anything to the contrary in this Agreement, unless expressly set forth in this Agreement (including pursuant to Section 3.2(h) above), the Company shall not approve or take, and the Managing Member shall neither take nor cause the Company to take or approve, any action with respect to any Major Decision without the affirmative vote or written consent of all of the Members.

Section 2.7 Buy/Sell. At any time after the second (2nd) anniversary of the Effective Date, the following shall apply:

(a) Either NS Managing Member or Chatham Managing Member (as the case may be, the "Proposing Member") shall have the right (but not the obligation) to deliver a written notice (the "Buy/Sell Notice") to the other Member (the "Non-Proposing Member"), which Buy/Sell Notice (in order to be effective) shall: (i) state that the Proposing Member offers to purchase all of the membership interest in the Company of the Non-Proposing Member, (ii) set forth an all-cash valuation (the "Asset Purchase Price") for all of the Buy/Sell Assets, (iii) set forth the name and address of a national escrow agent selected by the Proposing Member and reasonably acceptable to the Non-Proposing Member (the "Buy/Sell Escrow Agent") in connection with the transactions contemplated under this Section 3.7, (iv) be accompanied by a certified or bank check payable to the order of the Buy/Sell Escrow Agent or evidence of a wire transfer of immediately available federal funds to the Buy/Sell Escrow Agent (such check or wire transfer, the "Proposing Member's Deposit") in an amount equal to three and one-quarter percent (3.25%) of the Asset Purchase Price, and the parties shall otherwise act in accordance with the escrow provisions set forth on Schedule H attached hereto, and (v) provide that the Proposing Member shall indemnify the Non-Proposing Member against any liabilities it incurs as a result of any failure to obtain any consent required from a franchisor to the acquisition by the Proposing Member contemplated by such Buy/Sell Notice that is required pursuant to any franchise agreement to which the Company or any of its Subsidiaries is a party. For the avoidance of doubt, the parties acknowledge and agree that in the event the Proposing Member elects to send a Buy/Sell Notice, the Proposing Member must offer to purchase all of the limited liability company interests of the Non-Proposing Member in the Company (i.e., the Proposing Member may not offer to purchase less than 100% of all of the Non-Proposing Members' membership interest in the Company). Any Buy/Sell Notice that does not comply with the foregoing provisions of this Section 3.7(a) shall be void and of no force or effect.

(b) On or before the expiration of the Buy/Sell Response Period, the Non-Proposing Member shall respond to the Buy/Sell Notice by delivering a notice (a "Buy/Sell Response") to the Proposing Member. The Buy/Sell Response, in order to be effective for any purpose, shall (i) state either (x) that the Non-Proposing Member elects to sell its membership interest in the Company to the Proposing Member at the Buy/Sell Membership Interest Purchase Price or (y) that the Non-Proposing Member elects to purchase the membership interest of the Proposing Member in the Company at the Buy/Sell Membership Interest Purchase Price, (ii) if an election is made by the Non-Proposing Member under clause (i)(y) above, be accompanied by a certified or bank check payable to the order of the Buy/Sell Escrow Agent or evidence of a wire transfer of immediately available federal funds to the Buy/Sell Escrow Agent (such check or wire transfer, the "Non-Proposing Member's Deposit") in an amount equal to three and one-quarter percent (3.25%) of the Asset Purchase Price and (iii) if an election is made by the Non-Proposing Member under clause (i)(y) above, be accompanied by either the bank or certified check delivered by the Proposing Member (if the Proposing Member made the Proposing Member's Deposit in the form of a bank or certified check and solely to the extent the Non-Proposing Member has not theretofore deposited any such check into escrow with the Buy/Sell Escrow Agent) or an instruction to the Buy/Sell Escrow Agent (or its financial institution) to refund to the Proposing Member the amounts deposited in escrow together with any accrued interest earned thereon. The failure of the Non-Proposing Member to respond during the Buy/Sell Response Period, or the failure of any Buy/Sell Response purportedly delivered under this

Section 3.7(b) to comply with the provisions of this Section 3.7(b), shall be deemed to be an election by the Non-Proposing Member to sell its membership interest in the Company to the Proposing Member at the Buy/Sell Membership Interest Purchase Price; provided, however, if the Non-Proposing Member fails to respond during the Buy/Sell Response Period, then the Proposing Member shall have the right, exercisable within fifteen (15) days after the expiration of the Buy/Sell Response Period, to withdraw its Buy/Sell Notice, in which event the Buy/Sell Deposit Funds shall be refunded to the Proposing Member and such Buy/Sell transaction shall be deemed terminated and without effect, provided, further, however, such determination to withdraw by the Proposing Member shall not affect the Proposing Member's right to deliver future Buy/Sell Notices which right shall continue in full force and effect.

(c) In the event the closing occurs with respect to the purchase by the Purchasing Member such closing shall be on the terms set forth on Schedule G attached hereto.

(d) The Members acknowledge and agree the following with respect to the buy/sell process set forth in this Section 3.7: (i) concurrently with the delivery of the Buy/Sell Notice under this Agreement, the Proposing Member shall be required to deliver a Buy/Sell Notice under the Ink III LLC Agreement; (ii) the Non-Proposing Member shall be required to make the same election in the Buy/Sell Response under this Agreement and the Buy/Sell Response under the Ink III LLC Agreement (i.e., the Non-Proposing Member shall not have the right to elect to sell its interests in the Company to the Proposing Member under this Agreement and then elect to buy the interests of the Proposing Member in Ink III under the Ink III LLC Agreement; (iii) in the event either Member fails to comply with any obligation under the buy/sell process set forth in Section 3.7 of the Ink III LLC Agreement, then such failure shall be deemed a default by such Member under this Section 3.7 (i.e., a Member shall not be permitted to consummate the buy/sell process contemplated by this Section 3.7 unless, concurrently therewith, it is consummating the buy/sell process contemplated by Section 3.7 of the Ink III LLC Agreement); and (iv) the buy/sell process contemplated by this Section 3.7 shall close simultaneously with the buy/sell process contemplated by Section 3.7 of the Ink III LLC Agreement).

(e) Notwithstanding the foregoing, Chatham Managing Manager shall not have the right to deliver a Buy/Sell Notice during a Spin-Off Blackout Period or during a Portfolio Sale Blackout Period.

Section 2.8 Put/Call Options.

(a) Put Option. Within fifteen (15) Business Days after the Put Option Commencement Date, Chatham Managing Member shall have the right, but not the obligation, to deliver a written notice to NS Managing Member (the "Put Notice") indicating its election to sell to NS Managing Member (and requiring NS Managing Member to buy from Chatham Managing Member) all of Chatham Managing Member's right, title and interest in and to the Company (the "Option Interests") in accordance with this Section 3.8(a). For purposes hereof, the "Put Option Commencement Date" shall mean the date on which either (i) NS effectuates a Permitted Corporate Transaction that is a spin-off and the result thereof is that NRFC, NSAM or any of their respective Affiliates no longer Controls NS Managing Member, (ii) there is a Change in Control with respect to NS Managing Member, or a Parent Change in Control, that in either instance results in NS Managing Member being Controlled by a Chatham Competitor or (iii) NS Managing Member makes a Qualified IPO Demand.

(b) Call Option. At any time following the Call Option Commencement Date, NS Managing Member shall have the right, but not the obligation, to deliver a written notice to Chatham Managing Member (the "Call Notice"; and together with the Put Notice, collectively, the "Option Notice") of its good faith intention to spin-off one hundred percent (100%) of the membership interests in the Company and that it is therefore electing to purchase from Chatham Managing Member (and requiring Chatham Managing Member to sell to NS Managing Member) the Option Interests in accordance with this Section 3.8(b). For purposes hereof, the "Call Option Commencement Date" shall mean the date on which NS determines that it desires to spin-off one hundred percent (100%) of the membership interests in the Company. NS Managing Member shall not be permitted to deliver a Call Notice within six (6) months of the end of a Spin-Off Blackout Period.

(c) Option Price.

(i) In each case (i.e., "Put Option" or "Call Option") other than a Put Option pursuant to Section 3.8(a)(iii):

1) The purchase price for the Option Interests (the "Option Price") shall be equal to the amount of Available Cash that Chatham Managing Member would have received pursuant to the application of the provisions of Section 7.1 if the Assets were sold to a third party on the Option Closing Date for a price equal to the Fair Market Value and an amount equal to the Adjusted Fair Market Value was distributed to the Members (it being agreed that any disputes as to Fair Market Value Additions, Fair Market Value Prorations and/or the allocation of the Fair Market Value among the Assets shall be resolved by the determination of the Accountants, which determination shall be binding on the Members, absent manifest error).

2) In the event that the applicable party delivers an Option Notice (in each case, the "Initiating Party") to the appropriate counter-party (in each case the "Notice Recipient"), said Initiating Party shall set forth in the Option Notice (i) its proposed Option Price and (ii) a calculation of its Option Price, inclusive of its determination of the fair market value of each of the Assets (the "Initiating Party Fair Market Value"). Notwithstanding the foregoing, the Initiating Party Fair Market Value and consequent Option Price shall not be binding on the parties until such time as agreed to, in writing, by both the Initiating Party and the Notice Recipient.

3) Within fifteen (15) Business Days of receipt of an Option Notice, the Notice Recipient shall respond in writing to the Initiating Party either (i) agreeing to the Initiating Party Fair Market Value (each a "Value Acceptance Notice"), or (ii) disagreeing with the Initiating Party Fair Market Value (each a "Value Dispute Notice"; and together with a Value

Acceptance Notice, each a "Notice Response"). All Value Dispute Notices shall set forth the Notice Recipient's opinion as to the fair market value of the Assets. The foregoing notwithstanding, failure of a Notice Recipient to timely deliver a Notice Response shall be deemed a Value Dispute Notice by the Notice Recipient delivered on the last day of such fifteen (15) Business Day period.

4) In the event that the Notice Recipient delivers a Value Dispute Notice, then the parties shall work together in good faith for up to ten (10) days (the "Value Negotiation Period") in an attempt to establish a mutually agreed upon fair market value of the Assets. In the event that the parties are able to agree upon a fair market value of the Assets prior to the expiration of the Value Negotiation Period, then the parties shall work together in good faith to close the contemplated transaction prior to the end of the Option Closing Period. In the event that Value Negotiation Period expires without the parties having agreed to a mutually acceptable fair market value, then the fair market value shall be determined in accordance with Section 3.8(d).

(ii) In the case of a Put Option pursuant to Section 3.8(a)(iii), the purchase price for the Option Interests shall be equal to Chatham Managing Member's Percentage Interest multiplied by the equity capitalization of the Company or IPO Entity, as applicable, based on the price of the equity interests sold in the Qualified IPO.

(d) Appraisal. In each case (i.e., Put Option or Call Option) other than a Put Option pursuant to Section 3.8(a)(iii):

(i) If the parties are unable to agree on a Fair Market Value prior to the expiration of the Value Negotiation Period, then each party shall promptly select a unaffiliated third party, MAI appraiser or investment sales broker, who or that, as the case may be, has been actively involved in the valuation or sales of assets comparable to the Assets over the ten (10) years preceeding the delivery of the applicable Option Notice as reasonably determined by the selecting party (each an "Appraiser") to determine a fair market value of the Assets. If either party reasonably objects to an Appraiser chosen by the other party on the grounds that such Appraiser does not satisfy the definition of "Appraiser", then the non-objecting party shall select an alternative Appraiser within ten (10) days of such objection; provided, however, that if a party does not raise any objection within five (5) days after notification of the identity of the other party's Appraiser, then such Appraiser shall be deemed to satisfy the definition of "Appraiser". Each party shall be solely responsible for paying the cost and expenses of their respective Appraiser. The parties shall use their reasonable best efforts to cause the Appraisers to make their own determination as to the fair market value of the Assets within thirty (30) days after both Appraisers have been appointed (the "Appraisal Period").

(ii) If there is a difference of three percent (3%) or less between the Appraisers' respective determinations of the fair market value of the Assets, then the fair market value shall be the average of the two (2) appraisals.

(iii) If the difference between the Appraisers' respective determinations of the fair market value of the Assets is in excess of three percent (3%), then the two Appraisers shall promptly select a third Appraiser (for the avoidance of doubt, who satisfies the definition of "Appraiser") who shall determine the fair market value of the Assets. Immediately following receipt of the valuation from the third Appraiser, the average of all three values shall be calculated and the Appraiser's valuation that is furthest from said average shall be discarded from the calculation process, and the average of the remaining value determinations shall be deemed the fair market value for the purposes hereof; provided, however, that if the difference among all three appraisals is identical in terms of value, then such fair market value shall be the average of such three appraisals.

(iv) If either party fails to appoint its Appraiser within ten (10) days of the expiration of the Value Negotiation Period (or, in the event that a reasonable objection is made to a party's chosen Appraiser pursuant to clause (d)(i), such party does not select an alternative Appraiser within 10 days), the determination of value made by the Appraiser selected by the other party within such period shall be used to determine the fair market value of the Assets. If both parties fail to appoint their Appraisers within ten (10) days of the expiration of the Value Negotiation Period, then the Initiating Party's Fair Market Value shall be deemed the fair market value.

(v) In the event a third Appraiser is necessary, such Appraiser shall be chosen within ten (10) days after the comparison of the determination of value of the first two Appraisers.

(vi) In each instance where two Appraisers select a third Appraiser, the first two Appraisers shall share with the third Appraiser all documents, research and other information acquired by them with respect to the Assets. Furthermore, each of the Initiating Party and the Notice Recipient will instruct and cause their respective Appraiser to provide the third Appraiser with such information as is reasonably requested by such third Appraiser in connection with its analysis of the calculations, assumptions and conclusions drawn by the first two Appraisers, respectively. Additionally, the fees and expenses of the third Appraiser, if necessary, shall be paid equally by the Members.

(vii) Notwithstanding anything set forth herein to the contrary, in all cases, the determination of Fair Market Value shall be calculated to be as of the end of the month immediately preceding the month of the date of the Option Notice and shall take into account all assets and liabilities of the Company (including, without limitation, the Property Companies and the Assets) and existing contingent liabilities which have been reflected in the most recent financial statements of the Company or will most likely be reflected in the financial statements for the year in which the Option Price shall be paid. Furthermore, the valuations shall be based upon an all-cash sale basis for the fee simple or ground leasehold, as applicable, interest of the Properties without reduction for any lien or encumbrance against the Properties.

(viii) If a party does not use reasonable efforts to cause its Appraiser to make its determination as to the fair market value of the Assets within the Appraisal Period pursuant to clause (d)(i) and as a result of such failure such Appraiser does not submit its determination of fair market value prior to the end of the Appraisal Period, then fair market value shall be deemed to be the fair market value submitted by the Appraiser which timely submitted its determination.

(ix) The determination of the Fair Market Value determined in accordance with the foregoing procedures shall be final and binding upon the parties, absent manifest error.

(e) Closing.

(iv) The parties shall work together in good faith to close the contemplated transaction (the "Option Closing") during the Option Closing Period as defined below), but in no event earlier than the beginning of or later than the expiration of the Option Closing Period. In the case of a Put Option pursuant to Section 3.8(a)(iii), the Option Closing shall occur simultaneously with the closing of the Qualified IPO and in the case of a Call Option, the Option Closing shall occur simultaneously with the closing of the spin-off. The actual date of the Option Closing is hereinafter referred to as the "Option Closing Date". NS Managing Member shall have the right, in its sole and absolute discretion, to select or accelerate the Option Closing Date within the Option Closing Period and Chatham Managing Member acknowledges and agrees that it shall proceed with the Option Closing on the date so chosen by NS Managing Member, provided that NS Managing Member shall be required to give Chatham Managing Member no less than ten (10) days prior notice of the Option Closing Date. In the event the Option Closing shall occur, such closing shall be on the terms set forth on Schedule F attached hereto.

(v) The "Option Closing Period" means:

1) In the case of a Put Option pursuant to Section 3.8(a)(i) or (ii), the period commencing on the earliest of the date when (i) the Notice Recipient delivers a Value Acceptance Notice, (ii) the parties otherwise agree upon a fair market value, or (iii) the Appraisers determine fair market value in accordance with Section 3.8(d) (such date, the "FMV Determination Date"), and ending sixty (60) days thereafter.

2) In the case of a Put Option pursuant to Section 3.8(a)(iii), the period commencing on the date when NS Managing Member makes a Qualified IPO Demand and ending one (1) year thereafter.

3) In the case of a Call Option, the period commencing on the FMV Determination Date and ending on the first anniversary of the date when NS Managing Member delivers the Call Notice.

(vi) Notwithstanding anything set forth in this Agreement to the contrary, at any time prior to the Option Closing Date, the Initiating Party may revoke its Option Notice by sending the Notice Recipient a revocation notice. Any such revocation notice shall have the effect of (i) making the revoked Option Notice v*oid ab initio*, and (ii) reviving the respective options (i.e., the Put Option or the Call Option, as the case may be) without, however, in anyway limiting or waiving any other rights any party may have either at law or in equity with respect to the Put Option, the Call Option, or otherwise.

(f) Acknowledgement. The Members acknowledge and agree the following with respect to the put/call process set forth in this Section 3.8: (i) concurrently with the delivery of the Option Notice under this Agreement, the Initiating Party shall be required to deliver an Option Notice under the Ink III LLC Agreement; (ii) in the event either Member fails to comply with any obligation under the put/call process set forth in Section 3.8 of the Ink III LLC Agreement, then such failure shall be deemed a default by such Member under this Section 3.8 (i.e., a Member shall not be permitted to consummate the put/call process contemplated by this Section 3.8 unless, concurrently therewith, it is consummating the put/call process contemplated by Section 3.8 of the Ink III LLC Agreement); and (iii) the put/call process contemplated by this Section 3.8 shall closing simultaneously with the put/call process contemplated by Section 3.8 of the Ink III LLC Agreement).

ARTICLE III.

GENERAL GOVERNANCE

Section 3.1 Other Ventures.

(l) It is expressly agreed that each Member, and any Affiliates, officers, directors, trustees, managers, stockholders, members, partners or employees of such Member, may engage in other business ventures of every nature and description, whether or not in competition with the Company, independently or with others, and neither the Company nor the other Members shall have any rights in and to any independent venture or activity or the income or profits derived therefrom; the pursuit of other ventures and activities by any such Person is hereby consented to by each Member and shall not be deemed wrongful or improper.

(m) Nothing in this Agreement shall be construed so as to prohibit any Member or its respective Affiliates, officers, directors, managers, stockholders, members, partners or employees from owning, operating or investing in any business of any nature and description, independently or with others and no Member need disclose its intention to make any such investment to the other, nor advise the Company of the opportunity presented by any such prospective investment.

(n) Notwithstanding the foregoing and without limiting Section 12.17, in the event that any Member receives an opportunity directly related to any Property, such Member shall first offer such opportunity, to the extent relating to any Property, to NS Managing Member and Chatham Managing Member on behalf of the Company. If either NS Managing Member or Chatham Managing Member (i) declines on behalf of the Company to participate in such opportunity or (ii) is deemed to decline on behalf of the Company to participate in such opportunity as a result of a failure to approve participation by the Company within 10 Business Days of such offer, but either Chatham Managing Member or NS Managing Member, as applicable, as the non-presenting Member wishes to participate in such opportunity in its own capacity, Chatham Managing Member or NS Managing Member, as applicable and the presenting Member shall participate in such opportunity on such basis as they shall agree or, in the absence of such agreement, in proportion to their then equity percentages in the Company. If the Company and each Member thereof rejects such opportunity, the presenting Member may exploit

such opportunity in any manner it sees fit, provided that the presenting Member is not provided materially more favorable terms in the aggregate with respect to such opportunity than were presented to the Company, or the non-presenting Member in connection with their potential participation.

Section 3.2 Information.

(e) Chatham Managing Member shall deliver to NS Managing Member, by not later than the (i) eighth (8th) day of each month a preliminary profit and loss statement in the form attached hereto as Schedule L showing the results of operation of the Company and the Properties for the prior month and the year to date, with a comparison to the budgets contained in the Operating Budget and the then-approved Business Plan and to prior year results (a "P&L Statement") (it being acknowledged and agreed that the Operating Budget shall initially be based on the Final Operating Budget (as such term is defined in the Hotel Management Agreements) and shall then incorporate any additional costs and expenses of the Company not included in the Final Operating Budget); and (ii) twelfth (12th) business day of each month: (1) a final P&L Statement and (2) a current balance sheet in the form attached hereto as Schedule M. Chatham Managing Member shall also deliver to NS Managing Member, by not later than the twelfth (12th) day of each quarter quarterly forecasts for gross revenues, operating expenses, and Profit or Losses for the remainder of the Fiscal Period. In addition to the foregoing, Chatham Managing Member shall deliver to NS Managing Member, by not later than the thirtieth (30th) day after the close of each Fiscal Year, (a) a Profit and Loss statement showing the results of operation of the Company and the Properties for such Fiscal Year; (b) a balance sheet for the Company and the Properties as of the close of such Fiscal Year; and (c) the gross revenues and operating expenses for such Fiscal Year.

(f) NS Managing Member may cause Accountants selected by NS Managing Member to conduct an audit of the books of account and all other records relating to or reflecting the operation of the Company and the Properties and Chatham Managing Member agrees to cooperate with such accountant so as to allow such accountant to perform such audit and/or deliver audited financial statements to NS Managing Member within ninety (90) days after the end of each Fiscal Year. Costs of such audit and of the audited financial statements or any other reports prepared by such accountant, if and when requested by NS Managing Member, will be an expense borne by the Company.

(g) At NS Managing Member's request, Chatham Managing Member will further deliver or cause to be delivered such additional financial reports as may be reasonably requested by NS Managing Member or required by third parties. All reasonable costs in producing such additional financial reports will be borne by the Company.

(h) At NS Managing Member's request, Chatham Managing Member shall meet with NS Managing Member via conference call or in person to discuss the operating results of the Company and the Properties on a quarterly basis and will comply with all reasonable requests to otherwise meet with NS Managing Member from time to time to discuss other issues with respect to the Company or the Properties.

Section 3.3 Access. The Company shall, and shall cause its Subsidiaries, Officers, directors, trustees, members, employees, auditors and other agents to (a) afford the Officers, employees, auditors and other agents of the Members during normal business hours and upon reasonable notice reasonable access to its officers, employees, auditors, legal counsel, properties, offices, plants and other facilities and to all books and records and (b) afford each Member the opportunity to discuss the Company's affairs, finances and accounts with the Officers or the Managing Member from time to time as each such Member may reasonably request without creating an undue burden on the Company, including, without limitation, but in particular, upon notice that a vote is required with respect to a Major Decision; provided, that the Company shall not be required to afford Chatham Managing Member such opportunity from and after the occurrence of a Termination Event except with respect to a Post-Termination Major Decision.

Section 3.4 Affiliate Transactions.

(i) Neither the Company nor any Property Company shall enter into any agreement for the performance of any service or activity, or for the purchase of any item, with an Affiliate of a Member (other than the Hotel Management Agreements with Island Hospitality Management), without first receiving the prior written approval of the Members, which approval may be withheld in each such Member's sole and absolute discretion; provided, that, from and after the occurrence of a Termination Event, the prior written approval of Chatham Managing Member shall no longer be required so long as any such arrangement is on an arms' length basis.

(j) Notwithstanding anything set forth in Section 3.2 or Section 3.6 hereof to the contrary, a Member, acting alone and on behalf of the Company and any then existing Property Companies, may enforce and make all decisions under or in connection with agreements between the Company or any Property Company, on the one hand, and the other Member and/or its Affiliates, on the other hand, provided that for purposes of this Section 4.4(b), Island Hospitality Management shall be considered an Affiliate of Chatham Managing Member.

ARTICLE IV.

TRANSFERS OF INTERESTS

Section 4.1 Restrictions on Transfer.

(i) No Transfer shall be made by either Chatham Managing Member or NS Managing Member with respect to all or any portion of its Interest without the prior written approval of the non-Transferring Member unless such Transfer is (i) pursuant to

Section 3.7 of this Agreement, (ii) pursuant to Section 3.8 of this Agreement or (iii) a Permitted Transfer. No Member will have the ability to directly or indirectly syndicate its Interest to unaffiliated co-investors.

(j) The Company, each Member, the Managing Member, the Officers and any other Person or Persons having business with the Company need only deal with Members who are admitted as Members or as additional or substitute Members of the Company, and they shall not be required to deal with any other Person by reason of a Transfer by a Member. In the absence of a transferee of a transferring Member's Percentage Interest being admitted as a Member as provided herein, any payment to a Member shall release the Company and the Members of all liability to any other Persons who may be interested in such payment by reason of an assignment by such Member.

(k) Each transferee, as a condition to its admission as a Member, shall execute and deliver to the Company such instruments (including a counterpart of this Agreement), in form and substance reasonably satisfactory to the Managing Member, as the Managing Member shall reasonably deem necessary or desirable to confirm the agreement of such transferee to be bound by all the terms and provisions of this Agreement (as it may be amended in connection with the admission of such transferee as a Member). The Members agree to amend this Agreement to the extent necessary to reflect the Transfer and admission of the new Member and to continue the Company without dissolution. Upon execution of such instruments, the transferee shall be admitted to the Company as a Member. Immediately following the admission of the transferee to the Company as a Member, any Person who has thereby transferred all of its ownership interest in the Company shall cease to be a Member of the Company. Except as set forth herein, any transferee who is admitted to the Company as a Member shall succeed to the rights and powers, and be subject to the restrictions and liabilities, of the transferor Member to the extent of the Percentage Interest transferred.

(l) In the event that the Members determine to sell all but not less than all of their Percentage Interest in the Company (including pursuant to Section 3.7 and Section 3.8 hereof), the Tax Matters Member will propose a schedule (the "Allocation Schedule") to the Members of the Company allocating the expected purchase price in accordance with Section 1060 of the Code. Upon the affirmative vote of each of the Members of the Company (or, from and after the occurrence of a Termination Event, NS Managing Member), such proposed allocation will be the Allocation Schedule that will be proposed by the Members in connection with the potential sale and, if no objection is made to such Allocation Schedule by the third party purchaser of the Percentage Interests, will be final and binding in connection with such sale upon the Members.

Section 4.2 Non-Permitted Transfers.

(h) Any purported Transfer of all or any portion of a Member's Percentage Interest of the Company or any economic benefit or other interest therein not in compliance with Section 5.1 shall be null and void ab initio, regardless of any notice provided to any of the parties hereto, and shall not create any obligation or liability of any of the parties hereto to the purported transferee, and any Person purportedly acquiring all or any portion of any Percentage Interest or any economic benefit or other interest therein transferred not in compliance with Section 5.1 shall not be entitled to admission to the Company as a substitute Member. In the event of any direct or indirect Transfer of an interest in a Member, other than a Transfer permitted under Article V hereof, the Member that has made such Transfer shall not be necessary for any Major Decision until such Transfer has been rescinded or otherwise nullified, except that the consent of such Member shall still be required to amend this Agreement.

(i) In the case of an attempted Transfer of all or any portion of any Percentage Interest of the Company or any economic benefit or other interest therein that is not in compliance with Section 5.1, the parties engaging or attempting to engage in such Transfer shall indemnify and hold harmless the other parties hereto and their respective officers, directors, affiliates, members, partners and employees from all cost, liability and damage that any of such indemnified persons may incur (including, without limitation, incremental tax liability and attorneys' fees and expenses) as a result of such Transfer or attempted Transfer and the enforcement of this indemnity.

(j) No Member, including any assignee or successor in interest of any Member, shall Transfer all or any portion of its Percentage Interest of the Company or any economic benefit or other interest therein if such Transfer would cause the Company to be treated as a "publicly traded partnership" within the meaning of Code Section 7704 and the Regulations promulgated thereunder.

ARTICLE V.

ALLOCATIONS

Section 5.1 General Rules.

(k) Allocations of Profits and Losses. Except as otherwise provided in this Article VI, Profits and Losses for any Fiscal Period shall be allocated among the Members in such manner that, as of the end of such Fiscal Period, the respective Capital Accounts of the Members shall be equal to the respective amounts that would be distributed to them, determined as if the Company were to (i) liquidate the assets of the Company for an amount equal to their Gross Asset Value and (ii) distribute the proceeds of liquidation pursuant to Section 10.3.

Section 5.2 Special Allocations.

(a) Minimum Gain Chargeback. Except as otherwise provided in Treasury Regulations Section 1.704-2(f), notwithstanding any other provision of this Article 6, if there is a net decrease in Partnership Minimum Gain during any Fiscal Year, each Member shall be specially allocated items of Company net income and gain for such Fiscal Year (and, if necessary, subsequent Fiscal Years) in an amount equal to such Member's share of the net decrease in partnership minimum gain, determined in accordance with Treasury Regulations Section 1.704-2(g). Allocations pursuant to the previous sentence shall be made in proportion to the respective amounts required to be allocated to each Member

pursuant thereto. The items to be so allocated shall be determined in accordance with Treasury Regulations Sections 1.704-2(f)(6) and 1.704-2(j)(2). This Section 6.2(a) is intended to comply with the minimum gain chargeback requirement in Treasury Regulations Section 1.704-2(f) and shall be interpreted consistently therewith.

(b) Partner Minimum Gain Chargeback. Except as otherwise provided in Treasury Regulations Section 1.704-2(i)(4), notwithstanding any other provision of this Article 6, if there is a net decrease in partner nonrecourse debt minimum gain (as defined in Treasury Regulations Section 1.704-2(i)(2)) attributable to a partner nonrecourse debt during any Fiscal Year, each Member who has a share of the partner nonrecourse debt minimum gain attributable to such partner nonrecourse debt, determined in accordance with Treasury Regulations Section 1.704-2(i)(5), shall be specially allocated items of net income and gain for such Fiscal Year (and, if necessary, subsequent Fiscal Years) in an amount equal to such Member's share of the net decrease in partner nonrecourse debt minimum gain attributable to such partner nonrecourse debt, determined in accordance with Treasury Regulations Section 1.704-2(i)(4). Allocations pursuant to the previous sentence shall be made in proportion to the respective amounts required to be allocated to each Member pursuant thereto. The items to be so allocated shall be determined in accordance with Treasury Regulations Section 1.704-2(i)(4) and 1.704-2(j)(2). This Section 4.2(b)(2)(b) is intended to comply with the minimum gain chargeback requirement in Treasury Regulations Section 1.704-2(i)(4) and shall be interpreted consistently therewith.

(c) Qualified Income Offset. In the event any Member unexpectedly receives any adjustments, allocations, or distributions described in Treasury Regulations Sections 1.704-1(b)(2)(ii)(d)(4), (d)(5) or (d)(6), items of Company net income and gain shall be specially allocated to each such Member in an amount and manner sufficient to eliminate, to the extent required by the Treasury Regulations, the deficit Capital Account balance of such Member as quickly as possible, provided that an allocation pursuant to this Section 6.2(c) shall be made if and only to the extent that such Member would have a deficit Capital Account balance after all other allocations provided for in this Article 6 have been tentatively made as if this Section 6.2(c) were not a term of this Agreement. This Section 6.2(c) is intended to constitute a "qualified income offset" provision as described in Treasury Regulations Section 1.704-1(b)(2)(ii)(d) and shall be interpreted consistently therewith.

(d) Partner Nonrecourse Deductions. Any partner nonrecourse deductions for any Fiscal Year shall be specially allocated to the Member who bears the economic risk of loss with respect to the partner nonrecourse debt to which such partner nonrecourse deductions are attributable in accordance with Treasury Regulations Section 1.704-2(i)(1).

(e) Nonrecourse Deductions. Nonrecourse Deductions shall be allocated among the Members in accordance with their Percentage Interests.

(f) Allocation of Nonrecourse Debt. For purposes of Treasury Regulations Section 1.752-3(a), the Members agree that Nonrecourse Liabilities of the Company in excess of the sum of (i) the amount of Partnership Minimum Gain and (ii) the total amount of Nonrecourse Built in Gain shall be allocated among the Members in accordance with their Percentage Interests.

(g) Section 754 Adjustment. The Members acknowledge that NS Managing Member, as Tax Matters Member, will cause the Company to make an election under Section 754 of the Code with respect to the Company's taxable year that will end on the Effective Date in accordance with Treasury Regulations section 1.708-1(b)(3)(ii) as a result of a "technical termination" of the Company as a partnership under Section 708(b)(1)(B) of the Code and Treasury Regulations section 1.708-1. As a result of such election, the adjustment to the basis of partnership property shall constitute an adjustment to such basis with respect to NS Managing Member only, as the transferee of an interest in the Company, as required by Section 743(b) of the Code and the Treasury Regulations thereunder.

(h) Priming Capital Contribution Returns. Distributions in respect of Priming Capital Contribution Returns will be treated as payments to a partner for the use of capital pursuant to Section 707(c) of the Code.

Section 5.3 Other Allocation Rules.

(c) For purposes of determining the Profits, Losses or other items allocable to any Fiscal Period, Profits, Losses and such other items shall be determined on a daily, monthly or other basis as determined by the Tax Matters Member in its reasonable discretion using any permissible method under Code Section 706 and the Regulations thereunder.

(d) The Members are aware of the United States federal income tax consequences of the allocations made by this Article VI and hereby agree to be bound by the provisions of this Article VI in reporting their shares of Company income and loss for income tax purposes.

(e) All items of income, gain, loss, deduction, or credit and any other allocations not otherwise provided for shall be allocated among the Members as determined by the Tax Matters Member in its reasonable discretion.

(f) If a Member transfers all or a portion of its Percentage Interest during any Fiscal Period, then Profits, Losses, each item thereof and all other items attributable to the transferred interest for such Fiscal Period shall be divided and allocated between the transferor and the transferee by taking into account their varying interests in the Company during the Fiscal Period in accordance with Section 706(d) of the Code, using any conventions permitted by law and selected by the Tax Matters Member in its reasonable discretion.

Section 5.4 Tax Allocations; Code Section 704(c).

(f) Subject to Section 6.4(b) and (c), for each Fiscal Year, items of income, deduction, gain, loss and credit shall be allocated for tax purposes among the Members to reflect the amounts which have been credited or debited to the Capital Account of each such Member for such Fiscal Year and prior Fiscal Years.

(g) In accordance with Code Section 704(c) and the Regulations thereunder, items of income, gain, loss, deduction and credit with respect to any property contributed to the capital of the Company shall, solely for tax purposes, be allocated among the Members so as to take account of any variation between the adjusted tax basis of such property at the time of contribution to the

Company for federal income tax purposes and its initial Gross Asset Value at the time of contribution using a method permitted by applicable Regulations under Code Section 704(c), as determined by the Tax Matters Member in its reasonable discretion.

(h) In the event the Gross Asset Value of any Asset is adjusted in accordance with paragraph (b) of the definition of Gross Asset Value hereof, subsequent allocations of items of income, gain, loss, deductions or credit with respect to such asset shall take into account any variation between the adjusted tax basis of such asset for federal income tax purposes and its Gross Asset Value in the same manner as under Code Section 704(c) and the Regulations thereunder.

(i) Any elections or other decisions relating to allocations for tax purposes, basis adjustments or other tax matters shall be made by the Tax Matters Member in its reasonable discretion. Allocations pursuant to this Section 6.4 are solely for purposes of federal, state and local taxes and shall not affect, or in any way be taken into account in computing, any Member's Capital Account, share of Profits or Losses, or other items or distributions pursuant to any provision of this Agreement.

(j) Notwithstanding anything in this Agreement to the contrary, the Tax Matters Member shall not make any determinations or elections, or fail to make any elections reasonably requested by the Managing Member, under this Article VI or the definition of "Depreciation" that could reasonably be expected to disproportionately, materially and adversely affect Chatham Managing Member or Chatham REIT without Chatham Managing Member's prior written consent. For the avoidance of doubt, it is agreed by the Members that NS Managing Member, as Tax Matters Member, shall cause the Company to make an election under Section 754 of the Code with respect to the Company's taxable year that will end on the Effective Date in accordance with Treasury Regulations section 1.708-1(b)(3)(ii) as a result of a "technical termination" of the Company as a partnership under Section 708(b)(1)(B) of the Code and Treasury Regulations section 1.708-1.

Section 5.5 Compliance with Code Section 704(b). The allocation provisions contained in this Article 6 are intended to comply with Code Section 704(b) and the Treasury Regulations promulgated thereunder, and shall be interpreted and applied in a manner consistent therewith.

ARTICLE VI.

DISTRIBUTIONS AND EXPENSES

Section 6.1 Distributions of Available Cash.

(a) Available Cash from Operations. During the period commencing on the Effective Date and ending upon the dissolution of the Company pursuant to the provisions of Article X, NS Managing Member shall cause the Company to make distributions of Available Cash from Operations in accordance with the provisions of this Article VII in the following order of priority and as follows:

(i) first, one hundred percent (100%) to the Members who have made Priming Capital Contributions (and in accordance with the priorities and provisions of Section 2.2(d)(ii)) until each such Member has received distributions under this clause (i) and Section 7.1(b)(i) equal to such Priming Capital Contribution plus any accrued and unpaid Priming Capital Contribution Return;

(ii) second, pro rata to the Members in accordance with their respective Percentage Interests.

(b) Available Cash From Capital Event. In the event that a Capital Event occurs, NS Managing Member shall cause the Company to make distributions of the resulting Available Cash From Capital Event in accordance with the provisions of this Article VII in the following order of priority and as follows:

(i) first, one hundred percent (100%) to the Members who have made Priming Capital Contributions (and in accordance with the priorities and provisions of Section 2.2(d)(ii)) until each such Member has received distributions under this clause (b)(i) and Section 7.1(a)(i) equal to such Priming Capital Contribution plus any accrued and unpaid Priming Capital Contribution Return;

(ii) second, pro rata to the Members in accordance with their respective Percentage Interests until the NS Operating Company Managing Members have received an aggregate Internal Rate of Return of fifteen percent (15%);

(iii) third, (A) fifteen percent (15%) to Chatham Managing Member and (B) eighty-five percent (85%) to the Members in accordance with their respective Percentage Interests until the NS Operating Company Managing Members have received an aggregate Internal Rate of Return of twenty percent (20%) (the aggregate percentage of a distribution to which Chatham Managing Member is entitled pursuant to this Section 7.1(b)(iii) (i.e., 15% plus (Chatham's Percentage Interest multiplied by 85%), the "Section 7.1(b)(iii) Aggregate Percentage");

(iv) fourth, (A) twenty percent (20%) to Chatham Managing Member and (B) eighty percent (80%) to the Members in accordance with their respective Percentage Interests until the NS Operating Company Managing Members have received an aggregate Internal Rate of Return of twenty-five percent (25%) (the aggregate percentage of a distribution to which Chatham Managing Member is entitled pursuant to this Section 7.1(b)(iv) (i.e., 20% plus (Chatham's Percentage Interest multiplied by 80%), the "Section 7.1(b)(iv) Aggregate Percentage");

(v) fifth, (A) thirty percent (30%) to Chatham Managing Member and (B) seventy percent (70%) to the Members in accordance with their respective Percentage Interests.

(c) Notwithstanding the foregoing provisions of this Section 7.1, in the event a Promote Forfeiture Event occurs, then, at the option of NS Managing Member, the Promote payable to Chatham Managing Member under this Agreement shall be forfeited and any

distributions that would otherwise have been made in respect thereof shall instead be distributed to the Members in proportion to their current Percentage Interests for purposes of determining the disposition thereof under this Section 7.1; provided, however, the foregoing shall not limit any other right or remedy available to NS Managing Member pursuant to the other provisions of this Agreement, the Chatham Guaranty or at law or in equity (including, without limitation, to the extent appropriate, injunctive or other equitable relief) as a result of the occurrence of such event constituting a Promote Forfeiture Event.

(d) NS Managing Member shall cause the Company to make distributions of Available Cash to the Members at such time or times as is reasonably determined by NS Managing Member in its reasonable discretion. Nothing contained in this Agreement shall in any manner be construed to imply that any Member has any claim or right under this Agreement to require that distributions of Available Cash or distributions on winding up of the Company be made at any particular time or in any particular amount. The Members further agree that in determining whether to make a distribution of such Available Cash or other distributions to the Members at any time, or in determining the amount of any Available Cash or other distributions, NS Managing Member shall not have any fiduciary, or trustee or other obligation or duty to any Member other than a contractual obligation or duty pursuant to the terms of this Agreement.

Section 6.2 Amounts Withheld. All amounts withheld or paid pursuant to the Code or any provisions of state, local or foreign tax law with respect to any payment, distribution, allocation or other consideration paid to the Members, including in connection with a contribution of assets to the Company by a Member, shall be treated as amounts paid or distributed, as the case may be, to the Members with respect to which such amount was withheld or paid pursuant to this Section 7.2 for all purposes under this Agreement. The Company is authorized to withhold or pay, when required under applicable law, from payments, distributions, or other consideration paid to Members, and with respect to allocations to the Members, and to pay over to any federal, state, local or foreign government any amounts required to be so withheld or paid pursuant to the Code or any provisions of any federal, state, local or foreign law, and shall allocate any such amounts to the Members with respect to which such amounts were withheld or paid.

Section 6.3 Expenses. Except as otherwise provided in this Agreement, the Company will be responsible for all third party expenses of the Company. Subject to Section 3.1(c), each Member shall otherwise be responsible for all costs and expenses incurred by such Member in the performance of its obligations under this Agreement.

Section 6.4 Promote Overpayments.

(a) If, as of any date of determination (which must be the date of a determination by NS Managing Member to cause the Company to make a distribution in respect of a Capital Event), Chatham Managing Member has received distributions in respect of the Promote which, together with any prior distributions in respect of the Promote (calculating the Promote and distributions on a cumulative basis of distribution on, as of and for the period through such date of determination) are determined by NS Managing Member in accordance with this Agreement to be in excess of the actual cumulative amount to which Chatham Managing Member would have been entitled under Section 7.1 if the Promote were recalculated as of such date of determination (any such excess distributions, the "Excess Promote Amount"), then within thirty (30) days after the occurrence of such distribution in respect of a Capital Event, NS Managing Member shall notify Chatham Managing Member, setting out in reasonable detail the basis for such determination, that Chatham Managing Member shall repay such Excess Promote Amount to the Company on or before the date which is fifteen (15) days after receipt of notice from NS Managing Member setting forth the amount of such Excess Promote Amount. Upon payment of such Excess Promote Amount to the Company, NS Managing Member shall have the right to determine to (x) use such Excess Promote Amount to fund obligations of the Company and/or to fund the Working Capital Reserve (including, without limitation, using such Excess Promote Amount in lieu of issuing a Capital Call Notice to the Members), or (y) to the extent that such Excess Promote Amount constitutes Available Cash, to re-distribute such Available Cash to the Members (including Chatham Managing Member) pursuant to the then applicable provisions of Section 7.1.

(b) If Chatham Managing Member shall fail to repay the Excess Promote Amount that is due to the Company, then NS Managing Member shall be deemed to have made a loan to Chatham Managing Member (such loan, a "Promote Payment Loan"), on the date such payment was due, in an amount equal to the Excess Promote Amount, plus interest accruing from the date such payment was originally due from Chatham Managing Member on such amount at a fixed per annum rate (compounding monthly) equal to the lesser of (x) twenty percent (20%) per annum and (y) the highest rate permitted by applicable law, which Promote Payment Loan shall (i) be payable in whole or in part by Chatham Managing Member without premium or penalty, (ii) be payable in full immediately upon demand from NS Managing Member, and (iii) be secured by a lien upon the economic interest (i.e., the right to receive distributions and other monetary payments provided for in this Agreement) of Chatham Managing Member in the Company (and the parties intend hereby to create a security interest), which lien will automatically attach to such limited liability company interest without the necessity of further action; provided, however, upon request made by NS Managing Member, Chatham Managing Member will execute and deliver any document, instrument, agreement or financing statement in favor of NS Managing Member that is necessary to evidence or perfect such Promote Payment Loan and lien and is reasonable in form and content and, in connection therewith, Chatham Managing Member hereby authorizes the filing of Uniform Commercial Code financing statements in favor of NS Managing Member that is necessary to evidence the foregoing lien and is reasonable in form and content. All payments made on account of a Promote Payment Loan shall be allocated first to accrued interest and second to principal.

(c) If NS Managing Member is deemed to have made a Promote Payment Loan then in connection with the distribution of Available Cash from Operations or Available Cash from Capital Event, if there is an outstanding Promote Payment Loan to Chatham Managing Member pursuant to the provisions hereof, all distributions under this Article VII or Article X that would otherwise be payable to Chatham Managing Member will be deemed distributed to Chatham Managing Member but will be paid instead to NS Managing Member (and/or used in the manner set forth in the last sentence of Section 7.4(a)) until the Promote Payment Loan has been paid in full. If there is more than one Promote Payment Loan to Chatham Managing Member during the term hereof, the oldest Promote Payment Loan shall be repaid in full first, with any subsequent Promote Payment Loans being repaid in the order same were advanced.

ARTICLE VII.

OTHER TAX MATTERS

Section 7.1 Tax Matters Member. The Company and each Member hereby designate NS Managing Member as the "tax matters partner" for purposes of Code Section 6231(a)(7) (the "Tax Matters Member"). The Tax Matters Member (after consultation with the Managing Member) shall: (a) cause to be prepared and timely filed by the Company all United States federal, state and local income tax returns of the Company for each year for which such returns are required to be filed, and (b) determine the appropriate treatment of each item of income, gain, loss, deduction and credit of the Company and the accounting methods and conventions under the tax laws of the United States, the several states and other relevant jurisdictions as to the treatment of any such item or any other method or procedure related to the preparation of such tax returns. Subject to the express provisions of this Agreement, NS Managing Member may in its reasonable discretion cause the Company to make or refrain from making any and all elections permitted by such tax laws, provided that the Tax Matters Member shall not make, or refrain from making any election reasonably requested by the Managing Member, that could reasonably be expected to disproportionately, materially and adversely affect Chatham Managing Member or the Chatham REIT without Chatham Managing Member's prior written consent. For the avoidance of doubt, it is agreed by the Members that NS Managing Member, as Tax Matters Member, shall cause the Company to make an election under Section 754 of the Code with respect to the Company's taxable year that will end on the Effective Date in accordance with Treasury Regulations section 1.708-1(b)(3)(ii) as a result of a "technical termination" of the Company as a partnership under Section 708(b)(1)(B) of the Code and Treasury Regulations section 1.708-1.

Section 7.2 Furnishing Information to Tax Matters Member. Each Member shall furnish to the Tax Matters Member such information (including information specified in Code Section 6230(e)) as such Tax Matters Member may, at its reasonable discretion, request to permit it to provide the Internal Revenue Service with sufficient information to allow proper notice to the Members in accordance with Code Section 6223 or any other provisions of the Code or the published regulations thereunder which require the Tax Matters Member to obtain information from the Members.

Section 7.3 Tax Claims and Proceedings. In respect of any income tax audit of any tax return of the Company, the filing of any amended return or claim for refund in connection with any item of income, gain, loss, deduction or credit reflected on any income tax return of the Company, or any administrative or judicial proceedings arising out of or in connection with any such audit, amended return, claim for refund or denial of such claim, (a) all expenses reasonably incurred by the Tax Matters Member in connection therewith shall be expenses of the Company, (b) the Tax Matters Member shall promptly deliver to each other Members a copy of all notices, communications, reports and writings received from the IRS relating to or potentially resulting in an adjustment of Company items, shall promptly advise each of the other Members of the substance of any conversations with the IRS in connection therewith and shall keep the other Members advised of all developments with respect to any proposed adjustments which come to its attention; (c) the Tax Matters Member shall (i) provide the other Members with a draft copy of any correspondence or filing to be submitted by the Company in connection with any administrative or judicial proceedings relating to the determination of Company items at the Company level reasonably in advance of such submission, (ii) incorporate all reasonable changes or comments to such correspondence or filing requested by the other Members and (iii) provide the other Members with a final copy of correspondence or filing, (d) the Tax Matter Member will provide each Member with notice reasonably in advance of any meetings or conferences with respect to any administrative or judicial proceedings relating to the determination of Company items at the Company level (including any meetings or conferences with counsel or advisors to the Company with respect to such proceedings) and each Member shall have the right to participate, at its sole cost and expense, in any such meetings or conferences. Notwithstanding anything in this Agreement to the contrary, the Tax Matters Member shall not enter into any settlement agreement that is binding upon the other Members with respect to the determination of Company items at the Company level without the prior written consent of the other Members. The Tax Matters Member shall use commercially reasonable efforts to provide tax returns to all Members at least 60 days prior to the return due date (inclusive of automatic extensions) if the Managing Member has provided the requisite information to the Tax Matters Member or the Company's accountants reasonably in advance of such date.

Section 7.4 Books and Records. The books and records of the Company shall reflect all Company transactions and shall be appropriate and adequate for the Company's business. The books and records of the Company shall include a record of each transfer of participating interests of the Company. The Fiscal Year of the Company for financial reporting and for federal income tax purposes shall be the calendar year. All books and records of the Company shall be maintained at any office of the Company or at the Company's principal place of business in the United States, and each Member, and any duly authorized representative, shall have access to them at such office of the Company and the right to inspect and copy them at reasonable times. The Company's books of account shall be kept on an accrual basis or as otherwise provided by the Managing Member and otherwise in accordance with generally accepted accounting principles, consistently applied, except that for income tax purposes such books shall be kept in accordance with applicable tax accounting principles (including the Regulations).

Section 7.5 Chatham Managing Member Tax Protection. If requested by Chatham Managing Member, the Company shall cooperate with Chatham Managing Member to arrange a special allocation of liabilities of the Company to Chatham Managing Member in such amount or amounts so as to maintain or increase the amount of partnership liabilities allocated to Chatham Managing Member for purposes of Section 752 of the Code, including without limitation, allowing Chatham Managing Member the opportunity, at its option, either (i) to enter into a "bottom dollar guarantee" in a form designated by Chatham Managing Member of any liability of the Company identified by Chatham

Managing Member or (ii) to enter into a "deficit restoration obligation" pursuant to which Chatham Managing Member would enter into a written obligation to restore part or all of its deficit capital account in the Company upon the occurrence of certain events. If Chatham Managing Member requests to enter into a "deficit restoration obligation" pursuant to the preceding sentence, the Members shall agree to amend this Agreement to include any provisions Chatham Managing Member reasonably determines are necessary to cause an allocation of liabilities to Chatham Managing Member under Section 752 of the Code, provided that any such amendments shall not harm any Member or otherwise impair any Member's rights under this Agreement. A reduction in liabilities of the Company allocated to a Member under Section 752 of the Code shall not be treated as a harm or an impairment for purposes of the preceding sentence. The Managing Member or NS Managing Member, as applicable, shall notify Chatham Managing Member thirty days prior to taking any action that could be reasonably expected to cause a reduction of the liabilities allocated to Chatham Managing Member under Section 752 of the Code, and the Company shall cooperate with Chatham Managing Member to arrange a special allocation of liabilities of the Company to Chatham Managing Member that is effective prior to taking such action. For the avoidance of doubt, the provisions of this Section 8.5 shall not require the Company to maintain any level of indebtedness or limit the Company's ability to dispose of assets.

Section 7.6 Survival. The provisions of this Article VIII shall survive the termination of the Company (as well as any termination, purchase or redemption of any Member's Percentage Interest in the Company for any reason whatsoever), and shall remain binding on the Members and all former Members for a period of time necessary to resolve with the appropriate taxing authorities any and all material matters regarding the taxation of the Company and its Members by reason of their percentage interests.

ARTICLE VIII.

REPRESENTATIONS AND WARRANTIES; COVENANTS

Section 8.1 Representations and Warranties of Members. Each of the Members hereby represents and warrants to the Company and to each of the other Members, as of the Effective Date that:

(k) If it is a corporation, a limited liability company or limited partnership, it is duly incorporated or otherwise duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation or organization, and if it is a partnership, it is validly constituted and not dissolved, and, in each case, has the power and lawful authority to own its assets and properties and to carry on its business as now conducted.

(l) It has the full right, power and authority to enter into, execute and deliver this Agreement and to perform fully its obligations hereunder. This Agreement has been fully executed and delivered by such Member and, assuming the due execution and delivery by the other parties, constitutes the valid and binding obligation of such Member, enforceable in accordance with its terms, except as (i) such enforceability may be limited by bankruptcy, reorganization or moratorium or other similar laws affecting the enforcement of creditors' rights generally and (ii) the availability of equitable remedies may be limited by equitable principles of general applicability.

(m) No approval or consent of any governmental authority or of any other Person is required in connection with the execution and delivery by it of this Agreement and the consummation and performance by such member of the transactions contemplated hereunder, except such as have been obtained and are in full force and effect.

(n) The execution and delivery of this Agreement by it, the consummation of the transactions contemplated hereunder and the performance by such Member of its obligations under this Agreement, in accordance with the terms and conditions hereof, will not conflict with or result in the breach or violation of any of the terms or conditions of, or constitute (or with notice or lapse of time or both would constitute) a default under, (i) the certificate of incorporation, by-laws, certificate of formation, limited liability company agreement or other constitutive documents of such Member; (ii) any instrument or contract to which such Member is a party or by or to which it or its assets or properties are bound or subject; or (iii) any statute or any regulation, order, judgment or decree of any governmental authority, except, in each case, for such breaches violations or defaults that would not, individually or in the aggregate, materially impair the ability of such Member to perform its obligations hereunder.

(o) It understands that there are substantial risks to an investment in the Company and it has both the sophistication to be able to fully evaluate the risk of an investment in the Company and the capacity to protect its own interests in making such investment. Such Member fully understands and agrees that the investment in the Company is an illiquid investment.

(p) It is a QIB or an "accredited investor" within the meaning of the 1933 Act and is able to bear the economic risk of such an investment in the Company for an indefinite period of time, that it has no need for liquidity of this investment and it could bear a complete loss of this investment. The Member is either (i) a "qualified purchaser" within the meaning of the 1940 Act or (ii) if the Member is an entity formed and is being utilized primarily for the purpose of making an investment in the Company, each beneficial owner of such Member's securities is such a qualified purchaser.

(q) It is acquiring its percentage interests for investment solely for such Member's own account and not for distribution, transfer or sale to others in connection with any distribution or public offering. It understands that, irrespective of whether or not the Percentage Interests might be deemed "securities" under applicable laws, the Company is not obligated to register any percentage interests for resale under the 1933 Act or any applicable state securities laws.

(r) It specifically understands and agrees that no other Member, has made nor will make any representation or warranty with respect to the worthiness, terms, value or any other aspect of the Company, any Percentage Interest or the Business or Properties and it explicitly disclaims any warranty, express or implied, with respect to such matters. In addition, such Member specifically acknowledges, represents and warrants that (i) it is not relying on any other Member for its own due diligence concerning, or evaluation of, the Company or any related transaction and (ii) that it is not relying on any other Member with respect to tax and other economic considerations involved in an investment in the Company.

(s) No broker, investment banker, financial advisor or other Person is entitled to any broker's, finder's, financial advisor's or other similar fee or commission in connection with the Company based upon arrangements made by or on behalf of such Member.

(t) There are no actions, suits or proceedings pending, or to the knowledge of such Member threatened against such Member or its Affiliates which, if adversely determined, could materially adversely affect the ability of such Member or its Affiliates to perform its obligations under this Agreement or materially adversely affect the Percentage Interest of any other Member.

Section 8.2 ERISA Representation. Each of the Members represents, warrants and covenants to each other Member and to the Company that no portion of the assets being used by it to purchase and hold its percentage interests constitute assets of a plan within the meaning of Section 3(32) of ERISA.

Section 8.3 AML/OFAC Compliance.

(a) Each Member hereby represents and warrants to each other Members and to the Company, as of the Effective Date, as follows:

(iv) To the best of its knowledge, it is in compliance with all applicable anti-money laundering and anti-terrorist laws, regulations, rules, executive orders and government guidance, AML and the OFAC Sanctions Programs, including the reporting, record-keeping and compliance requirements of the Bank Secrecy Act, as amended by the USA PATRIOT Act (collectively, the "BSA/Patriot Act"), and all related applicable Securities and Exchange Commission, self-regulatory organization or other agency rules and regulations, and has internal policies, procedures, internal controls and systems in place that are reasonably designed to ensure such compliance (collectively "AML/OFAC Laws");

(v) Neither (1) such Member nor any nor any Affiliate of such Member, nor (2) any person for whom such Member is acting as agent or nominee in connection with this investment is prohibited pursuant to the OFAC Sanctions Programs;

(vi) Unless disclosed in writing to the other Members on or before the Effective Date, (1) it is not a Senior Foreign Political Figure, or an Immediate Family Member or a Close Associate of a Senior Foreign Political Figure and (2) it is not controlled by a Senior Foreign Political Figure, or an Immediate Family Member or Close Associate of a Senior Foreign Political Figure;

(vii) It is not a foreign financial institution or a Person located in a foreign jurisdiction that has been designated by the U.S. Department of the Treasury as being subject to any special measures imposed on such financial institutions and jurisdictions pursuant to Section 311 of the BSA/Patriot Act;

(viii) It is not a "foreign shell bank" and it is not being used to provide services to a "foreign shell bank", as that term is defined for purposes of Sections 313 and 319 of the BSA/Patriot Act;

(b) Each Member hereby covenants to the Company and the other Members as follows:

(iii) Such Member will not engage in any activities that contravene federal state or international regulations, including all applicable AML/OFAC Laws;

(iv) Such Member will use reasonable efforts to ensure that the cash or other assets contributed to the Company by such Member will not be directly or indirectly derived from activities that contravene federal, state or international regulations, including applicable AML/OFAC Laws;

(v) Such Member will not utilize any funds received by the Company for any purpose that contravenes federal, state or international regulations, including applicable AML/OFAC Laws;

(vi) All funds contributed to or received from the Company by such Member will be wired to or from a bank located in an Approved FATF Country ("Wiring Bank") where such Member is a customer of the Wiring Bank;

(vii) All transactions, negotiations, discussions and dealings by such Member in connection with the Company will be in full compliance with all applicable AML/OFAC Laws;

(viii) Upon receiving a request from the Company or another Member, such Member shall provide such reasonable and non-proprietary and non-confidential information as may be reasonably required by the Company or such other Member to confirm that the representations, warranties and covenants contained in this Section 9.3(b) continue to be true and to comply with all applicable anti-money laundering and anti-terrorist laws, regulations and executive orders;

(ix) Such Member consents to the disclosure to United States regulators and law enforcement authorities by the Company or any other Member and its Affiliates of such information about such Member as the Company or such other Member or any of its

Affiliates reasonably deems necessary or appropriate to comply with applicable anti-money laundering and anti-terrorist laws, regulations and executive orders;

(x) As a condition to any Transfer of such Member's direct or indirect interest in the Company, the Company and the other Members have the right to require full compliance with the representations, warranties and covenants contained in this Section 9.3;

(xi) Such Member will notify the Company and the other Members promptly if there is any change with respect to any of the representations or warranties (or any breach of a covenant) contained in this Section 9.3; and

(xii) Such Member is a "United States person" for United States federal income tax purposes.

(c) Each Member hereby acknowledges and agrees that the Company and the other Members have relied on the truthfulness of (and compliance by such Member with) each and every provision of this Section 9.3, and that any breach of such representations, warranties or covenants, including, without limitation, one that causes a breach or violation of, or a failed condition under, any documents by which the Company is bound (such as loan documents), is likely to result in substantial loss for the Company and/or the other Members.

(d) Each Member hereby acknowledges and agrees that if, following its investment in the Company, the Company or any other Member reasonably believes that such Member has breached any of its representations, warranties or covenants set forth in this Section 9.3, or that any action is otherwise required by law or regulation, the Company and the other Members have the right or may be obligated to freeze or block such Member's investment in the Company, to prohibit additional investments by such Member in the Company, to segregate the assets constituting such Member's investment in accordance with applicable AML/OFAC Laws and regulations, to decline any redemption or transfer requests made by or on behalf of such Member, to redeem such Member's investment, and/or to report any such action to the applicable governmental authorities. Each Member further acknowledges and agrees that it will have no claim against the Company and/or any other Member or any of their respective Affiliates for any form of damages as a result of any of the foregoing actions.

ARTICLE IX.

DISSOLUTION AND TERMINATION OF THE COMPANY

Section 9.1 Dissolution. The Company shall be dissolved and its business wound up upon the earliest to occur of any one of the following events, unless the Members vote to continue the life of the Company upon the occurrence of such an event:

(g) The written determination of the Members to terminate the Company;

(h) Twenty-four (24) months after the sale, condemnation or other disposition of all Properties and the receipt of all consideration therefor; or

(i) The entry of a decree of judicial dissolution of the Company pursuant to the provisions of the Act.

Without limiting the generality of the foregoing, the permitted Transfer of a Member's Interest will not result in the dissolution of the Company. Except as otherwise specifically provided in this Agreement, each Member agrees that, without the consent of the other Members, no Member may withdraw from, terminate or cause a voluntary dissolution of the Company, and, in the event that a Member withdraws from the Company or causes a dissolution of the Company in contravention of this Agreement, such withdrawal or dissolution shall not reduce or otherwise affect such Member's continuing liability for the obligations and liabilities of the Company.

Section 9.2 Continuation of Interest of Member's Representative. Notwithstanding anything contained herein, upon the expulsion, receivership, dissolution or Bankruptcy of a Member, the personal representative, trustee-in-bankruptcy, debtor-in-possession, receiver, other representative, successor, heir or legatee (each a "Representative") of such Member shall, subject to the provisions of Section 5.1, immediately succeed to the Percentage Interest of such Member in the Company. Such Representative shall appoint an individual (which may be such Representative) who will represent the Representative's voting interest, if any. (the "Voting Representative").

Section 9.3 Dissolution, Winding Up and Liquidation.

(d) Upon a dissolution of the Company, the Company shall continue solely for purposes of winding up its affairs in an orderly manner, liquidating its assets, and satisfying claims of its creditors. The liquidator of the Company shall take full account of the Company's liabilities and property and shall cause the property or the proceeds from the sale thereof, to the extent sufficient therefor, to be applied and distributed, to the maximum extent permitted by law, in the following order:

(ii) first, to creditors (including Members who are creditors) in satisfaction of all of the Company's debts and other liabilities, including the expenses of the winding-up, liquidation and dissolution of the Company (whether by payment or the making of reasonable reserves to provide for payment thereof); and

(iii) second, to the Members in accordance with Article VII.

(e) Distributions pursuant to this Section 10.3 shall be made no later than the end of the Fiscal Year during which the Company is liquidated (or, if later, 90 days after the date on which the Company is liquidated).

Section 9.4 Member Bankruptcy.

(a) Notwithstanding any other provision of this Agreement, the Bankruptcy of a Member shall not cause the Member to cease to be a member of the Company and upon the occurrence of such an event, the Company shall continue without dissolution.

(b) Notwithstanding any other provision of this Agreement, each of the Members waives any right it might have to agree in writing to dissolve the Company upon the Bankruptcy of the Members, or the occurrence of an event that causes the Member to cease to be a member of the Company.

ARTICLE X.

INDEMNIFICATION AND CONTRIBUTION

Section 10.1 Indemnity by the Company. Subject to the provisions of Section 11.4, the Company shall indemnify any Person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative by reason of the fact that such Person is or was a Member, Officer, director, Managing Member, Hotel Manager, controlling person, employee, legal representative or agent of the Company, or is or was serving at the request of the Company as manager, director, Managing Member, Hotel Manager, officer, partner, member, shareholder, controlling person, employee, legal representative or agent of another limited liability company, partnership, corporation, joint venture, trust or other enterprise (an "Indemnified Person"), from and against any and all claims, actions, suits, proceedings, liabilities, obligations, losses, damages, judgments, fines, penalties, amounts paid in settlement, interest, costs and expenses (including reasonable attorney's and accountant's fees, court costs and other out-of-pocket expenses actually and reasonably incurred in investigating, preparing or defending the foregoing) (including any such brought by or in the right of the Company) suffered or incurred by such Indemnified Person while serving in such capacity or that otherwise in any way relate to or arise out of any action or inaction by such Indemnified Person or the Company (collectively, "Indemnifiable Losses"), if such Indemnified Person acted in good faith and in a manner that such Indemnified Person reasonably believed to be in or not opposed to the best interests of the Company and not in violation of this Agreement or outside the scope of such Person's authority, and, with respect to a criminal action or proceeding, had no reasonable cause to believe such Person's conduct was unlawful; provided, that the Company shall have no obligation to indemnify or defend hereunder to the extent such action, suit or proceeding arises from fraud, bad faith, willful misconduct or gross negligence on the part of such Indemnified Person.

Section 10.2 Exculpation. No Indemnified Person shall be liable to any Member of the Company for any act or failure to act on behalf of the Company, unless such act or failure to act resulted from fraud, bad faith, willful misconduct or gross negligence of the Indemnified Person. Each Indemnified Person may consult with legal counsel and accountants in respect of the Company's affairs and shall be fully protected and justified in any action or inaction which is taken in accordance with the advice or opinion of such counsel or accountants.

Section 10.3 Expenses. Any indemnification under Section 11.1, as well as the advance payment of expenses permitted under Section 11.4 shall be made by the Company to the fullest extent permitted under the Act.

Section 10.4 Advance Payment of Expenses. The expenses of any Member incurred in defending a civil or criminal action, suit or proceeding may be paid by the Company as they are incurred and in advance of the final disposition of the action, suit or proceeding, upon receipt of an undertaking by or on behalf of such Member (in form and substance, from an indemnitor, reasonably satisfactory to all of the Members), to repay the amount if it is ultimately determined by a court of competent jurisdiction that such Member is not entitled to be indemnified by the Company. The provisions of this Section 11.4 do not affect and shall not be deemed exclusive of any other rights, including, without, limitation, any rights to indemnification or advancement of expenses to which any such Indemnified Person other than the Members may be entitled under any contract, pursuant to approval of the Members, or otherwise by law.

Section 10.5 Beneficiaries. The indemnification and advancement of expenses authorized in or ordered by a court pursuant to this Article XI continues for a Person who has ceased to be a Member, officer, employee or agent and inures to the benefit of the heirs, executors and administrators of such Person.

Section 10.6 Indemnification Procedure for Third Party and Other Claims. The Company shall have the right, but not the obligation, exercisable by written notice to the Indemnified Person seeking such indemnification hereunder promptly but in any event no later than 30 days after receipt of written notice from the Indemnified Person of the commencement of or assertion of any claim, action, suit or proceeding by a third party in respect of which indemnity may be sought hereunder (a "Third Party Claim"), to assume the defense and control the settlement of such Third Party Claim that (a) involves (and continues to involve) solely money damages or (b) involves (and continues to involve) claims for both money damages and equitable relief against the Indemnified Party that cannot be severed, where the claims for money damages are the primary claims asserted by the third party and the claims for equitable relief are incidental to the claims for money damages. The Indemnified Person shall have the right to assume the defense and control the settlement of any Third Party Claim (i) not described in clauses (a) or (b) of the preceding sentence or (ii) described in clauses (a) or (b) of the preceding sentence whose defense and control of settlement has not been promptly assumed by the Company. The Company or the Indemnified Person, as the case may be, shall have the right to participate in (but not control), at its own expense, the defense of any Third Party Claim that the other is defending, as

provided in this Agreement. The Company, if it has assumed the defense of any Third Party Claim as provided in this Agreement, shall not consent to a settlement of, or the entry of any judgment arising from, any such Third Party Claim without the Indemnified Person's prior written consent (which consent shall not be unreasonably withheld). The Company shall not, without the Indemnified Person's prior written consent, enter into any compromise or settlement which (A) commits the Indemnified Person to take, or to forbear to take, any action or (B) does not provide for a complete release by such Third Party of the Indemnified Person. The Indemnified Person shall have the sole and exclusive right to settle any Third Party Claim, on such terms and conditions as it deems reasonably appropriate, to the extent such Third Party Claim involves equitable or other non-monetary relief against the Indemnified Person, and shall have the right to settle any Third Party Claim involving money damages for which the Company has not assumed the defense pursuant to this Section 11.6 with the written consent of the Indemnifying Party, which consent shall not be unreasonably withheld or delayed.

Section 10.7 Other Claims. In the event an Indemnified Person shall claim a right to payment pursuant to this Agreement for other than a Third Party Claim, such Indemnified Person shall send written notice of such claim to the Indemnifying Party. Such notice shall specify the basis for such claim. As promptly as possible after the Indemnified Person has given such notice, the Indemnified Person and the Company shall attempt to resolve such claim by mutual agreement before resorting to other legal means to resolve such claim.

Section 10.8 Limitation on Damages. Notwithstanding anything contained in this Agreement to the contrary, no party shall be liable to the other party for any indirect, special, punitive, exemplary or consequential loss or damage (including any loss of revenue or profit) arising out of this Agreement including, without limitation, in respect of any breach by any Member of this Agreement; provided, that the foregoing shall not be construed to preclude recovery by the Indemnified Person in respect of Indemnifiable Losses directly incurred from Third Party Claims. Any Indemnified Person shall take commercially reasonable actions to mitigate his, her, its or their damages. The obligation of the Company to indemnify any Indemnified Person with respect to any Indemnifiable Losses hereunder resulting from any action, suit or proceeding shall not exceed the value of the Business and the Properties.

Section 10.9 Indemnification Under Purchase Agreement. Chatham Managing Member shall defend, indemnify, and hold harmless the Company, any Property Company, NS Managing Member and the direct and indirect directors, officers, members, managers, principals, investors, partners, agents, successors and permitted assigns of NS Managing Member (each a "NS Indemnified Party") from and against any and all losses, damages, liabilities, claims, actions, judgments, court costs and legal or other expenses (including, without limitation, reasonable attorneys' fees and other professional fees and costs) which such NS Indemnified Party incurs as a result of any claims made against a NS Indemnified Party in connection with any obligation or liability under the PSA to the extent relating to the Specified Hotels, the Specified Hotel Interests, or the Specified Hotel Transaction (as such terms are defined in the Purchase and Sale Agreement) and all matters to the extent relating thereto (including, without limitation, post-closing obligations and liabilities and prorations and other adjustments to be made under the Purchase and Sale Agreement to the extent relating thereto). In the event any amounts are received by Chatham Managing Member, NS Managing Member, or any of their respective Affiliates that relate solely to the Principal Transaction, such Member shall (or shall cause its applicable Affiliate to) promptly remit such amounts to the Company. The Company shall defend, indemnify, and hold harmless Chatham Managing Member and the direct and indirect directors, officers, members, managers, principals, investors, partners, agents, successors and permitted assigns of Chatham Managing Member (each a "Chatham Indemnified Party") from and against any and all losses, damages, liabilities, claims, actions, judgments, court costs and legal or other expenses (including, without limitation, reasonable attorneys' fees and other professional fees and costs) which such Chatham Indemnified Party incurs as a result of any claims made against a Chatham Indemnified Party in connection with any obligation or liability under the PSA to the extent relating to the Principal Transaction (as defined in the Purchase and Sale Agreement) and all matters to the extent relating thereto (including, without limitation, post-closing obligations and liabilities and prorations and other adjustments to be made under the Purchase and Sale Agreement to the extent relating thereto). In the event any amounts are received by the Company or NS Managing Member or any of their respective Affiliates that relate solely to the Specified Hotels, the Specified Hotel Interests or the Specified Hotel Transaction, the Company or NS Managing Member shall (or shall cause its applicable Affiliate to), as applicable, promptly remit such amounts to Chatham Managing Member. The amount that may be recovered from the Sellers under the Purchase and Sale Agreement pursuant thereto with respect to the Specified Hotels, the Specified Hotel Interests or the Specified Hotel Transaction shall not exceed $7,770,000.00 without the consent of NS Managing Member. The amount that may be recovered from the Sellers under the Purchase and Sale Agreement pursuant thereto with respect to the Principal Transaction shall not exceed $22,230,000.00 without the consent of Chatham Managing Member. The foregoing indemnification and payment obligations shall survive the dissolution of the Company or any Property Company pursuant to this Agreement.

ARTICLE XI.

MISCELLANEOUS PROVISIONS

Section 11.1 Entire Agreement. This Agreement, the Ink III LLC Agreement and the Certificate of Formation constitute the complete and exclusive statement of the agreement among the Members with respect to the subject matter contained herein and therein. This Agreement, the Ink III LLC Agreement and the Certificate of Formation replace and supersede all prior agreements by and among the Members with respect to the subject matter contained herein and therein, including, without limitation, that certain Limited Liability Company Agreement of NewINK, LLC, dated as of May 8, 2014.

Section 11.2 Amendments. This Agreement may be amended only by the unanimous written consent of the Members.

Section 11.3 Applicable Law; Venue.

(f) The Certificate of Formation and this Agreement shall be governed exclusively by their respective terms and the laws of the State of Delaware, without regard to the conflicts of laws principles thereof.

(g) Any legal action or proceeding with respect to this Agreement and any action for enforcement of any judgment in respect thereof may be brought in the courts of the State of New York or of the United States of America for the Southern District of New York, and, by execution and delivery of this Agreement, each Member hereby accepts for itself and in respect of its property, generally and unconditionally, the non-exclusive jurisdiction of the aforesaid courts and the appellate courts thereof. Each Member irrevocably consents to the service of process out of any of the aforementioned courts in any such action or proceeding by the mailing of copies thereof by registered or certified mail, postage prepaid, to such party at the address for notices set forth herein. Each Member hereby irrevocably waives any objection which it may now or hereafter have to the laying of venue of any of the aforesaid actions or proceedings arising out of or in connection with this Agreement brought in the courts referred to above and hereby further irrevocably waives and agrees not to plead or claim in any such court that any such action or proceeding brought in any such court has been brought in an inconvenient forum.

Section 11.4 Enforcement. In the event of an action, suit or proceeding initiated by one Member against another Member or the Company involving the enforcement of its rights hereunder, the prevailing party shall be entitled to indemnification from the other party of reasonable attorneys' fees and expenses incurred in enforcing its rights in such action, suit or proceeding in accordance with this Section.

Section 11.5 Headings. The headings in this Agreement are inserted for convenience only and are in no way intended to describe, interpret, define, or limit the scope, extent or intent of this Agreement or any provisions contained herein.

Section 11.6 Severability. If any provision of this Agreement or the application thereof to any Person or circumstance shall be deemed invalid, illegal or unenforceable to any extent, the remainder of this Agreement and the application thereof shall not be affected and shall be enforceable to the fullest extent permitted by law.

Section 11.7 Counterparts. This Agreement may be executed in several counterparts with the same effect as if the parties executing the several counterparts had all executed one counterpart.

Section 11.8 Filings. Following the execution and delivery of this Agreement, representatives of the Company, shall promptly prepare any documents required to be filed and recorded under the Act, and such representatives shall promptly cause each such document to be filed and recorded in accordance with the Act and, to the extent required by local law, to be filed and recorded or notice thereof to be published in the appropriate place in each jurisdiction in which the Company may hereafter establish a place of business. Such representatives, under shall also promptly cause to be filed, recorded and published such statements of fictitious business name and any other notices, certificates, statements or other instruments required by any provision of any applicable law of the United States or any state or other jurisdiction which governs the conduct of its business from time to time.

Section 11.9 Additional Documents. Each Member agrees to perform all further acts and to execute, acknowledge and deliver any documents that may be reasonably necessary to carry out the provisions of this Agreement.

Section 11.10 Notices. All notices, requests and other communications to any party hereunder shall be in writing (including facsimile) and shall be effective and deemed delivered or given, as the case may be, (a) if given by facsimile, when transmitted and the appropriate confirmation is received from the machine transmitting such facsimile, and followed by hard copy via overnight mail or reputable overnight courier for receipt the next Business Day, (b) if given by reputable overnight courier, on the next Business Day, (c) by hand delivery, when delivered or (d) if mailed, on the second Business following the day on which sent by first class mail:

To NS Managing Member:

c/o NorthStar Realty Finance Corp.
399 Park Avenue, 18th Floor
New York, New York 10022
Attention: Dan Gilbert
Facsimile: (212) 547-2000

And an additional copy at the same time to:

c/o NorthStar Realty Finance Corp.
399 Park Avenue, 18th Floor
New York, New York 10022
Attention: Ronald J. Lieberman, Esq.
Facsimile: (212) 547-2700

And an additional copy at the same time to:

c/o NorthStar Realty Finance Corp.
433 East Las Colinas Blvd., Suite 100
Irving, Texas 75039
Attention: Robert S. Riggs
Facsimile: (972) 869-6521

With a copy at the same time to:

Duval & Stachenfeld LLP
555 Madison Avenue, 6th Floor
New York, New York 10022
Attention: Terri L. Adler, Esq. and File Manager
File No.: 3281.0044
Facsimile: (212) 883-8883

To Chatham Managing Member at:

Chatham Lodging Trust
50 Cocoanut Row, Suite 211
Palm Beach, Florida 33480
Attention: Jeffrey Fisher
Facsimile: (561) 835-4125

And an additional copy at the same time to:

Wachtell, Lipton, Rosen & Katz
51 West 52nd Street
New York, New York 10019
Attention: Robin Panovka, esq.
Victor Goldfeld, esq.
Facsimile: (212) 403-2000

If to any other Member, at the addresses or facsimile numbers set forth on the signature page to this Agreement or such other addresses or facsimile numbers as such Member may hereafter specify to the Managing Member, who shall so notify the other Members.

Section 11.11 Waiver of Right to Partition and Bill of Accounting. To the fullest extent permitted by applicable law, each Member covenants that it will not, and hereby waives any right to, file a bill for partnership accounting. Each Member irrevocably waives any right that it may have to maintain any action for dissolution of the Company (unless the Company is dissolved pursuant to Section 10.1).

Section 11.12 Confidentiality; Press Releases. Each Member shall keep confidential all information of a confidential nature obtained pursuant to this Agreement, except that a Member shall be entitled to disclose such confidential information to (a) its advisors, agents, employees, trustees, lenders, franchisors, consultants, lawyers, accountants and other service providers as reasonably necessary in the furtherance of such Member's bona fide interests, as otherwise required by law or judicial process and to comply with reporting requirements, and to potential transferees of its percentage interests provided that such potential transferees enter into customary confidentiality agreements, with the Company expressly stated therein to be a third party beneficiary thereof, (b) its investors (together with the parties listed in clause (a), collectively, the "Member Representatives"), and (c) to the extent required by any party's reporting or other filing requirements under the rules and regulations of the Securities and Exchange Commission or Federal securities law, including, without limitation, to the extent disclosure is required on Form 8(k) with respect to the transaction contemplated hereby or as required by any securities exchange. Notwithstanding anything in this Agreement to the contrary, to comply with Regulations 1.6011-4(b)(3)(i), each Member (and any employee, representative or other agent of such Member) may disclose to any and all persons, without limitation of any kind, the U.S. federal income tax treatment and tax structure of the Company or any transactions undertaken by the Company, it being understood and agreed, for this purpose, (a) the name of, or any other identifying information regarding (i) the Company or any existing or future Member (or any affiliate thereof) in the Company, or (ii) any investment or transaction entered into by the Company; and (b) any performance information relating to the Company, does not constitute such tax treatment or tax structure information. Furthermore, the foregoing confidentiality obligations shall not apply to information that (i) is or becomes publicly available other than as a result of acts by the recipient party or its Representatives in breach of this Section, (ii) is in the recipient party's possession or the possession of its Representatives prior to disclosure by the disclosing party, (iii) is disclosed to the recipient party or its Representatives by a third party, provided that the source of such information is not known by such recipient party or any of its Representatives receiving such information to be prohibited from transmitting such information to such recipient party or its Representatives by a contractual, legal, fiduciary or other obligation, (iv) is independently derived by the recipient party or its Representatives without the aid, application or use of the confidential information, (v) is in the opinion of counsel to the disclosing party, required to be disclosed to comply with any mandatory provision of law, any directive from a government recognized stock exchange on which such party is listed or a binding decision from a court or another government body, (vi) constitutes a generic disclosure about business and pipeline of a party or any affiliate of a party made in the ordinary course of business and would not reasonably be expected to identify the non-disclosing party or the Properties or (vii) in connection with any corporate presentations, earnings calls, earnings releases, press releases (provided that Members shall confer and afford

one another a reasonable opportunity to review and provide reasonable comment on any press release to be issued by a Member disclosing the transaction or any of its economic terms and the appropriate time for making such release (but the contents of any such press release will ultimately be determined by the Member issuing or providing same and the foregoing shall not constitute a consent right)), investor reports, investor conference calls or investor meetings which may include, without limitation, disclosure of economic terms and such other matters relating to the transaction which either Member determines is necessary or appropriate.

Section 11.13 Uniform Commercial Code. Each limited liability company interest in the Company shall constitute a "security" within the meaning of, and governed by, (i) Article 8 of the Uniform Commercial Code (including Section 8 102(a)(15) thereof) as in effect from time to time in the State of Delaware, and (ii) the Uniform Commercial Code of any other applicable jurisdiction that now or hereafter substantially includes the 1994 revisions to Article 8 thereof as adopted by the American Law Institute and the National Conference of Commissioners on Uniform State Laws and approved by the American Bar Association on February 14, 1995.

Section 11.14 Binding Agreement. Notwithstanding any other provision of this Agreement, the Members agree that this Agreement constitutes a legal, valid and binding agreement of the Members, and is enforceable against the Members by the Company in accordance with its terms.

Section 11.15 Waiver. No failure by any party to insist upon the strict performance of any covenant, duty, agreement or condition of this Agreement or to exercise any right or remedy consequent upon a breach thereof shall constitute waiver of any such breach or any other covenant, duty, agreement or condition.

Section 11.16 DISCLOSURES. THE INTERESTS OFFERED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "1933 ACT"), OR THE SECURITIES LAWS OF ANY STATE AND ARE BEING OFFERED AND SOLD IN RELIANCE ON EXEMPTIONS FROM THE REGISTRATION REQUIREMENTS OF THE 1933 ACT AND SUCH LAWS. THE INTERESTS ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE 1933 ACT AND SUCH LAWS PURSUANT TO EXEMPTION FROM REGISTRATION THEREUNDER. THERE WILL NOT BE ANY PUBLIC MARKET FOR THE INTERESTS. IN ADDITION, THE TERMS OF THIS AGREEMENT RESTRICT THE TRANSFERABILITY OF INTERESTS.

Section 11.17 Limitation on Right to Acquire Loans. Each Member hereby covenants and agrees that no Member nor an Affiliate of any Member shall enter into any direct or indirect agreement with any Lender with respect to a direct or indirect acquisition of any interest in any Loan or any Asset until the date which is one (1) year after any foreclosure, deed in lieu, conveyance, or other direct or indirect transfer pursuant to which a Lender acquires a direct or indirect ownership interest in an Asset (the foregoing restriction to include any brokerage, commission, fee, participation, management, servicing, or other agreement pursuant to which any Member or an Affiliate of any Member provides services to or receives from or with respect to an Asset). This Section 12.17 shall survive for one (1) year following the termination of this Agreement.

[Signatures on following page]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement, effective as of the date first above written.

MEMBERS:

PLATFORM MEMBER-T, LLC a
Delaware limited liability company

By: /s/ Ronald J. Lieberman
Name: Ronald J. Lieberman
Title: Authorized Signatory

CHATHAM LODGING, L.P. a
Delaware limited partnership

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

By: /s/ Eric Kentoff
Name: Eric Kentoff
Title: Vice President and Secretary

SCHEDULE A

PERCENTAGE INTERESTS

MEMBER'S NAME	EFFECTIVE DATE DEEMED CAPITAL CONTRIBUTION AMOUNT	PERCENTAGE INTEREST
Platform Member-T, LLC	The Company's pro rata portion of $192.992,588.40	89.7222%
Chatham Lodging, L.P.	The Company's pro rata portion of $22,107,563.40	10.2778%
TOTAL	The Company's pro rata portion of $215,100,151.80	100.0%

SCHEDULE B

LIST OF PROPERTIES AND PROPERTY COMPANIES

	Property Company	**Property**	**Address**
	KPA/GP Louisville (HI) LLC	Hampton Inn Louisville Downtown	101 East Jefferson Street Louisville, KY 40202
	Grand Prix Addison (RI) LLC	Residence Inn Addison	14975 Quorum Dr. Addison, TX 75240
	Grand Prix Altamonte LLC	Residence Inn Altamonte Springs	270 Douglas Ave. Altamonte Springs, FL 32714
	Grand Prix Arlington LLC	Residence Inn Arlington	1050 Brookhollow Plaza Drive Arlington, TX 76006
	Grand Prix Atlanta (Peachtree Corners) LLC	Residence Inn Atlanta Peachtree	5500 Triangle Drive Norcross, GA 30092
	Grand Prix Atlanta LLC	Residence Inn Atlanta Downtown	134 Peachtree Street NW Atlanta, GA 30303
	Grand Prix Bellevue LLC	Residence Inn Bellevue	14455 NE 29th Place Bellevue, WA 098007
	Grand Prix Belmont LLC	Hyatt House Belmont	400 Concourse Drive Belmont, CA 94002
	Grand Prix Binghamton LLC	Residence Inn Binghamton	4610 Vestal Pkwy East Vestal, NY 13850
	Grand Prix Bothell LLC	Residence Inn Bothell	11920 NE 195th Street Bothell, WA 98011
	Grand Prix Campbell/San Jose LLC	Residence Inn San Jose (Campbell)	2761 South Bascom Ave Campbell, CA 95008
	Grand Prix Cherry Hill LLC	Residence Inn Cherry Hill	1821 Old Cuthbert Road Cherry Hill, NJ 08034
	Grand Prix Chicago LLC	Residence Inn Rosemont/O'Hare	7101 Chestnut Street Rosemont, IL 60018
	Grand Prix Columbia LLC	Hampton Inn Columbia	8880 Columbia 100 Park Columbia, MD 21045
	Grand Prix Denver LLC	Residence Inn Denver Downtown	2777 Zuni Street Denver, CO 80211
	Grand Prix El Segundo LLC	Hyatt House El Segundo	810 South Douglas Street El Segundo, CA 90245
	Grand Prix Englewood/Denver South LLC	Residence Inn Denver South (Tech)	6565 South Yosemite Street Greenwood Village, CO 80111
	Grand Prix Fremont LLC	Residence Inn Fremont	5400 Farwell Place Fremont, CA 94536

	Property Company	Property	Address
	Grand Prix Ft. Lauderdale LLC	Courtyard Fort Lauderdale	2440 W Cypress Creek Rd Fort Lauderdale, FL 33309
	Grand Prix Gaithersburg LLC	Residence Inn Gaithersburg	9721 Washingtonian Blvd. Gaithersburg, MD 20878
	Grand Prix Horsham LLC	TownePlace Suites Horsham	198 Precision Drive Horsham, PA 19044
	Grand Prix Islandia LLC	Hampton Inn Islandia	1600 Veterans Memorial Highway Islandia, NY 11749
	Grand Prix Las Colinas LLC	Hyatt House Las Colinas	5901 North MacArthur Boulevard Las Colinas, TX 75039
	Grand Prix Lexington LLC	Residence Inn Lexington North	1080 Newtown Pike Lexington, KY 40511
	Grand Prix Livonia LLC	Residence Inn Livonia	17250 Fox Drive Livonia, MI 48152
	Grand Prix Louisville (RI) LLC	Residence Inn Louisville North	120 North Hurstbourne Pkwy Louisville, KY 40222
	Grand Prix Lynnwood LLC	Residence Inn Lynnwood	18200 Alderwood Mall Parkway Lynnwood, WA 98037
	Grand Prix Mt. Laurel LLC	Hyatt House Mt. Laurel	3000 Crawford Place Mount Laurel, NJ 08054
	Grand Prix Naples LLC	Hampton Inn Naples, FL	3210 Tamiami Trail North Naples, FL 34102
	Grand Prix Portland LLC	Residence Inn Portland	800 Roundwood Drive Portland, ME 04074
	Grand Prix Richmond LLC	Residence Inn Richmond West	2121 Dickens Road Richmond, VA 23230
	Grand Prix Richmond (Northwest) LLC	Residence Inn Richmond NW	3940 Westerre Parkway Richmond, VA 23233
	Grand Prix Saddle River LLC	Residence Inn Saddle River	7 Boroline Road Saddle River, NJ 07458
	Grand Prix San Jose LLC	Residence Inn San Jose South	6111 San Ignacio Ave San Jose, CA 95119
	Grand Prix Shelton LLC	Residence Inn Shelton	1001 Bridgeport Ave. Shelton, CT 06484
	Grand Prix Tukwila LLC	Residence Inn Tukwila	16201 West Valley Highway Tukwila, WA 98188
	Grand Prix Willow Grove LLC	Hampton Inn Willow Grove	1500 Easton Road Willow Grove, PA 19090

	Property Company	Property	Address
	Grand Prix Windsor LLC	Residence Inn Windsor	I-91 at Bloomfield Ave., 100 Dufney Lane Windsor, CT 06095
	Grand Prix Addison (SS) LLC	Hyatt House Addison	4900 Edwin Lewis Drive Addison, TX 75001
	Grand Prix Atlantic City LLC	Courtyard Atlantic City	1212 Pacific Avenue Atlantic City, NJ 08401
	Grand Prix Harrisburg LLC	Residence Inn Harrisburg	4480 Lewis Road Harrisburg, PA 17111
	Grand Prix Montvale LLC	Courtyard Montvale	Southwest Quadrant of Garden State Parkway and Grand Street Montvale, NJ 07645
	Grand Prix Morristown LLC	Westin Governor Morris	2 Whippany Road Morristown, NJ 07960
	Grand Prix Ontario LLC	Residence Inn Ontario	2025 Convention Center Way Ontario, CA 91764
	Grand Prix Rockville LLC	Sheraton Rockville	920 Redland Boulevard Rockville, MD 20850
	Grand Prix Troy (SE) LLC	Residence Inn Troy - SE	32650 Stephenson Highway Madison Heights, MI 48071
47.	KPA/GP Ft. Walton Beach LLC	Four Points Ft. Walton Beach	1325 Miracle Strip Ft. Walton Beach, FL 32548

SCHEDULE C

Reserved

SCHEDULE D

CONTRIBUTION AGREEMENT

(Attached hereto)

SCHEDULE E

Reserved

SCHEDULE F

OPTION CLOSING TERMS

The closing with respect to the purchase by NS Managing Member of Chatham Managing Member's interests in the Company shall take place on the following terms:

F.1. The Option Closing shall take place on the Option Closing Date and shall be held at the principal offices of the Company (or another location mutually agreed upon by the parties).

F.2. At the Option Closing, Chatham Managing Member shall convey to NS Managing Member (or their designees, subject to Section 10 below) Chatham Managing Member's membership interest in the Company.

F.3. NS Managing Member shall pay to Chatham Managing Member an amount equal to the Option Price which shall be paid by certified or cashier's check, or wire transfer of immediately available funds in the currency of the United States of America.

F.4. At the Option Closing, Chatham Managing Member shall deliver to NS Managing Member: (i) evidence reasonably satisfactory to NS Managing Member of the due corporate, partnership, limited liability company or other authority of Chatham Managing Member to convey its interest to NS Managing Member and (ii) a certificate containing representations and warranties of Chatham Managing Member regarding (1) the due authorization, execution and delivery of the closing documents, (2) due formation, valid existence and good standing in all applicable jurisdictions, (3) the enforceability of the closing documents being signed by Chatham Managing Member (except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws relating to or affecting creditor's rights generally or by general equitable principles), (4) that all material consents and approvals necessary to be obtained with respect to the transaction in respect only of Chatham Managing Member have been obtained, (5) that Chatham Managing Member has not dealt with any brokers, finders or similar parties in connection with the sale that could entitle any such party to claim a commission, fee or other compensation in connection therewith (or, if there are any such brokers, finders or similar parties, that same have been paid in full concurrently with the Option Closing) and (6) that there are no liens or encumbrances affecting the membership interests of Chatham Managing Member (other than liens being discharged concurrently with the Option Closing). The representations and warranties contained in such certificate shall survive the Option Closing for a period of twelve (12) months.

F.5. At the Option Closing, NS Managing Member shall deliver to Chatham Managing Member: (i) evidence reasonably satisfactory to Chatham Managing Member of the due corporate, partnership, limited liability company or other authority of NS Managing Member to acquire the interests of Chatham Managing Member and (ii) a certificate containing representations and warranties of NS Managing Member regarding (1) the due authorization, execution and delivery of the closing documents, (2) due formation, valid existence and good standing in all applicable jurisdictions, (3) the enforceability of the closing documents being signed by NS Managing Member (except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws relating to or affecting creditor's rights generally or by general equitable principles), (4) that all material consents and approvals necessary to be obtained with respect to the transaction in respect only of NS Managing Member have been obtained and (5) that NS Managing Member has not dealt with any brokers, finders or similar parties in connection with the sale that could entitle any such party to claim a commission, fee or other compensation in connection therewith (or, if there are any such brokers, finders or

similar parties, that same have been paid in full concurrently with the Option Closing). The representations and warranties contained in such certificate shall survive the Option Closing for a period of twelve (12) months.

F.6. Any transfer tax, recording tax or similar taxes arising out of or in connection with the sale and transfer of the membership interest of Chatham Managing Member in the Company shall be paid pursuant to the custom of the jurisdiction in which the Assets are located (e.g., if the Assets are located in a state which assesses a transfer tax in connection with the Option Closing and such tax would be paid by the seller if the Assets had been sold, then Chatham Managing Member shall pay such transfer tax).

F.7. Subject to Section 11 below, such sale shall be subject to all liabilities and obligations of the Company, matured or unmatured, absolute or contingent.

F.8. At the Option Closing, the Members shall execute or cause to be executed any and all documents (in form and substance reasonably acceptable to each of the Members) reasonably required to fully transfer good and valid title to the membership interest of Chatham Managing Member in the Company to NS Managing Member.

F.9. If the Notice Recipient shall fail to consummate the Option Closing on the Option Closing Date for any reason other than the default of the Initiating Party, then the Initiating Party shall be entitled to all of its remedies at law or in equity, including, without limitation the right of specific performance, in which event the Initiating Party shall be entitled to receive all costs, expenses and damages (including, without limitation, reasonable attorneys' fees) incurred by the Initiating Party in obtaining such specific performance. If either party shall fail to consummate the Option Closing on the Option Closing Date for any reason other than the default of the other party, then (i) the non-defaulting party shall be entitled to all of its remedies at law or in equity (other than the right of compel the Option Closing to occur, except as provided in the preceding sentence), including without limitation the right to terminate the Option Closing, in which event the defaulting party shall reimburse the non-defaulting party for all of its costs, expenses and damages (including, without limitation, reasonable attorneys' fees) incurred in connection with the put/call transaction and (ii) if Chatham Managing Member is the defaulting party with respect to a put transaction, then Chatham Managing Member shall forfeit its right to deliver another Put Notice pursuant to Section 3.8 with respect to the specific event that triggered Chatham Managing Member's right to deliver such Put Notice (it being understood that Chatham Managing Member shall retain the right to deliver a Put Notice with respect to any other event, including a subsequent occurrence of the same type of event).

F.10. Upon request made by NS Managing Member, Chatham Managing Member will, at no cost or expense to Chatham Managing Member, cooperate with NS Managing Member so that the option transaction is structured as a sale of all of the Option Interests to a third party purchaser that is designated by NS Managing Member, provided that such cooperation shall not release NS Managing Member from its obligation to consummate the Option Closing, shall not delay the Option Closing Date, shall not decrease the amounts ultimately payable to Chatham Managing Member and shall not in Chatham Managing Member's reasonable judgment expose Chatham Managing Member to any increased risk or liability (including, without limitation, income tax liability) in excess of that which it would have had in the event the transaction were structured as a purchase by the NS Managing Member of the Option Interests.

F.11. In connection with the Option Closing, if (i) the consent of any Lender shall be required to the consummation of the transactions contemplated by such Option Closing (to the extent such consent is required by the terms of the Loan Documents), or (ii) Chatham Managing Member (or any Affiliate or principal of Chatham Managing Member) is a party to a Carveout Guaranty, then NS Managing Member shall be required to deliver to Chatham Managing Member as a condition to Chatham Managing Member's obligation to effect

the Option Closing evidence of such consent (if clause (i) applies) and shall use good faith efforts to deliver to Chatham Managing Member a full and unconditional release from such Lender of all such liability other than any liability resulting directly from acts of Chatham Managing Member prior to the Option Closing Date (if clause (ii) applies), provided that in connection with clause (ii), if Lender refuses to grant such release to Chatham Managing Member then NS Managing Member shall be required as a condition to Chatham Managing Member's obligation to effect the Option Closing to deliver to Chatham Managing Member a full and unconditional release from such Lender of all liability under a Carveout Guaranty arising for events first occurring after the Option Closing Date. In connection with the JPM Loan, the parties acknowledge and agree that NS Managing Member shall only be required to deliver to Chatham Managing Member a full and unconditional release of all liability under the Carveout Guaranty arising for events first occurring after the Option Closing Date (and not a release for all acts other than those arising from acts of Chatham Managing Member). If the Lender refuses to grant its consent at or before the Option Closing Date (if clause (i) applies) and the aforementioned release (if clause (ii) applies), then as a condition to the obligation of Chatham Managing Member to consummate the sale of its membership interests at the Option Closing (A) NS Managing Member shall be required to cause the Company (or Property Company) to prepay such indebtedness in full or defease the Loan at the Option Closing in accordance with the provisions of the Loan Documents (including the payment of any prepayment penalty, prepayment premium, costs of defeasance and/or breakage costs) and (B) if NS Managing Member does not take the actions required in subclause (A), then such failure shall be deemed a default by NS Managing Member.

F.12. NS Managing Member hereby indemnifies and holds harmless Chatham Managing Member from any liability, damage, cost or expense (including, without limitation, reasonable attorneys' fees and costs incurred in the enforcement of the foregoing indemnity) arising out of the Company, the Assets, this Agreement, and any guaranty or indemnity made by Chatham Managing Member (including, without limitation, an indemnity made to a title insurance company), to the extent that any such liability, damage, cost or expense is based on actions or events occurring on or after the Option Closing Date. The foregoing indemnity will survive the Option Closing.

F.13. If at the time of the Option Closing, there is a dispute between the parties in connection with the transaction, including, without limitation, a litigation, action or proceeding or an arbitration proceeding or a disagreement in the calculation of the Option Price or any related prorations or adjustments or any other calculation or computation arising out of the Option Closing (any such being referred to as an "Existing Option Dispute"), then the existence of such Existing Option Dispute shall not affect the consummation of the Option Closing, and the parties shall consummate the Option Closing as if the Existing Option Dispute did not exist, however, such Existing Option Dispute shall continue in effect on and after such Option Closing with the intent and purpose that the parties shall not prejudice their respective rights in respect of any such Existing Option Dispute. In furtherance of the foregoing (x) if such Existing Option Dispute pertains to a dispute over money, then an amount equal to the sum of money in question shall be withheld from the proceeds to be distributed to Chatham Managing Member at the Option Closing and shall be maintained in escrow by a national escrow agent selected by NS Managing Member and reasonably acceptable to Chatham Managing Member after the Option Closing to permit the parties to continue the Existing Option Dispute and have such escrowed funds available to pay for any resolution thereof that requires Chatham Managing Member to pay over such funds to NS Managing Member or vice versa and (y) if such Existing Option Dispute pertains to a matter other than a specified sum of money, then if the Existing Option Dispute is not resolved by the Option Closing itself (i.e., the conveyance of Chatham Managing Member's membership interest to NS Managing Member may cause the Existing Option Dispute to be rendered moot) the parties shall continue such dispute subsequent to the Option Closing Date.

SCHEDULE G

BUY/SELL CLOSING TERMS

The closing with respect to the purchase by the Purchasing Member of the Selling Member's(s') interest in the Company shall take place on the following terms:

G.1. The closing pursuant to the Buy/Sell Notice or Buy/Sell Response (the "Buy/Sell Closing") shall take place on the Buy/Sell Closing Date and shall be held at the principal offices of the Company.

G.2. At the Buy Sell Closing, the Selling Member shall convey to the Purchasing Member (or its designee, subject to Section 11 below) the Selling Member's membership interest in the Company, free and clear of liens and encumbrances.

G.3. The Purchasing Member shall pay to the Selling Member an amount equal to the Buy/Sell Membership Interest Purchase Price which shall be paid by certified or cashier's check, or wire transfer of immediately available funds in the currency of the United States of America. An amount equal to the Buy/Sell Deposit Funds shall be applied against the Buy/Sell Membership Interest Purchase Price. If there is more than one Purchasing Member, then each such Purchasing Member shall pay its respective pro rata share (based on the ratio of such Purchasing Member's Percentage Interest to the sum of the Percentage Interests of all Purchasing Members) of the Buy/Sell Membership Interest Purchase Price.

G.4. At the Buy/Sell Closing, the Selling Member shall deliver to the Purchasing Member (i) evidence reasonably satisfactory to the Purchasing Member of the due corporate, partnership, limited liability company or other authority of such Member to convey its interest to the Purchasing Member and (ii) a certificate containing representations and warranties of such Member regarding (1) the due authorization, execution and delivery of the closing documents, (2) due formation, valid existence and good standing in all applicable jurisdictions, (3) the enforceability of the closing documents being signed by such Member (except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws relating to or affecting creditor's rights generally or by general equitable principles), (4) that all material consents and approvals necessary to be obtained with respect to the transaction in respect only of such Member have been obtained, (5) that such Member has not dealt with any brokers, finders or similar parties in connection with the sale that could entitled any such party to claim a commission, fee or other compensation in connection therewith (or, if there are any such brokers, finders or similar parties, that same have been paid in full concurrently with the Buy/Sell Closing) and (6) that there are no liens or encumbrances affecting the membership interests of the Selling Member (other than liens being discharged concurrently with the Buy/Sell Closing). The representations and warranties contained in such certificate shall survive the Buy/Sell Closing for a period of twelve (12) months.

G.5. At the Buy/Sell Closing, the Purchasing Member shall deliver to the Selling Member (i) evidence reasonably satisfactory to the Selling Member of the due corporate, partnership, limited liability company or other authority of such Member to acquire the interests of the Selling Member and (ii) a certificate containing representations and warranties of such Member regarding (1) the due authorization, execution and delivery of the closing documents, (2) due formation, valid existence and good standing in all applicable jurisdictions, (3) the enforceability of the closing documents being signed by such Member (except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws relating to or affecting creditor's rights generally or by general equitable principles), (4) that all material consents and approvals necessary to be obtained with respect to the transaction in respect only of such Member have been obtained, and (5) that such Member has not dealt with any brokers, finders or similar parties in connection with the sale that could entitle any such party to claim a commission, fee or other compensation in connection therewith (or, if there are any such brokers, finders or similar parties, that same have been paid in full concurrently with the

Buy/Sell Closing). The representations and warranties contained in such certificate shall survive the Buy/Sell Closing for a period of twelve (12) months.

G.6. Any transfer tax, recording tax or similar taxes arising out of or in connection with the sale and transfer of the membership interest of the Selling Member in the Company shall be paid pursuant to the custom of the jurisdiction in which the Assets are located (e.g., if the Assets are located in a state which assesses a transfer tax in connection with the Buy/Sell Closing and such tax would be paid by the seller if the Assets had been sold, then the Selling Member shall pay such transfer tax).

G.7. Subject to Section 12 below, such sale shall be subject to all liabilities and obligations of the Company, matured or unmatured, absolute or contingent.

G.8. At the Buy/Sell Closing, the Members shall execute or cause to be executed any and all documents (in form and substance reasonably acceptable to each of the Members) reasonably required to fully transfer good and valid title to the membership interest of the Selling Member in the Company to the Purchasing Member.

G.9. If the Purchasing Member shall fail to consummate the Buy/Sell Closing on the Buy/Sell Closing Date for any reason other than the default of the Selling Member, then the Selling Member shall be entitled as its sole remedy as liquidated damages to (a) cause the Buy/Sell Deposit Funds to be delivered to the Selling Member and terminate the buy/sell transaction and/or (b) purchase the Purchasing Member's membership interest in the Company at a price equal to the Buy/Sell Membership Interest Purchase Price that would be obtained if the Purchasing Member were treated as the Selling Member in the definition thereof.

G.10. If the Selling Member shall fail to consummate the Buy/Sell Closing on the Buy/Sell Closing Date for any reason other than the default of the Purchasing Member, then the Purchasing Member shall be entitled to all of its remedies at law or in equity, including, without limitation (i) the right of specific performance, in which event the Purchasing Member shall be entitled to receive all costs, expenses and damages (including, without limitation, reasonable attorneys' fees) incurred by the Purchasing Member in obtaining such specific performance and (ii) the right to terminate the buy/sell transaction, in which event the Selling Member shall cause the Buy/Sell Escrow Agent to return the Buy/Sell Deposit Funds to the Purchasing Member, and the Selling Member shall reimburse the Purchasing Member for all of its costs, expenses and damages (including, without limitation, reasonable attorneys' fees) incurred in connection with the buy/sell transaction.

G.11. Upon request made by the Purchasing Member, the Selling Member will, at no cost or expense to the Selling Member, cooperate with the Purchasing Member so that the buy/sell transaction is structured as a sale of all of the Assets to a third party purchaser that is designated by the Purchasing Member, provided that such cooperation shall not release the Purchasing Member from its obligation to consummate the Buy/Sell Closing, shall not delay the Buy/Sell Closing Date, shall not decrease the amounts ultimately payable to the Selling Member and shall not in the Selling Member's reasonable judgment expose the Selling Member to any increased risk or liability (including, without limitation, income tax liability) in excess of that which it would have had in the event the transaction were structured as a purchase by the Purchasing Member of the Selling Member's membership interest.

G.12. In connection with the Buy/Sell Closing, if (i) the consent of any Lender shall be required to the consummation of the transactions contemplated by such Buy/Sell Closing (to the extent such consent is required by the terms of the Loan Documents) or (ii) the Selling Member (or any Affiliate or principal of the Selling Member) is a party to a Carveout Guaranty, then the Purchasing Member shall be required to deliver to the Selling Member as a condition to the Selling Member's obligation to effect the Buy/Sell Closing evidence of such consent (if clause (i) applies) and shall use good faith efforts to deliver to the Selling Member a full and

unconditional release from such Lender of all such liability other than any liability resulting directly from acts of the Selling Member prior to the Buy/Sell Closing Date (if clause (ii) applies), provided that in connection with clause (ii), if Lender refuses to grant such release to the Selling Member then the Purchasing Member shall be required as a condition to the Selling Member's obligation to effect the Buy/Sell Closing to deliver to the Selling Member a full and unconditional release from such Lender of all liability under a Carveout Guaranty arising for events first occurring after the Buy/Sell Closing Date. In connection with the JPM Loan, the parties acknowledge and agree that if NS Managing Member is the Purchasing Member the NS Managing Member shall only be required to deliver to Chatham Managing Member, as Selling Member a full and unconditional release of all liability under the Carveout Guaranty arising for events first occurring after the Buy/Sell Closing Date (and not a release for all acts other than those arising from acts of Chatham Managing Member). If the Lender refuses to grant its consent at or before the Buy/Sell Closing Date (if clause (i) applies) and the aforementioned release (if clause (ii) applies), then as a condition to the obligation of the Selling Member to consummate the sale of its membership interests at the Buy/Sell Closing (A) the Purchasing Member shall be required to cause the Company (or Property Company) to prepay such indebtedness in full or defease the Loan at the Buy/Sell Closing in accordance with the provisions of the Loan Documents (including the payment of any prepayment penalty, prepayment premium, costs of defeasance and/or breakage costs) and (B) if the Purchasing Member does not take the actions required in subclause (A), then such failure shall be deemed a default by the Purchasing Member.

G.13. If the Buy/Sell Notice is delivered then the Purchasing Member hereby indemnifies and holds harmless the Selling Member from any liability, damage, cost or expense (including, without limitation, reasonable attorneys' fees and costs incurred in the enforcement of the foregoing indemnity) arising out of the Company, the Assets, this Agreement, and (if Chatham Managing Member is the Selling Member) any guaranty or indemnity made by Chatham Managing Member (including, without limitation, an indemnity made to a title insurance company), to the extent that any such liability, damage, cost or expense is based on actions or events occurring on or after the Buy/Sell Closing Date. The foregoing indemnity will survive the Buy/Sell Closing.

G.14. The parties acknowledge that the Buy/Sell Notice shall not be required to set forth the calculation, or the determination of, the Buy/Sell Membership Interest Purchase Price (which amount shall be determined in connection with the consummation of the Buy/Sell Closing).

G.15. The escrow provisions contained in Schedule H are incorporated herein for the benefit of the Buy/Sell Escrow Agent. In addition, both parties agree, upon request made by any Buy/Sell Escrow Agent, to deliver any supplemental indemnification or other provisions for the benefit of such Buy/Sell Escrow Agent.

G.16. If at the time of the Buy/Sell Closing, there is a dispute between the parties in connection with the transaction, including, without limitation, a litigation, action or proceeding or an arbitration proceeding or a disagreement in the calculation of the Buy/Sell Membership Interest Purchase Price or any related prorations or adjustments or any other calculation or computation arising out of the Buy/Sell Closing (any such being referred to as an "Existing Dispute"), then the existence of such Existing Dispute shall not affect the consummation of the Buy/Sell Closing, and the parties shall consummate the Buy/Sell Closing as if Existing Dispute did not exist, however, such Existing Dispute shall continue in effect on and after such Buy/Sell Closing with the intent and purpose that the parties shall not prejudice their respective rights in respect of any such Existing Dispute. In furtherance of the foregoing (x) if such Existing Dispute pertains to a dispute over money, then an amount equal to the sum of money in question shall be withheld from the proceeds to be distributed to the Selling Member at the Buy/Sell Closing and shall be maintained in escrow by the Buy/Sell Escrow Agent after the Buy/Sell Closing to permit the parties to continue the Existing Dispute and have such escrowed funds available to pay for any resolution thereof that requires the Selling Member to pay over such funds to the Purchasing Member or vice versa and (y) if such Existing Dispute pertains to a matter other than a specified sum of money, then if the Existing Dispute is not resolved by the Buy/Sell Closing itself (i.e., the conveyance

of the Selling Member’s membership interest in the Company to the Purchasing Member may cause the Existing Dispute to be rendered moot) the parties shall continue such dispute subsequent to the Buy/Sell Closing Date.

SCHEDULE H

BUY/SELL ESCROW PROVISIONS

1. The Buy/Sell Escrow Agent shall deposit the Buy/Sell Deposit Funds in an interest bearing escrow account.

2. If the Buy/Sell Closing takes place, the Buy/Sell Escrow Agent shall deliver the Buy/Sell Deposit Funds to, or upon the instructions of, the Selling Member(s) at the Buy/Sell Closing.

3. If the Buy/Sell Closing does not take place pursuant to the provisions of this Agreement, by reason of the failure of any party to comply with its obligations hereunder, the Buy/Sell Escrow Agent shall pay the Buy/Sell Deposit Funds to the party entitled thereto in accordance with the provisions of this Agreement, provided, however, prior to paying the Buy/Sell Deposit Funds to any party (the "Claiming Party") pursuant to the provisions of this Section 3, the Buy/Sell Escrow Agent shall deliver written notice to the other party (the "Non-Claiming Party") stating its intention to pay the Buy/Sell Deposit Funds to the Claiming Party. The Non-Claiming Party shall have a period of ten (10) days in which to deliver notice to the Buy/Sell Escrow Agent agreeing to payment of the Buy/Sell Deposit Funds to the Claiming Party or disagreeing with such payment. If the Non-Claiming Party agrees that the Buy/Sell Deposit Funds shall be paid to the Claiming Party, then the Buy/Sell Escrow Agent shall so pay the Buy/Sell Deposit Funds to the Claiming Party. If the Non-Claiming Party disagrees with such payment, then the Buy/Sell Escrow Agent shall not make such payment and shall continue to hold the Buy/Sell Deposit Funds and shall not make any disposition of the Buy/Sell Deposit Funds except as provided in Section 5 below. The failure of the Non-Claiming Party to deliver such notice within the ten (10) day period shall be deemed delivery of a notice on the last day of such ten (10) day period agreeing to payment of the Buy/Sell Deposit Funds to the Claiming Party.

4. It is agreed that:

(a) The duties of the Buy/Sell Escrow Agent are only as herein specifically provided and are purely ministerial in nature, and the Buy/Sell Escrow Agent shall incur no liability whatever except for willful misconduct or gross negligence, as long as the Buy/Sell Escrow Agent has acted in good faith;

(b) The Buy/Sell Escrow Agent shall not be liable or responsible for the collection of the proceeds of any check or wire transfer constituting all or a portion of the Buy/Sell Deposit Funds;

(c) In the performance of its duties hereunder, the Buy/Sell Escrow Agent shall be entitled to rely upon any document, instrument or signature believed by it to be genuine and signed by either of the other parties or their successors;

(d) The Buy/Sell Escrow Agent may assume that any person purporting to give any notice of instructions in accordance with the provisions hereof has been duly authorized to do so;

(e) The Buy/Sell Escrow Agent shall not be bound by any modification, cancellation or rescission of these escrow provisions unless in writing and signed by it, the selling parties and the purchasing parties;

(f) The selling parties and the purchasing parties shall jointly and severally reimburse and indemnify the Buy/Sell Escrow Agent for, and hold it harmless against, any and all loss, liability, cost or expense in connection herewith, including reasonable legal fees and disbursements, incurred without willful misconduct or gross negligence on the part of the Buy/Sell Escrow Agent arising out of or in connection with its acceptance

of, or the performance of its duties and obligations under these escrow provisions, as well as the reasonable costs and expenses of defending against any claim or liability arising out of or relating to these Escrow Provisions; and

(g) The Manager and the Members each hereby release the Buy/Sell Escrow Agent from any act done or omitted to be done by the Buy/Sell Escrow Agent in good faith in the performance of its duties hereunder.

5. The Buy/Sell Escrow Agent is acting as a stake-holder only with respect to the Buy/Sell Deposit Funds. If there is any dispute as to whether the Buy/Sell Escrow Agent is obligated to deliver all or any portion of the Buy/Sell Deposit Funds or as to whom the proceeds of the Buy/Sell Deposit Funds are to be delivered, the Buy/Sell Escrow Agent shall not be required to make any delivery, but in such event the Buy/Sell Escrow Agent shall hold the Buy/Sell Deposit Funds (together with all interest thereon, if any) until receipt by the Buy/Sell Escrow Agent of an authorization in writing, signed by all of the parties having any interest in such dispute, directing the disposition of the Buy/Sell Deposit Funds (together with all interest thereon, if any), or, in the absence of such authorization, the Buy/Sell Escrow Agent shall hold the Buy/Sell Deposit Funds (together with all interest thereon, if any), until the final determination of the rights of the parties in an appropriate proceeding. If such written authorization is not given, or proceedings for such determination are not begun within ninety (90) days after the date the Buy/Sell Escrow Agent shall have received written notice of such dispute, and thereafter diligently continued, the Buy/Sell Escrow Agent shall have the right, but not the obligation, to bring an appropriate action or proceeding for leave to deposit the Buy/Sell Deposit Funds (together with all interest thereon, if any), in court pending such determination. The Buy/Sell Escrow Agent shall be reimbursed for all costs and expenses of such action or proceeding including, without limitation, reasonable attorneys' fees and disbursements, by the party determined not to be entitled to the Buy/Sell Deposit Funds or if the Buy/Sell Deposit Funds is split between the parties hereto, such costs of the Buy/Sell Escrow Agent shall be split, pro rata, between the selling parties and the purchasing parties, upon the amount of Buy/Sell Deposit Funds received by each. Upon making delivery of the Buy/Sell Deposit Funds (together with interest thereon, if any), in the manner provided in this Agreement, the Buy/Sell Escrow Agent shall have no further liability hereunder.

6. The Buy/Sell escrow agent will be required to execute a counterpart of these escrow provisions solely to confirm that the buy/sell escrow agent upon receipt thereof, will hold the Buy/Sell deposit funds in escrow, pursuant to the provisions of this Agreement.

SCHEDULE I

Reserved

SCHEDULE J

Reserved

SCHEDULE K

EXPEDITED ARBITRATION PROCEDURES

(a) Venue: The arbitration proceeding shall be conducted in New York, New York before a single arbitrator.

(b) Procedure: Except as provided herein, the arbitration proceeding shall be conducted in accordance with the Agreement (including this Schedule K), and otherwise in accordance with the Commercial Arbitration Rules of the AAA, or its successor, and the Expedited Procedures provisions thereof, to the extent not inconsistent with the Agreement and this Schedule K.

(c) Selection of Arbitrator: Chatham Managing Member shall provide written notice to NS Managing Member of submission of the disputed matter to arbitration in accordance with Section 3.2(i), and in such notice propose at least three (3) persons to serve as the arbitrator. Each of the proposed arbitrators shall be either (i) a retired judge or justice, or (ii) an experienced attorney licensed to practice and practicing in the State of Delaware or the State of New York. Each of the proposed arbitrators shall have had no business relationship (other than acting as arbitrator or mediator) or familial relationship with either party, or any Affiliate of either party, or primary counsel to either party in a significant matter during the past ten (10) years. NS Managing Member shall give written notice within three (3) days stating either (i) NS Managing Member is willing to accept one of the proposed arbitrators as the arbitrator or (ii) NS Managing Member is not willing to accept one of the arbitrators proposed by Chatham Managing Member, and proposing at least three (3) other persons to serve as the arbitrator, in which case Chatham Managing Member shall have three (3) days from the date of such notice to notify NS Managing Member if one of the arbitrators proposed by NS Managing Member is acceptable. If this procedure does not result in the selection of the arbitrator, then the parties shall request the American Arbitration Association, or its successor, to appoint an arbitrator who shall have the qualifications identified above (and, in connection therewith, either party may propose not more than three (3) persons having such qualifications to the American Arbitration Association to serve as arbitrator) pursuant to the Expedited Procedures of the Commercial Arbitration Rules of the AAA.

(d) Conferences, Discovery and Pre-Hearing Matters: Once the arbitrator is appointed, he or she shall set the matter for a conference, which may be conducted telephonically, to take place within five (5) days of the arbitrator's appointment, and which shall address, among other things, the following issues: (1) the scheduling of, and resolution of any issues concerning the nature, extent and timing of any discovery, including the production of documents, depositions and the exchange of expert witness information and reports (if any); (2) the identification and resolution of any other procedural issues; (3) the scheduling of written submissions to the arbitrator; and (4) setting the matter for a hearing, to take place within fifteen (15) days of the date of the conference unless the arbitrator finds, for good cause, that the hearing should not take place within that time period. Notwithstanding the foregoing, the parties may by written agreement modify the time for the conference or hearing described in this paragraph (d), or any other deadline, subject to the approval of the arbitrator.

(e) Applicable Law: The arbitrator shall be required to determine all issues in accordance with existing substantive law of the state of Delaware; provided, however, that statutes and case law relating to the order of proof, the conduct of the hearing and the presentation and admissibility of evidence will not be applicable, and the arbitrator shall determine the admissibility, relevance and materiality of

any evidence proffered, including hearsay, and may exclude evidence deemed by the arbitrator to be cumulative or irrelevant.

(f) Arbitrator's Powers and Duties: The arbitrator shall have the power to grant any and all forms of relief, including, but not limited to, equitable relief, to prevent any arbitration award from becoming ineffectual; provided, however, the arbitrator may not alter or amend the provisions of this Agreement (including this Schedule K) in granting such relief. Pending appointment of the arbitrator, nothing provided herein shall preclude either of the parties from seeking the issuance of a temporary restraining order, preliminary injunction or other provisional remedy in order to avoid any irreparable injury that it might suffer pending such appointment.

(g) Arbitrator's Award: The arbitrator shall render his or her award within ten (10) days of the close of the final submission of the matter, or at such later time as agreed upon by the parties. The arbitrator's award shall be in writing, and the arbitrator shall make findings of fact and conclusions of law that set forth the reasons for the award. The award may be confirmed by any court having jurisdiction over the parties.

(h) Arbitrator's Fees and Costs: Each party shall provide, within three (3) days of a request from the arbitrator or any person or service that may be acting as the administrator of the arbitration, one-half of the estimated fees and costs relating to the arbitration, although the arbitrator shall, in his or her award, assess such fees and costs against the party determined not to be the prevailing party in the Expedited Arbitration. Notwithstanding the foregoing, the party not prevailing in the Expedited Arbitration shall pay all of the reasonable fees and costs relating to the arbitration, including the prevailing party's reasonable, actual, out-of-pocket attorneys' fees and expenses.

(i) No Other Claims. For the avoidance of doubt, this Schedule K shall apply only in connection with an Expedited Arbitration pursuant to Section 2.2(c)(iii) and Section 3.2(i) of the Agreement, and not any other dispute, and no other claims or counterclaims may be brought in such Expedited Arbitration.

SCHEDULE L

P&L STATEMENT

SCHEDULE M

BALANCE SHEET

THE TRANSFER OF THE LIMITED LIABILITY COMPANY INTERESTS DESCRIBED IN THIS AGREEMENT IS RESTRICTED AS DESCRIBED HEREIN.

SECOND AMENDED AND RESTATED

LIMITED LIABILITY COMPANY AGREEMENT

OF

INK ACQUISITION III LLC,

a Delaware Limited Liability Company

THIS SECOND AMENDED AND RESTATED LIMITED LIABILITY COMPANY AGREEMENT (together with the schedules and exhibits hereto, this "Agreement"), of INK Acquisition III LLC, a Delaware limited liability company (the "Company"), is made effective as of June 9, 2014 (the "Effective Date") by and between Platform Member Holdings-T CAM2, LLC ("NS Managing Member") and Chatham TRS Holding, Inc. ("Chatham Managing Member", and, together with NS Managing Member and any other Person who becomes a member of the Company from time to time in accordance with the provisions hereof, the "Members").

RECITALS:

A Certificate of Formation of the Company was filed with the Secretary of State of the State of Delaware on June 22, 2011;

Each of the Cerberus Member and Chatham Managing Member previously acquired a percentage interest in the Company and entered into the Amended and Restated Limited Liability Company Agreement of the Company dated as of October 27, 2011 (the "Prior Agreement");

As of the Effective Date, NS Managing Member is acquiring all of the Cerberus Member's right, title and interest to the membership interests in the Company (such interests, the "Cerberus Interests"), and concurrently therewith, the Cerberus Member is withdrawing as a member of the Company; and

The Members desire to amend and restate the Prior Agreement in its entirety on the terms and conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the mutual promises and agreements herein made and intending to be legally bound hereby, the parties hereto amend and restate the Prior Agreement in its entirety and agree as follows:

ARTICLE I.

GENERAL PROVISIONS; ORGANIZATION; STRUCTURE

Section 1.1 Registered Office. The registered agent and office of the Company in the State of Delaware shall be Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware, 19801. The Managing Member, after giving notice to the other Members, may change the registered office from one location to another in the State of Delaware.

Section 1.2 Place of Business; Offices. The principal place of business of the Company, where the books and records of the Company shall be kept, shall be c/o Chatham Lodging LP, 50 Cocoanut Row, Suite 200, Palm Beach, FL 33480. The Company may, at any time, change the location of the principal office of the Company or have one or more offices as may be established from time to time.

Section 1.3 Purpose; Nature of Business Permitted; Powers; Title to Assets.

(a) The purpose to be conducted or promoted by the Company is to engage in the following activities:

(i) to acquire, own, hold, manage, operate, lease, sell, transfer, service, convey, safekeep, dispose of, pledge, assign, borrow money against, finance, refinance or otherwise deal with the Business and the Assets and any portion thereof with unrelated third parties or with affiliated entities;

(ii) to acquire, own, hold, sell, transfer, service, convey, safekeep, dispose of, pledge, assign, borrow money against, finance, refinance or otherwise deal with, publicly or privately issued securities and whether with unrelated third parties or with affiliated entities, in each case in connection with the Business and the Assets;

(iii) to own equity interests in other limited liability companies, partnerships or other entities whose purposes are restricted to those set forth in clauses (i) and (ii) above; and

(iv) to engage in any other lawful act or activity and to exercise any powers permitted to limited liability companies organized under the laws of the State of Delaware that are related or incidental to and necessary, convenient or advisable for the accomplishment of the above-mentioned purposes (including the entering into of interest rate or basis swap, cap, floor or collar agreements, or similar hedging transactions and referral, management, servicing and administration agreements).

(b) The Company shall not engage in any other business or activity. Except as otherwise provided in Section 1.10 hereof and except for contracts customarily entered into by a property management agent on behalf of a hotel property owner, all property acquired in connection with the business of the Company shall be held by the Company in its own name,

and all contracts and leases of real or personal property by or to the Company shall be made in its own name.

(c) Title to assets of the Company, whether real, personal or mixed, tangible or intangible, shall be deemed to be owned by the Company, and no Member, individually or collectively, shall have any ownership interest in such assets or any portion thereof.

Section 1.4 [Reserved]

Section 1.5 Tax Classification; No State Law Partnership; REIT Qualifications. (a) The Members intend that the Company shall be treated as a partnership for federal, state and local tax purposes. Each Member and the Company agree to file all tax returns and otherwise take all tax and financial reporting positions in a manner consistent with such treatment. No provision of this Agreement shall be deemed or construed to constitute the Company (including its subsidiaries) as a partnership (including a limited partnership) or joint venture, or any Member as a partner of or with any other Member for any purposes other than tax purposes.

(b) As of the Effective Date, NS Managing Member shall be owned, directly or indirectly, by NS REIT and Chatham Managing Member shall be owned, directly or indirectly, by Chatham REIT. Each of Chatham REIT and NS REIT intend to qualify as a REIT, and the Members intend that the Company shall own the Assets in a manner that will not jeopardize the REIT status of either Chatham REIT or NS REIT. Accordingly, the Ink I Subsidiary Companies will indirectly lease the Properties to the Property Leasecos pursuant to arm's-length leases and the Property Leasecos will engage Island Hospitality Management or another entity that qualifies as an "eligible independent contractor" under Code Section 856(d)(9) to operate the Properties on their behalf.

Section 1.6 Definitions. Unless the context otherwise requires, the terms defined in this Section 1.6 shall, for the purposes of this Agreement, have the meanings herein specified (such meanings to be equally applicable to both the singular and plural forms of the terms defined).

"1933 Act" has the meaning set forth in Section 12.16.

"1940 Act" means the Investment Company Act of 1940, as amended, and the rules and regulations thereunder.

"Accountants" means PricewaterhouseCoopers LLP or such other independent accounting firm of national reputation that is selected by NS Managing Member.

"Act" means the Delaware Limited Liability Company Act (as it may be amended from time to time and any successor to such Act).

"Additional Capital Contribution" means any Capital Contribution made by a Member pursuant to Section 2.2(b) hereof.

"Adjusted Asset Purchase Price" is the (a) Asset Purchase Price, plus (b) Buy/Sell Additions, minus (c) Buy/Sell Prorations which would be credited to a purchaser if the Buy/Sell Assets were being sold to a third party on the Buy/Sell Closing Date, plus (d) Buy/Sell Prorations which would be credited to a seller if the Buy/Sell Assets were being sold to a third party on the Buy/Sell Closing Date minus (e) the amount required to repay in full any outstanding Buy/Sell Third Party Loans as if same was paid off at the Buy/Sell Closing, minus (f) any other existing liabilities of the Company and the Property Companies that have not been otherwise taken into consideration as part of the Buy/Sell Prorations minus (g) the net proceeds from the sale of any Asset that is consummated after delivery of the Buy/Sell Notice and before the Buy/Sell Closing Date, appropriately adjusted to take into account any proceeds that are held in any reserves or escrows for a contingent liability which may arise after the Buy/Sell Closing Date (it being acknowledged and agreed to by the Members that any such proceeds that are held in any reserves or escrows shall be distributed to the Members pursuant to Section 7.1 as if it was in effect upon the release or distribution of such amounts after the Buy/Sell Closing Date).

"Adjusted Fair Market Value" means, the (a) the Fair Market Value, plus (b) Fair Market Value Additions, minus (c) Fair Market Value Prorations which would be credited to a purchaser if the Assets were being sold to a third party on the Option Closing Date (which prorations shall be as of 11:59 p.m. of the day preceding the Option Closing Date), plus (d) Fair Market Value Prorations which would be credited to a seller if the Assets were being sold to a third party on the Option Closing Date (which prorations shall be as of 11:59 p.m. of the day preceding the Option Closing Date), minus (e) the amount required to repay in full any outstanding Loans as if same were paid off at the Option Closing, minus (f) any other existing liabilities of the Company and the Property Companies that have not been otherwise taken into consideration as part of the Fair Market Value Prorations.

"Affiliate" means, with respect to a Person, another Person that directly or indirectly controls, is controlled by or is under common control with such first Person. For the avoidance of doubt, Island Hospitality Management shall not be considered to be an Affiliate of Chatham REIT or any of its Affiliates.

"Agreement" has the meaning set forth in the Preamble.

"Allocation Schedule" has the meaning set forth in Section 5.1(c).

"Appraisal Period" has the meaning set forth in Section 3.8(d)(i).

"Appraiser" has the meaning set forth in Section 3.8(d)(i).

"Approved FATF Country" shall mean any country that is a member of the Financial Action Task Force on Money Laundering, as such list may be amended, from time to time, and as approved in this Agreement. As of the date of this Agreement, the following countries are Approved FATF Country members: Argentina, Australia, Austria, Belgium, Brazil, Canada, Denmark, Finland, France, Germany, Greece, Hong Kong, Iceland, Ireland, Italy, Japan, Luxembourg, Mexico, Kingdom of the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, Turkey, United Kingdom and the United States.

"Approved Severance Costs" means any severance payable to Chatham Company Personnel to the extent such severance (i) for a senior Chatham Company Personnel does not exceed

three (3) months of such employee's monthly salary, (ii) for any other Chatham Company Personnel is determined by Chatham Managing Member in accordance with such employee's position and seniority and does not exceed two (2) months of such employee's monthly salary or (iii) otherwise has been approved by NS Managing Member or NS Ink I Managing Member at the time of grant to the applicable Chatham Company Personnel, it being understood that any severance costs shall be deemed to be Approved Severance Costs if such costs are in accordance with the terms of the then-approved Operating Budget and the then-approved Business Plan.

"Asset" means an asset owned by the Company or its Subsidiaries.

"Asset Purchase Price" has the meaning set forth in Section 3.7(a).

"Available Cash" means, as the context requires, Available Cash From Capital Event or Available Cash From Operations, as applicable.

"Available Cash From Capital Event" means cash paid to or in the possession of, the Company from the occurrence of a Capital Event after deducting therefrom (a) if a sale, all expenses of the sale (including, without limitation, transfer taxes, legal fees, brokerage expenses, marketing expenses, and other third party expenses of every kind or nature), (b) if a financing or a refinancing, all expenses of the financing or refinancing (including, without limitation, legal fees, points, lender charges, mortgage or indebtedness taxes and other third party expenses of every kind or nature), (c) if a casualty or condemnation, all expenses arising from such casualty or condemnation (including, without limitation, legal fees, costs of settlement of any awards or payments, and other third party expenses of every kind or nature), (d) if a sale, all funds necessary to pay for any currently payable obligations of the applicable Property Company or Asset, as applicable, (e) if a sale, the payment of all currently payable debt service, reserve and escrow amounts for all outstanding Loans that pertain to the applicable Property Company or Company Asset, (f) if a sale, the payment of all other currently payable obligations of the Company and the applicable Property Company to third parties, including, without limitation, obligations in connection with the applicable Property Company or Assets, and (g) if a sale, an amount equal to the Working Capital Sale Reserve.

"Available Cash From Operations" means cash paid to or in the possession of, the Company from whatever source (other than Available Cash From Capital Event) after deducting therefrom (a) all funds necessary to pay for the currently payable expenses incurred in connection with the normal operations of the Company and the Property Companies in accordance with and subject to the terms hereof, (b) the payment of all currently payable debt service, reserve and escrow amounts for all outstanding Loans when and as they become due and payable and/or are required to be reserved or escrowed, (c) the payment of all other currently payable obligations of the Company and the Property Companies to third parties, including, without limitation, obligations in connection with the Assets, and (d) an amount equal to the Working Capital Operating Reserve.

"Bankruptcy" means, with respect to any Person, a "Voluntary Bankruptcy" or an "Involuntary Bankruptcy". A "Voluntary Bankruptcy" shall mean, with respect to any Person, (a) an admission in writing by such Person of its inability to pay its debts generally or a general assignment by such Person for the benefit of creditors, (b) the filing of any petition or answer by such Person seeking to adjudicate it bankrupt or insolvent or seeking for itself any liquidation, winding up, reorganization,

arrangement, adjustment, protection, relief or composition of such Person or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors, or seeking, consenting to or acquiescing in the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for such Person or for any substantial part of its property, or (c) corporate action taken by such Person to authorize any of the actions set forth above. An "Involuntary Bankruptcy" shall mean, with respect to any Person, without the consent or acquiescence of such Person, the entering of an order for relief or approving a petition for relief or reorganization or any other petition seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or other similar relief under any present or future bankruptcy, insolvency or similar statute, law or regulation or the filing of any such petition against such Person which order or petition shall not be dismissed within 90 days or, without the consent or acquiescence of such Person, the entering of an order appointing a trustee, custodian, receiver or liquidator of such Person or of all or any substantial part of the property of such Person which order shall not be dismissed within 90 days.

"Bankruptcy Court" means the United States Bankruptcy Court for the Southern District of New York.

"Business" means (a) the ownership, lease and operation of the Assets, and (b) any other business of the Company, directly or indirectly related, incidental to or connected with the foregoing.

"Business Day" means any day other than a Saturday, Sunday or any other day on which banks in New York City are required or permitted by law to be closed.

"Business Plan" means the comprehensive strategic plan for the Company's and Ink I's ownership, operation, leasing, financing and sale of the Assets or the Properties, as applicable, as in effect from time to time pursuant to Section 3.5 hereof.

"Buy/Sell Additions" means the following additions to the Asset Purchase Price: (a) cash in the bank accounts of the Company and each Property Company (including, without limitation, cash in bank accounts established with or by third parties for the benefit of the Company and each Property Company (e.g., lockbox accounts, accounts under Hotel Management Agreements, third party property management agreements, reserves under franchise agreements, etc.)) and other Company and Property Company revenues as of the Buy/Sell Closing Date, (b) net accounts receivable received by the Company and the Property Companies (other than rents or similar payments from tenants, licensees, concessionaires or similar parties) as of the Buy/Sell Closing Date (c) any utility deposits made by the Property Companies and (d) cash deposited securing any bonds, letters of credit, or other amounts posted by the Company or any Property Company.

"Buy/Sell Assets" means the Assets being purchased or sold pursuant to Section 3.7.

"Buy/Sell Closing" has the meaning set forth in Schedule G attached hereto.

"Buy/Sell Closing Date" means the date designated by the Purchasing Member for the Buy/Sell Closing, which date shall be no later than the date which is sixty (60) days after delivery of the Buy/Sell Response.

"Buy/Sell Deposit Funds" means all sums deposited with the Buy/Sell Escrow Agent pursuant to the provisions of Section 3.7 (including the Proposing Member's Deposit (if the Purchasing Member is the Proposing Member) or the Non-Proposing Member's Deposit (if the Purchasing Member is the Non-Proposing Member)), together with all interest earned thereon.

"Buy/Sell Escrow Agent" has the meaning set forth in Section 3.7(a).

"Buy/Sell Membership Interest Purchase Price" means a price for the sale by the Selling Member(s) of their interest in the Company calculated as equal to the amount that would be received by the Selling Member(s) pursuant to the application of the provisions of Section 7.1, if the Assets were sold to a third party on the Buy/Sell Closing Date for a net purchase price equal to the Adjusted Asset Purchase Price (it being agreed that any disputes as to Buy/Sell Additions and/or Buy/Sell Prorations shall be resolved by the determination of the Accountants, which determination shall be binding on the Members, absent manifest error).

"Buy/Sell Notice" has the meaning set forth in Section 3.7(a).

"Buy/Sell Prorations" means the following prorations and adjustments to the Asset Purchase Price (which prorations shall be deducted from or added to the Asset Purchase Price in the same manner as deductions or additions to a sale price would occur between a buyer and seller in an arms-length transaction in connection with a sale of the Assets to a third party)): (a) rents, occupancy charges and similar revenues paid or payable by the Company or the Property Companies, (b) rents and other amounts payable by the Property Companies under or pursuant to any ground leases (if applicable), (c) real estate taxes in respect of the Assets, (d) any other taxes and/or assessments affecting the Company, the Property Companies or the Assets (other than income taxes or gross receipt taxes), (e) insurance premiums due and payable (or paid) with respect to the Company, the Property Companies or the Assets, (f) license and/or permit fees that are either due and payable or have been prepaid with respect to the Company or the Property Companies, (g) utility charges that are either due and payable or have been prepaid with respect to the Assets, the Company or the Property Companies, (h) intentionally omitted, (i) amounts paid or payable under service, management, development or construction contracts entered into by the Company or the Property Companies, and (j) any accounts payable of the Company or the Property Companies outstanding as of the Buy/Sell Closing Date.

"Buy/Sell Response" has the meaning set forth in Section 3.7(b).

"Buy/Sell Response Period" means the date which is thirty (30) days after the date of delivery of a Buy/Sell Proposal.

"Buy/Sell Third Party Loans" means all Loans outstanding with respect to the Company and the Property Companies as of the Buy/Sell Closing Date.

"Call Notice" has the meaning set forth in Section 3.8(b).

"Call Option" has the meaning set forth in Section 3.8(c)(i).

"Call Option Commencement Date" has the meaning set forth in Section 3.8(b).

"Capital Account" has the meaning set forth in Section 2.3(a).

"Capital Call" shall mean a written notice to the Members calling for a Capital Contribution, which written notice shall include (a) the total amount of the Capital Contribution then required, (b) a brief description of the expenditures or obligations giving rise to the requirement for such Capital Contribution, (c) each Member's proportionate share of the total Capital Contribution as then required by this Agreement, (d) the date by which each Member's Capital Contribution is required to be made, which date shall be thirty (30) days after such written notice has been given or such other date as may be agreed to by the Members, and (e) the account of the Company to which such Capital Contributions must be paid.

"Capital Contribution" means with respect to any Member, the sum of the Effective Date Deemed Capital Contribution and Additional Capital Contributions made by such Member. For the avoidance of doubt, Priming Capital Contributions shall not be considered Capital Contributions for purposes of this definition.

"Capital Event" means (i) the sale of any Asset, (ii) a financing or refinancing of an Asset, (iii) the receipt of insurance proceeds or condemnation awards in connection with the ownership of an Asset (which proceeds are not used for restoration in connection with the applicable casualty or condemnation) or (iv) other transactions which, in accordance with generally accepted accounting principles, consistently applied, would be treated as a capital event.

"Carveout Guarantor" has the meaning set forth in Section 1.11(c).

"Carveout Guaranty" means any guaranty of non-recourse carveouts or indemnity for environmental liabilities given to a Lender in connection with any Loan, which guaranty or indemnity is in form and substance satisfactory to the applicable Lender and approved in advance in writing by the Members (including, without limitation, any such guaranty or indemnity required by Current Lender in connection with the JPM Loan, it being agreed that the "Guarantees" as defined in the Contribution Agreement are approved by the Members).

"Cerberus Interests" has the meaning set forth in the Recitals.

"Cerberus Member" means CRE-Ink TRS Holding, Inc.

"Certificate of Formation" means the Certificate of Formation referred to in the Recitals and any and all amendments thereto and restatements thereof filed on behalf of the Company with the office of the Secretary of State of the State of Delaware pursuant to the Act.

"Change in Control" means, as of any date, (i) with respect to NS Managing Member, the failure of NS Managing Member to be Controlled by NS Parent and (ii) with respect to Chatham Managing Member, the failure of the Chatham Managing Member to be Controlled by Chatham REIT or any entity that succeeds to all or substantially all of the assets and liabilities thereof (whether by merger, consolidation or otherwise).

"Chatham Company Personnel" means any personnel employed by Chatham Managing Member (or one of its Affiliates other than Ink I or the Company) solely for the purpose of providing asset management services to the Company and/or Ink I, the employment generally of whom, including compensation and severance other than Approved Severance Costs, if any, payable to such personnel, has been approved by NS Managing Member and NS Ink I Managing Member.

"Chatham Competitor" shall mean (a) a Person that is then in a pending material litigation filed in court with Chatham REIT or any Affiliate of Chatham REIT that has been disclosed by Chatham REIT or its Affiliate entity in public filings with the Securities and Exchange Commission (other than (1) litigation in connection with the applicable Parent Change in Control with respect to NS Parent and (2) litigation involving individuals who are directors or officers of Chatham REIT unrelated to their capacity as such); or (b) (i) a publicly traded hotel REIT the stock of which is traded on a national stock exchange or (ii) a lodging-focused hotel company that owns or operates at least 50 hotels (it being acknowledged and agreed to by the parties that for purposes of clause (i) and (ii), an entity which is Controlled by NS Parent shall not constitute a Chatham Competitor, provided that if NS Parent undergoes a Parent Change in Control in a transaction with a Chatham Competitor, NS Parent shall be deemed to be a Chatham Competitor.

"Chatham Guarantor" has the meaning set forth in Section 1.11(c).

"Chatham Guaranty" means that certain Guaranty of Recourse Obligations, dated as of the Effective Date, by Chatham REIT in favor of the beneficiaries thereof, as same may be hereafter amended or modified.

"Chatham Ink I Managing Member" means Chatham Lodging, L.P.

"Chatham Managing Member" has the meaning set forth in the Preamble.

"Chatham Managing Member Effective Date Deemed Capital Contribution" has the meaning set forth in Section 2.2(a).

"Chatham Principal" means Jeffrey Fisher.

"Chatham REIT" means Chatham Lodging Trust, a Maryland real estate investment trust.

"Close Associate" means a Person who is widely and publicly known (or is actually known) to be a close associate of a Senior Foreign Political Figure.

"Code" means the Internal Revenue Code of 1986, as amended from time to time.

"Company" has the meaning set forth in the Preamble.

"Contributing Members" has the meaning set forth in Section 2.2(d).

"Control" means, with respect to any Person, the power of another Person, through ownership of equity, contract rights or otherwise, to direct the management and policies of such Person, and "Controlled" and "Controlling" have correlative meanings.

"Covered Entity" means (a) NS, (b) any Person acquiring all or substantially all of the assets of NS, and (c) any Person acquiring all or substantially all of a class of assets of NS, provided, in the case of each of clauses (a) through (c), that the equity value of NS Managing Member does not exceed 50% of the value of such Person, provided, further, that the condition set forth in the preceding proviso need not be satisfied in the case of a Permitted Corporate Transaction that is a spin-off described in clause (vii) of the definition thereof.

"Cure" means, with respect to any action or failure to act triggering a right to Cure, that such action or failure to act, to the extent that it triggered the right to Cure, has been discontinued, and all parties adversely affected by such action or failure to act have been made whole in all material respects as if such action or failure to act had not occurred.

"Current Lender" means JPMorgan Chase Bank, National Association.

"Depreciation" means, for each Fiscal Period, an amount equal to the depreciation, amortization or other cost recovery deduction allowable with respect to an asset for such Fiscal Period, except that if the Gross Asset Value of such asset differs from its adjusted basis for federal income tax purposes at the beginning of such Fiscal Period, Depreciation shall be an amount that bears the same ratio to such beginning Gross Asset Value as the federal income tax depreciation, amortization, or other cost recovery deduction for such Fiscal Period bears to such beginning adjusted tax basis; provided, however, that if the adjusted basis for federal income tax purposes of an asset at the beginning of such Fiscal Period is zero, Depreciation shall be determined with reference to such beginning Gross Asset Value using any reasonable method selected by the Tax Matters Member.

"Effective Date" has the meaning set forth in the Preamble.

"Effective Date Deemed Capital Contributions" means (a) with respect to a Member, as the context requires, either the NS Managing Member Effective Date Deemed Capital Contributions or the Chatham Managing Member Effective Date Deemed Capital Contributions made by such Member and (b) with respect to all Members, all NS Managing Member Effective Date Deemed Capital Contributions and all Chatham Managing Member Effective Date Deemed Capital Contributions, collectively.

"Environmental Law" means all applicable laws, including, for this purpose, all common law, governing public health or safety, workplace health or safety, pollution or the protection of the environment.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time.

"Excess Promote Amount" has the meaning set forth in Section 7.4(a).

"Exchange Act" means the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder.

"Expedited Arbitration" has the meaning set forth in Section 3.2(i).

"Expense Reimbursement" has the meaning set forth in Section 3.1(c).

"Failed Contribution" has the meaning set forth in Section 2.2(d).

"Fair Market Value" means (a) the Initiating Party Fair Market Value, if the Notice Recipient accepts the Initiating Party Fair Market Value pursuant to Section 3.8(c), (b) the fair market value agreed upon by and between the Initiating Party and the Notice Recipient pursuant to Section 3.8(c)(v) or (c) the fair market value determined pursuant to the appraisal process described in Section 3.8(d).

"Fair Market Value Additions" means only the following additions to the Fair Market Value: (a) cash in the bank accounts of the Company and each Property Company (including, without limitation, cash in bank accounts established with or by third parties for the benefit of the Company and each Property Company (e.g., lockbox accounts, accounts under Hotel Management Agreements, third party property management agreements, reserves under franchise agreements, etc.)) and other Company and Property Company revenues as of the Option Closing Date, (b) net accounts receivable accrued by the Company and the Property Companies (other than rents or similar payments from tenants, licensees, concessionaires or similar parties) as of the Option Closing Date, (c) any utility deposits made by the Property Companies, and (d) cash deposited securing any bonds, letters of credit, or other amounts posted by the Company or any Property Company.

"Fair Market Value Prorations" means the following prorations and adjustments to the Fair Market Value (which prorations shall be deducted from or added to the Fair Market Value in the same manner as deductions or additions to a sale price would occur between a buyer and seller in an arms-length transaction in connection with a sale of the Assets to a third party): (a) rents, occupancy charges and similar revenues paid or payable by the Company or the Property Companies, (b) rents and other amounts payable by the Property Companies under or pursuant to any ground leases (if applicable), (c) real estate taxes in respect of the Assets, (d) any other taxes and/or assessments affecting the Company, the Property Companies or the Assets (other than income taxes or gross receipt taxes), (e) insurance premiums due and payable (or paid) with respect to the Company, the Property Companies or the Assets, (f) license and/or permit fees that are either due and payable or have been prepaid with respect to the Company or the Property Companies, (g) utility charges that are either due and payable or have been prepaid with respect to the Assets, the Company or the Property Companies, (h) intentionally omitted, (i) amounts paid or payable under service, management, development or construction contracts entered into by the Company or the Property Companies, and (j) any accounts payable of the Company or the Property Companies outstanding as of the Option Closing Date.

"Family Member" means, with respect to any specified natural person, (a) any parent, child, descendant or sibling of such natural person (including relationships resulting from adoption) or (b) the spouse of such natural person or of any person covered by clause (a).

"Fiscal Period" means (a) the period commencing on the Effective Date and ending on December 31, 2014, (b) any subsequent 12-month period commencing on January 1 and ending on December 31 and (c) any portion of the period described in clauses (a) and (b) of this sentence (i) for which the Company is required to allocate Profits, Losses and other items of Company income, gain, loss or deduction pursuant to Article VI and (ii) ending on the date of an adjustment to the Gross Asset Value pursuant to clause (b) of the definition of "Gross Asset Value".

"Fiscal Year" means (a) the period commencing on the Effective Date and ending on December 31, 2014, (b) any subsequent 12-month period commencing on January 1 and ending on December 31 and (c) the period commencing on the immediately preceding January 1 and ending on the date on which all property of the Company is distributed to the Members pursuant to Article X.

"FMV Determination Date" has the meaning set forth in Section 3.8(e)(2).

"Funded Amount" has the meaning set forth in Section 2.2(d).

"Governmental Entity" means a court, arbitral tribunal, administrative agency or commission or other governmental or other regulatory authority or agency.

"Gross Asset Value" means, with respect to any asset, the asset's adjusted basis for federal income tax purposes, except as follows:

(a) the initial Gross Asset Value of any asset contributed by a Member to the Company shall be the fair market value of such asset at the time it is accepted by the Company, unreduced by any liability secured by such asset, as reasonably determined by the Managing Member;

(b) the Gross Asset Values of all Assets shall be adjusted to equal their respective fair market values, unreduced by any liabilities secured by such assets, as reasonably determined by the Managing Member as of the following times: (i) the acquisition of an additional interest in the Company by any new or existing Member in exchange for more than a de minimis Capital Contribution; (ii) the distribution by the Company to a Member of more than a de minimis amount of property as consideration for an interest in the Company; (iii) the grant of more than a de minimis interest in the Company as consideration for the provision of services to or for the benefit of the Company by an existing Member acting in a partner capacity or by a new Member acting in a partner capacity or in anticipation of being a partner; and (iv) the liquidation of the Company within the meaning of Regulations Section 1.704-1(b)(2)(ii)(g); provided, however, that (x) an adjustment described in clauses (i), (ii) or (iii) of this paragraph shall be made only if the Managing Member reasonably determines that such an adjustment is necessary to reflect the relative economic interests of the Members and (y) the Managing Member shall have adjusted the Gross Asset Values of all Assets to equal their respective fair market values immediately following the Mergers (as defined in the Purchase and Sale Agreement) and immediately prior to the distribution of the Specified Hotel Interests (as defined in the Purchase and Sale Agreement) pursuant to Section 2(a)(ii) of the Purchase and Sale Agreement and for purposes of that revaluation the Managing Member shall treat the Assets as having an aggregate fair market value equal to the Grossed-Up Purchase Price (as defined in the Purchase and Sale Agreement).

(c) the Gross Asset Value of any Asset distributed to any Member shall be adjusted to equal the fair market value of such asset on the date of distribution, unreduced by any liability secured by such asset, as reasonably determined by the Managing Member; and

(d) the Gross Asset Value of all Assets shall be increased (or decreased) to reflect any adjustments to the adjusted basis of such assets pursuant to Code Section 734(b) or Code Section 743(b), but only to the extent that such adjustments are taken into account in determining Capital Accounts pursuant to Regulations Section 1.704-1(b)(2)(iv)(m) and paragraph (f) of the definition of "Profits" and "Losses" or Section 8.2(g); provided, however, that Gross Asset Value shall not be adjusted pursuant to this paragraph (d) to the extent that an adjustment pursuant to paragraph (b) is required in connection with a transaction that would otherwise result in an adjustment pursuant to this paragraph (d).

If the Gross Asset Value of an asset has been determined or adjusted pursuant to paragraphs (a), (b) or (d) of this definition, such Gross Asset Value shall thereafter be adjusted by the Depreciation taken into account with respect to such asset for purposes of computing Profits and Losses.

"Hazardous Substance" means any material, substance or waste as to which liability or standards of conduct may be imposed pursuant to any Environmental Laws.

"Hotel Management Agreement" means, collectively, those certain Hotel Management Agreements, dated as of the Effective Date, by and between Island Hospitality Management and each Property Leaseco.

"Hotel Manager" has the meaning set forth in the definition of Major Decision.

"Immediate Family Member" includes the parents, siblings, spouse, children, and spouse's parents and siblings, of a Senior Foreign Political Figure.

"Indemnifiable Losses" has the meaning set forth in Section 11.1.

"Indemnified Person" has the meaning set forth in Section 11.1.

"Initiating Party" has the meaning set forth in Section 3.8(c)(ii).

"Initiating Party Fair Market Value" has the meaning set forth in Section 3.8(c)(ii).

"Ink I" means INK Acquisition LLC, a Delaware limited liability company.

"Ink I Available Cash" means "Available Cash" as defined in the Ink I LLC Agreement.

"Ink I Capital Contributions" means "Capital Contributions" as defined in the Ink I LLC Agreement.

"Ink I Effective Date Deemed Capital Contributions" means "Effective Date Deemed Capital Contributions" as defined in the Ink I LLC Agreement.

"Ink I LLC Agreement" means the Limited Liability Company Agreement of Ink I, effective as of the Effective Date, as may be amended in accordance therewith.

"Ink I Subsidiary Companies" means a direct or indirect subsidiary of the Ink I through which Ink I indirectly holds an ownership, leasehold or other interest in one or more Properties. The Ink I Subsidiary Companies existing as of the Effective Date are set forth on Schedule B of the Ink I LLC Agreement.

"Internal Rate of Return" means the annual percentage rate, compounded monthly, which, when utilized to calculate the present value of the aggregate amount of all actual distributions of Available Cash to NS Managing Member hereunder and Ink I Available Cash to NS Ink I Managing Member when made, causes such present value of such aggregate distributions to equal the present value of the sum of NS Managing Members' aggregate Capital Contributions to the Company and NS Ink I Managing Member's aggregate Ink I Capital Contributions to Ink I. The present value of NS Managing Member's Effective Date Deemed Capital Contribution to the Company is the nominal amount thereof and the present value of NS Managing Member's additional Capital Contributions to the Company (other than Effective Date Deemed Capital Contributions) is the nominal amount of such additional Capital Contribution discounted back from the date such Capital Contribution was made utilizing said annual percentage rate. The present value of NS Ink I Managing Member's Ink I Effective Date Deemed Capital Contribution is the nominal amount thereof and the present value of NS Ink I Managing Member's additional Ink I Capital Contributions to Ink I (other than Ink I Effective Date Deemed Capital Contributions) is the nominal amount of such additional Ink I Capital Contribution discounted back from the date such Ink I Capital Contribution was made utilizing said annual percentage rate. All equity contributions and distributions will be assumed to have occurred on the first day of the month in which they were made and all present values shall be calculated as if discounted back to the date of the first day of the month in which each of the Effective Date Deemed Capital Contribution and Ink I Effective Date Deemed Capital Contribution was made. In the case that there are multiple capital events within a given calendar month, the amounts of the capital events will be summed as if they had occurred simultaneously on the 15th day of that calendar month. For all relevant purposes of this definition "Internal Rate of Return" shall be calculated by NS Managing Member using the Microsoft Excel XIRR function (or if such function is no longer available, such other software program for calculating internal rate of return as shall have been reasonably determined by NS Managing Member which approximates Microsoft Excel XIRR as close as reasonably possible).

"Involuntary Bankruptcy" has the meaning set forth in the definition of Bankruptcy.

"IPO Entity" has the meaning set forth in Section 3.2(g)(vii).

"IRS" means the U.S. Internal Revenue Service, or any successor government agency.

"Island Hospitality Management" means Island Hospitality Management, Inc. or one of its Affiliates.

"JPM Loan" means collectively, (i) that certain mortgage loan, in the original principal amount of $635,000,000, made on the Effective Date, by Current Lender, as lender, to certain Ink I Subsidiary Companies, as borrower, (ii) that certain mezzanine loan, in the original principal amount of $130,000,000, made on the Effective Date, by Current Lender, as lender, to certain Ink I Subsidiary

Companies, as borrower and (iii) that certain mezzanine loan, in the original principal amount of $75,000,000, made on the Effective Date, by Current Lender, as lender, to certain Ink I Subsidiary Companies, as borrower.

"Lender" means the lender under any Loan Documents to be executed with respect to a Loan, including, without limitation, Current Lender.

"Loan" means a loan obtained or assumed by the Company or any of its Subsidiaries, as borrower, secured by all or any portion of any Asset or by equity interests of any Subsidiary of the Company.

"Loan Documents" means any and all loan documents to be executed by the Company or any of its Subsidiaries, as applicable, and the Lender in connection with a Loan.

"Major Decision" means any determination to cause the Company or any Subsidiary of the Company to:

(a) directly or indirectly acquire, or execute and deliver any documents, agreements or instruments necessary to close on the direct or indirect acquisition by the Company or any Subsidiary of the Company of, any Assets, except as set forth in the then-approved Operating Budget or the then-approved Business Plan;

(b) (A) sell, assign, transfer, encumber or dispose of the Company, any Property Company, any Assets, or any revenue-generating business of the Company or any Property Company, or agree to any of the foregoing, or (B) except as expressly provided in this Agreement or in the then-approved Operating Budget or the then-approved Business Plan, improve, design, rehabilitate, alter, or repair (collectively, the "Repairs") of any of the Assets, provided, however, that the Managing Member may make or caused to be made Repairs not contemplated by the then-approved Operating Budget if (i) any such Repair is required by any franchisor under the applicable franchise agreement or any other agreement with the franchisor, (ii) emergency action or expenditures is necessary to prevent imminent risk to the health and safety of Persons on or about the Assets, imminent material property damage or imminent imposition of criminal or civil sanctions against the Company or any Member (each, an "Emergency Expenditure"), provided that (1) any such Emergency Expenditure made without approval of all the Members is, in the Managing Member's commercially reasonable judgment, reasonable and necessary under the circumstances set forth above and (2) the Managing Member endeavors diligently and in good faith (x) to notify the Members of any such Emergency Expenditure promptly in writing and (y) attempts to obtain verbal approval of the Members for any required Emergency Expenditure, or (iii) if the aggregate cost of such Repairs fall within the thresholds set forth in clause (l) of this definition;

(c) except as otherwise expressly permitted by this Agreement, call for Capital Contributions, approve Capital Calls or determine the portion of the then-approved Operating Budget that is to be funded by equity and by debt, or raise any new equity for any Subsidiary of the Company or admit any new member, partner or owner to the Company or any of its Subsidiaries;

(d) make any operating expenditure or incur any operating obligation by or on behalf of the Company that varies materially from the then-approved Operating Budget other than an Emergency Expenditure made pursuant to the procedures set forth in clause (b) of this definition and expenditures that fall within the thresholds set forth in clause (l) of this definition;

(e) execute or modify, amend, supplement, terminate, extend or renew leases with tenants for occupancy of space in any Asset or ground leases affecting any Asset (or grant any consents or exercise remedies thereunder), except to the extent delegated to the Hotel Manager pursuant to the Hotel Management Agreements or set forth in the then-approved Operating Budget or the then-approved Business Plan;

(f) enter into, modify or terminate any contractual arrangements with service providers (including lenders, attorneys, consultants, appraisers, third party property managers, brokerage companies, general contractors, accountants, auditors, architects, banks or other depositaries and all other service providers) for services to be rendered in connection with the business of the Company; provided, however, that (i) until further written notice, NS Managing Member hereby delegates the tasks set forth in this subsection (f) to the Managing Member, so long as all such services are expressly provided for and are not in excess of the amounts budgeted for such services in the then-approved Operating Budget and Business Plan and either (x) are terminable, without cause or fee, upon not more than thirty (30) days' notice, (y) have a stated term of not more than one year, or (z) are expressly approved in writing by NS Managing Member, (ii) NS Managing Member hereby authorizes the Managing Member to cause the Property Leasecos to engage Island Hospitality Management to act as the hotel manager of all of the Properties on behalf of the Property Leasecos (the "Hotel Manager") pursuant to the Hotel Management Agreements and (iii) the entry into, modification or termination of any contractual arrangement that requires an annual payment by the Company of $25,000 or less, or the determination to take any of the foregoing actions, shall not be considered a Major Decision;

(g) incur or pay any real estate taxes, insurance premiums, or any assessments or charges with respect to the ownership and operation of any Asset, except to the extent provided for in the then-approved Operating Budget or delegated to the Hotel Manager pursuant to the Hotel Management Agreement;

(h) make distributions to the Members other than as set forth in Article VII of this Agreement;

(i) establish reserves, determine reserve levels or make any distributions from any such reserves, except as set forth in the then-approved Operating Budget or the then-approved Business Plan;

(j) except as set forth in the then-approved Operating Budget or the then-approved Business Plan, cause or permit the Company to finance all or any portion of any Asset (other than trade debt incurred in the ordinary course of business consistent with the then-approved Operating Budget), agree to the form, substance, provider or documentation pertaining

to any Loan, modify, restructure or terminate any Loan or repay any Loan except in accordance with the express terms of the applicable Loan, or enter into, modify or amend any documents, agreements or instruments relating to any Loan;

(k) except to the extent expressly set forth in the then-approved Operating Budget or the then-approved Business Plan, select or determine any insurance plans, carriers or coverages to be purchased and maintained by or on behalf of the Company or any Property Company;

(l) taking into account amounts spent under clause (l) of the definition of Major Decision in the Ink I LLC Agreement, make any expenditures which are at variance with the then-approved Operating Budget or Business Plan (A) (1) with respect to any Operating Expense (as defined in the applicable Hotel Management Agreement) for any Asset unless Operating Expenses for such Asset would not exceed the estimated Operating Expenses for such Asset as set forth in the then-current and approved Operating Budget with respect to such Asset by five percent (5%) or more (in the aggregate, but not by line item) and (2) with respect to any other expenditure not described in clause (1), unless the variance in question does not exceed a particular summary line item by the lesser of (x) $50,000 or (y) 10% of that summary line item, and (B) unless the overall Operating Budget for the Company and Ink I is not exceeded in the aggregate by more than 2.5% (excluding, for purposes of the foregoing calculation, the use of any contingency line items set forth in the then-approved Operating Budget)), and provided that in any case the Managing Member may make an Emergency Expenditure pursuant to the procedures set forth in clause (b) of this definition);

(m) grant or convey any easement, lien, ground lease, mortgage, deed, deed of trust, bill of sale, contract or other instrument purporting to convey or encumber any Asset, either wholly or in part;

(n) take any Bankruptcy action on behalf of the Company or any of its Subsidiaries;

(o) institute any legal or arbitration proceedings in the name of the Company, settle any legal or arbitration proceedings against the Company or confess any judgment against the Company or any Asset, other than (i) the institution of an eviction action, a suit for breach of a tenant lease or other similar proceeding contemplated in or provided for in the then-approved Operating Budget or the then-approved Business Plan or (ii) settlements or compromises for litigation or arbitration providing solely for the payment of money damages where the amount paid (after giving effect to any insurance proceeds) in settlement or compromise does not exceed $50,000;

(p) execute, deliver or file any agreement, permit, request, application or filing with any governmental agency, any neighboring property owner, any community organization or any similar regulatory body, or send any correspondence to or have any other material communications with, any governmental agency, which directly binds the Company or any of its Affiliates or any Member or any of its Affiliates, or which advocates a position on behalf of the Company or its Affiliates or any Member or its Affiliate (excluding correspondence,

communications and other actions with respect to ministerial matters consistent with the then-approved Operating Budget and the then-approved Business Plan);

(q) approve any investment other than as contemplated by this Agreement or approve any renovation or disposition of any Asset, except as expressly authorized by the then-approved Business Plan and other than an Emergency Expenditure or Repair made pursuant to the procedures set forth in clause (b) of this definition;

(r) enter into any exclusivity, competition or confidentiality agreement that is or purports to be binding upon any Member or any of its Affiliates or interest holders;

(s) enter into any settlements with any third party or any consent decree, order (judicial or otherwise) with any Governmental Entity, related to the breach of any Environmental Law, or the sampling, monitoring, treatment, remediation, removal or clean up of Hazardous Substances with respect to the Assets;

(t) knowingly take or approve, or refrain from taking or approving, any action that is reasonably likely to lead to a default under any Loan Documents or to a material dispute with any Lender;

(u) knowingly take or approve, or refrain from taking or approving, any action that could trigger a recourse provision under any then-outstanding Loan;

(v) approve any marketing plans or agreements with respect to any Assets, except as expressly authorized by the then-approved Business Plan;

(w) require or permit the Company to make any loan to any Member or any of its Affiliates, or require or permit any loan to be made by any Member to the Company;

(x) cause the Company or any Property Company to execute or deliver any indemnity or guaranty;

(y) change the Company's depreciation and accounting methods and make other decisions with respect to the treatment of various transactions for federal income tax purposes, and change the Company's elections for federal, state or local income tax purposes, provided, however, that NS Managing Member's ability, as Tax Matters Member, to cause the Company to make an election under Section 754 of the Code with respect to the Company's taxable year that will end on the Closing Date in accordance with Treasury Regulations section 1.708-1(b)(3)(ii) as a result of a "technical termination" of the Company as a partnership under Section 708(b)(1)(B) of the Code and Treasury Regulations section 1.708-1, shall not constitute a Major Decision;

(z) amend this Agreement (or the corresponding organizational documents of any Subsidiary of the Company) in any respect;

(aa) take or approve any action relating to any tax certiorari proceeding or other tax appeal affecting any Assets;

(bb) recapitalize, reclassify, redeem, repurchase or otherwise acquire any equity or other interests of the Company or any Subsidiary of the Company;

(cc) merge, consolidate or dissolve the Company or any of its Subsidiaries;

(dd) remove and replace Island Hospitality Management as Hotel Manager;

(ee) permit or cause any Transfer that may reasonably be expected to cause the assets of the Company or any Subsidiary of the Company to be deemed "plan assets" (within the meaning of 29 C.F.R. 2510.3-101, as modified by Section 3(42) of ERISA);

(ff) enter into any swap, hedge, collar or other interest rate protection agreement;

(gg) enter into any lease, whether as lessor or lessee, other than short term storage leases in connection with a capital program or equipment leases in the ordinary course of business;

(hh) take any action that could reasonably be expected to cause the Chatham Managing Member or the NS Managing Member to fail to qualify as a TRS;

(ii) enter in any transaction that could reasonably be expected to cause Chatham REIT or NS REIT to incur a liability for the tax on "prohibited transactions" under Code Section 857(b)(6);

(jj) cause any rebranding of properties or entry into new franchise agreements or amend, supplement, terminate, extend or renew any franchise agreements (or grant any material consents or exercise material remedies thereunder);

(kk) approve or implement any Operating Budget or Business Plan, as set forth in Section 3.5;

(ll) except as otherwise expressly permitted pursuant to this Agreement or the then-current Operating Budget or Business Plan, entering into, amending or modifying agreements if such action would result in the Company, Ink I or their respective Subsidiaries being required to make expenditures not permitted by clause (l);

(mm) entering into any agreement with an Affiliate of a Member other than pursuant to Section 4.4;

(nn) causing the Company or any Subsidiary other than a Property Company or Property Leaseco to hold any assets other than (x) the interests in its Subsidiaries as of the Effective Date, (y) any cash reserves intended for distributions to the Members or to pay Company expenses or (z) any other assets that the Managing Member is permitted to acquire and hold pursuant to the then-effective Operating Budget;

(oo) entering into or terminating, disposing of or materially amending the terms of any joint venture to which the Company or any of its Subsidiaries is a party;

(pp) changing the principal banking institutions with which the Company or its subsidiaries maintain deposit, borrowing or other relationships;

(qq) causing the Company or any Property Company to employ any Person (it being acknowledged that neither the Company nor any Property Company shall have any employees);

(rr) materially changing the line(s) of business of the Company and its Subsidiaries or conducting business in a jurisdiction other than the United States; or

(ss) the disposition of any casualty insurance proceeds and the application of any condemnation award, including the settlement of any casualty insurance proceeds with an insurance company or the settlement of any condemnation award with any condemning authority on behalf of the Company or any of the Property Companies.

"Managing Member" means Chatham Managing Member, in its capacity as Managing Member of the Company, and any successor thereto appointed in accordance with this Agreement.

"Member" has the meaning set forth in the Preamble.

"Member Representatives" has the meaning set forth in Section 12.12.

"Monthly Expense Amount" has the meaning set forth in Section 3.1(c)(i).

"Necessary Capital" means any capital that is not Non-Discretionary Capital that is needed from time to time by the Company or any Property Company for Company or Property Company purposes.

"Nonrecourse Built-in Gain" shall mean the amount of taxable gain that would be allocated to a Member under Section 704(c) of the Code (or in the same manner as Section 704(c) of the Code in connection with a revaluation of Company property) if the Company disposed of (in a taxable transaction) all Company property subject to one or more Nonrecourse Liabilities of the Company in full satisfaction of the liabilities and for no other consideration.

"Nonrecourse Deductions" shall have the meaning set forth in Treasury Regulations Section 1.704-2(b)(1), and the amount of Nonrecourse Deductions for a Fiscal Year shall be determined in accordance with the rules of Treasury Regulations Section 1.704-2(c).

"Nonrecourse Liability" shall have the meaning set forth in Treasury Regulations Section 1.752-1(a)(2).

"Non-Contributing Member" has the meaning set forth in Section 2.2(d).

"Non-Discretionary Capital" means (x) payments required to be made by the Company or any Property Company to (a) avoid or minimize the imminent threat of either (i) loss or impairment of life or of personal injury or (ii) damage to any Asset of the Company or a Property Company or (b) make any repairs or capital improvements or take other action immediately required in order to avoid a violation of any laws, orders, rules, regulations and other requirements enacted, imposed or enforced by any governmental authority or (y) any Capital Contributions that are expressly contemplated by the approved Operating Budget or the then-approved Business Plan.

"Non-Proposing Member" has the meaning set forth in Section 3.7(a).

"Non-Proposing Member's Deposit" has the meaning set forth in Section 3.7(b).

"Notice Recipient" has the meaning set forth in Section 3.8(c)(ii).

"Notice Response" has the meaning set forth in Section 3.8(c)(ii).

"NRFC" means NorthStar Realty Finance Corp., a Maryland corporation, or any entity that succeeds to all or substantially all of the assets and liabilities thereof pursuant to a Permitted Corporate Transaction.

"NRFC Sub-REIT" means NRFC Sub-REIT Corp., a Maryland corporation, or any entity that succeeds to all or substantially all of the assets and liabilities thereof pursuant to a Permitted Corporate Transaction.

"NS" means (a) NRFC, (b) NRFC Sub-REIT, (c) NorthStar Realty Finance Limited Partnership, a Delaware limited partnership, or any entity that succeeds to all or substantially all of the assets and liabilities thereof pursuant to a Permitted Corporate Transaction, or (d) NSAM.

"NSAM" means NorthStar Asset Management Group, Inc., a Delaware corporation, or any entity that succeeds to all or substantially all of the assets and liabilities thereof pursuant to a Permitted Corporate Transaction.

"NS Competitor" means (a) a Person that is then in a pending material litigation filed in court with NS or any Affiliate of NS that has been disclosed by NS or its Affiliate entity in public filings with the Securities and Exchange Commission (other than (1) litigation in connection with the applicable Parent Change in Control with respect to Chatham REIT and (2) litigation involving individuals who are directors or officers of NS unrelated to their capacity as such); or (b) any Person (other than a hotel REIT or Person for whom the Chatham Principal serves as chief executive officer) that (i) is engaged in the business of lending on or owning commercial real estate in the United States and (ii) (A) owns total gross assets in excess of $1,000,000,000 or (B) has total assets (in name or under management) in excess of $1,000,000,000.

"NS Guarantor" has the meaning set forth in Section 1.11(c).

"NS Ink I Managing Member" means Platform Member-T, LLC.

"NS Managing Member" has the meaning set forth in the Preamble.

"NS Managing Member Effective Date Deemed Capital Contribution" has the meaning set forth in Section 2.2(a).

"NS Operating Company Managing Members" means, collectively, NS Managing Member and NS Ink I Managing Member.

"NS Parent" means NRFC or, if NSAM Controls the NS Managing Member, NSAM.

"NS REIT" means NRFC Sub-REIT or NRFC.

"OFAC" means the U.S. Department of the Treasury's Office of Foreign Assets Control.

"OFAC Sanctions Programs" means any countries, territories, individuals or entities that are prohibited pursuant to the laws, regulations or Executive Orders administered by OFAC, including the List of Specially Designated Nationals and Blocked Persons administered by OFAC, as such list may be amended from time to time.

"Officer" means any officer of the Company or any Subsidiary thereof appointed in accordance with this Agreement or by the manager of such Subsidiary.

"Operating Budget" means the annual operating budget for the ownership, operation, leasing, marketing and sale of the Properties and Assets, as applicable, and any liabilities or obligations of the Company and Ink I, as in effect from time to time pursuant to Section 3.5 hereof and in the Ink I LLC Agreement (it being acknowledged and agreed that (i) the Operating Budget shall initially be based on the Final Operating Budget (as such term is defined in the Hotel Management Agreements) and shall then incorporate any additional costs and expenses of the Company and Ink I not included in the Final Operating Budget (including, without limitation, costs of any Chatham Company Personnel) and (ii) the Operating Budget shall have a line item reimbursing NS Managing Member and the NS Ink I Managing Member, as applicable, for any third party consultant retained by NS Managing Member and the NS Ink I Managing Member, as applicable, to oversee the activities and operation of the Company, Ink I, the Assets and the Properties, as applicable, which expenses shall not exceed Three Hundred Thousand Dollars ($300,000) per Fiscal Year in the aggregate under this Agreement and the Ink I LLC Agreement).

"Option Closing" has the meaning set forth in Section 3.8(e)(i).

"Option Closing Date" has the meaning set forth in Section 3.8(e)(i).

"Option Closing Period" has the meaning set forth in Section 3.8(e)(ii).

"Option Interests" has the meaning set forth in Section 3.8(a).

"Option Notice" has the meaning set forth in Section 3.8(b).

"Option Price" has the meaning set forth in Section 3.8(c)(i).

"P&L Statement" has the meaning set forth in Section 4.2(a).

"Parent Change in Control" means, as of any date, with respect to NS Parent or Chatham REIT, as applicable:

(a) any merger, consolidation or similar business combination of NS Parent or Chatham REIT, as applicable, into or with another Person as a result of which holders of the voting securities of NS Parent or Chatham REIT, as applicable, immediately prior to the consummation of the transaction hold, directly or indirectly, immediately following the consummation of the transaction, equity interests in the surviving entity in such transaction or its ultimate parent possessing less than a majority of the voting power of such surviving entity or ultimate parent; or

(b) any other transaction (other than a merger, consolidation or similar business combination, which is addressed by clause (a)), including the sale by NS Parent or Chatham REIT, as applicable, of new equity interests or a transfer of existing equity interests of NS Parent or Chatham REIT, as applicable,, the result of which is that any other Person or group of related Persons, directly or indirectly, acquires (i) beneficial ownership (as defined under Section 13(d) of the Exchange Act) of equity interests of NS Parent or Chatham REIT, as applicable, representing a majority of NS Parent's or Chatham REIT's, as applicable, voting power or (ii) a majority of the assets of NS Parent or Chatham REIT, as applicable.

"Partnership Minimum Gain" shall have the meaning set forth in Treasury Regulations Section 1.704-2(b)(2), and the amount of Partnership Minimum Gain, as well as any net increase or net decrease in Partnership Minimum Gain for a Fiscal Year shall be determined in accordance with the rules of Treasury Regulations Section 1.704-2(d).

"Percentage Interest" means, with respect to any Member, such Member's ownership interest in the Company, calculated as the percentage obtained by dividing the Capital Contributions of such Member by the aggregate Capital Contributions of all the Members. As of the Effective Date, the Percentages Interests of the Members are set forth on Schedule A.

"Permitted Corporate Transaction" means any of the following: (i) a direct or indirect Transfer of the stock or other equity interests in a Covered Entity, (ii) the direct or indirect creation of new stock (including separate classes of stock) or other equity interests in a Covered Entity, (iii) direct or indirect stock splits or reverse stock splits in a Covered Entity, (iv) redemption of stock or equity interests by a Covered Entity, (iv) the conversion of a Covered Entity that is a REIT from a public to a private company or vice versa, (v) the conversion of a Covered Entity that is a public company to a private company or vice versa, (vi) any reorganization, merger, consolidation, recapitalization, restructuring or similar transaction with respect to a Covered Entity, (vii) the spin-off or formation of a company or entity that has as its direct or indirect majority owners any Covered Entity or shareholders of a Covered Entity, or Affiliates of any of the foregoing; and (viii) any other transaction that modifies, changes, or affects the ownership or control of a Covered Entity or all or substantially all of the assets of a Covered Entity.

"Permitted Transfer" means the sale, transfer or encumbrance of the stock, partnership interest or limited liability company interest in a Member or any corporation, partnership, trust, limited liability company or other entity that directly or indirectly holds an interest in a Member, provided that such sale, transfer or encumbrance does not constitute a Change in Control (it being acknowledged and agreed (x) that a Member may from time to time consist of one or more members, partners, managers

and other persons that may contribute funds or loan funds to a Member to be used in connection with the obligations of a Member under this Agreement, provided that if such contribution or loan does not constitute a Permitted Corporate Transaction then the foregoing shall only be permitted if it does not result in a Change in Control, (y) any such sale, transfer or encumbrance that does constitute an Change in Control shall require the consent of the other Member and (z) notwithstanding anything to the contrary in the foregoing clauses (x) or (y) or elsewhere in this Agreement, a Permitted Corporate Transaction shall be deemed a Permitted Transfer).

"Person" means any individual, corporation, association, partnership (general or limited), joint venture, trust, joint-stock company, estate, limited liability company, Series, unincorporated organization or other legal entity or organization.

"Portfolio Sale Blackout Period" means any period commencing on the date when NS Managing Member delivers to Chatham Managing Member notice (a "Portfolio Sale Notice") of its good faith intention to sell all or substantially all of the Assets and ending six (6) months following such date, unless NS Managing Member enters into a purchase agreement for such sale during such six-month period, in which case such period shall end nine (9) months following the date such Portfolio Sale Notice is delivered; provided, that if NS Managing Member delivers a Buy/Sell Notice to Chatham Managing Member during any Portfolio Sale Blackout Period, then such Portfolio Sale Blackout Period shall end on the date of such delivery; provided, further, that NS Managing Member shall not be permitted to deliver a subsequent Portfolio Sale Notice until six (6) months after the end of a Portfolio Sale Blackout Period.

"Post-Termination Major Decision" means any determination to cause the Company or any Subsidiary of the Company to take any action described in clauses (h), (r), (z), (bb), (hh) or (ii) of the definition of "Major Decisions".

"President and CEO" has the meaning set forth in Section 3.4(d)(i).

"Priming Capital Contribution" has the meaning set forth in Section 2.2(d).

"Priming Capital Contribution Return" means with respect to each Priming Capital Contribution and as of the date of calculation, an amount equal to (x) the accrued and unpaid per annum interest at twenty percent (20%) on Priming Capital Contributions made by a Contributing Member in connection with Capital Calls for Necessary Capital and (y) the accrued and unpaid per annum interest at fifteen percent (15%) on Priming Capital Contributions made by a Contributing Member in connection with Capital Calls for Additional Capital Contributions other than for Necessary Capital, which accrued and unpaid interest, in either instance, shall (i) commence accruing as of the date of funding of the applicable Priming Capital Contribution, (ii) compound monthly, to the extent not paid from distributions of Available Cash from Operations under Section 7.1(a)(i) or Available Cash from Capital Event under Section 7.1(b)(i) (as applicable), and (iii) be calculated on the basis of a 360-day year composed of twelve (12) months of thirty (30) days each, except that the interest payable in respect of any period less than a full calendar month shall be calculated by multiplying the actual number of days elapsed in such period by a daily rate based on a 360-day year.

"Prior Agreement" has the meaning set forth in the Recitals.

"Profits" or "Losses" means for each Fiscal Period, an amount equal to the taxable income or loss for such Fiscal Period. Such amount shall be determined in accordance with Code Section 703(a) (for this purpose, all items of income, gain, loss, or deduction required to be stated separately pursuant to Code Section 703(a)(1) shall be included in taxable income or loss), with the following adjustments (without duplication):

(a) any income that is exempt from federal income tax and not otherwise taken into account in computing Profits or Losses pursuant to this definition shall be added to such taxable income or loss;

(b) any expenditures described in Code Section 705(a)(2)(B) or treated as Code Section 705(a)(2)(B) expenditures pursuant to Regulations Section 1.704-1(b)(2)(iv)(i), and not otherwise taken into account in computing Profits or Losses pursuant to this definition shall be subtracted from such taxable income or loss;

(c) in the event the Gross Asset Value of any Asset is adjusted pursuant to paragraphs (b) or (c) of the definition of Gross Asset Value, the amount of such adjustment shall be taken into account as an item of gain (if the adjustment increases the Gross Asset Value of the asset) or an item of loss (if the adjustment decreases the Gross Asset Value of the asset) from the disposition of such asset and shall be taken into account for purposes of computing Profits or Losses;

(d) gain or loss resulting from any disposition of property with respect to which gain or loss is recognized for federal income tax purposes shall be computed by reference to the Gross Asset Value of property disposed of, notwithstanding that the adjusted tax basis of such property differs from its Gross Asset Value;

(e) in lieu of depreciation, amortization, and other cost recovery deductions taken into account in computing such taxable income or loss there shall be taken into account Depreciation for such Fiscal Period, computed in accordance with the definition of Depreciation; and

(f) to the extent an adjustment to the adjusted tax basis of any Asset pursuant to Code Section 734(b) or 743(b) is required pursuant to Regulations Section 1.704-1(b)(2)(iv)(m) to be taken into account in determining Capital Accounts as a result of a distribution other than in liquidation of a Member's interest in the Company, the amount of such adjustment shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases the basis of the asset) from the disposition of the asset and shall be taken into account for purposes of computing Profits or Losses.

"Promote" means any right of the Chatham Managing Member to receive distributions of Available Cash under Section 7.1(b)(iii)(A), Section 7.1(b)(iv)(A) and Section 7.1(b)(v)(A).

"Promote Forfeiture Event" means any event under clauses (b)(i) (provided that the applicable breach is a Willful Breach), (b)(ii), (e), (g) (but solely if the event constituting a Termination Event (as defined in the Ink I LLC Agreement) under the Ink I LLC Agreement was in respect of clauses

(b)(i) (provided that the applicable breach is a Willful Breach), (b)(ii), (e), (i) or (j) of the definition of "Termination Event" under the Ink I LLC Agreement), (i) and (j) of the definition of "Termination Event".

"Promote Payment Loan" has the meaning set forth in Section 7.4(b).

"Properties" means the hotel properties listed on Schedule B of the Ink I LLC Agreement, and any other property (real, personal or mixed) or real estate acquired by the Company in accordance with this Agreement or Ink I in accordance with the Ink I LLC Agreement.

"Property Company" means a direct or indirect subsidiary of the Company through which the Company indirectly holds an ownership, leasehold or other interest in one or more Assets. The Property Companies existing as of the Effective Date are set forth on Schedule B hereto.

"Property Leasecos" means each of Grand Prix Fixed Lessee, LLC and INK Lessee, LLC, each a Delaware limited liability company, that will be indirectly or directly owned by the Company.

"Proposing Member" has the meaning set forth in Section 3.7(a).

"Proposing Member's Deposit" has the meaning set forth in Section 3.7(a).

"Purchase and Sale Agreement" means that certain Purchase and Sale Agreement, dated as of May 8, 2014, by and among certain affiliates of Cerberus Real Estate Capital Management, LLC, as sellers, and the NewINK, LLC, as buyer, and the other parties thereto.

"Purchasing Member" means either (a) the Proposing Member or any person, partnership, corporation, limited liability company or other entity designated by the Proposing Member, if the Non-Proposing Member elects (or is deemed to have elected) to sell pursuant to Section 3.7, it being acknowledged that there shall be no restrictions on the right of the Proposing Member (concurrently with the Buy/Sell Closing but not prior thereto) to assign or transfer its right to purchase the Non-Proposing Member's membership interest in the Company (including, without limitation, a right to assign such rights to more than one entity), provided that no such transfer shall release the Proposing Member from its obligation to consummate the Buy/Sell Closing, shall delay the Buy/Sell Closing Date, shall decrease the amounts ultimately payable to the Non-Proposing Member or shall, in the Non-Proposing Member's reasonable judgment, expose the Non-Proposing Member to any increased risk or liability (including, without limitation, income tax liability) in excess of that which it would have had in the event there were no such transfer or (b) the Non-Proposing Member or any person, partnership, corporation, limited liability company or other entity designated by the Non-Proposing Member, if the Non-Proposing Member elects to purchase pursuant to Section 3.7, it being acknowledged that there shall be no restrictions on the right of the Non-Proposing Member (concurrently with the Buy/Sell Closing but not prior thereto) to assign or transfer its right to purchase the Proposing Member's membership interest in the Company (including, without limitation, a right to assign such rights to more than one entity), provided that no such transfer shall release the Non-Proposing Member from its obligation to consummate the Buy/Sell Closing or shall delay the Buy/Sell Closing Date.

"Put Notice" has the meaning set forth in Section 3.8(a).

"Put Option" has the meaning set forth in Section 3.8(c)(i).

"Put Option Commencement Date" has the meaning set forth in Section 3.8(a).

"QIB" means a "qualified institutional buyer" within the meaning of Rule 144A under the 1933 Act.

"Qualified IPO" shall mean an initial public underwritten (firm commitment) offering of equity securities of the Company or an IPO Entity; provided that (a) equity interests with associated Percentage Interests of not less than 10% in the aggregate are sold in the Qualified IPO, (b) the equity interests sold in the Qualified IPO are approved for listing on the New York Stock Exchange, Nasdaq or another US national securities exchange and (c) in the case of a Qualified IPO Demand made on or prior to the first anniversary of the date of this Agreement, the equity capitalization of the Company or IPO Entity, as applicable, based on the price of the equity interests to be sold in the Qualified IPO, is reasonably acceptable to Chatham Managing Member.

"Regulations" means the federal income tax regulations promulgated by the Treasury Department under the Code, as such regulations may be amended from time to time. All references herein to a specific section of the Regulations shall be deemed also to refer to any corresponding provisions of succeeding Regulations.

"REIT" means an entity that qualifies as a "real estate investment trust" under Code Sections 856 through 860.

"Representative" has the meaning set forth in Section 10.2.

"Removal Notice" has the meaning set forth in Section 3.2(h).

"Response Notice" has the meaning set forth in Section 3.2(i).

"Selling Member" means the Member that elects (or is deemed to have elected) to sell pursuant to Section 3.7.

"Senior Foreign Political Figure" means (a) a current or former senior official in the executive, legislative, administrative, military or judicial branches of a non-U.S. government (whether elected or not), a current or former senior official of a major United States political party or a current or former senior executive of a non-U.S. commercial enterprise, (b) a corporation, business or other entity that has been formed by or for the benefit of a Senior Foreign Political Figure; (c) an immediate family member of a Senior Foreign Political Figure; and (d) a close associate of a Senior Foreign Political Figure. For purposes of this definition, a "senior official or "senior executive" means an individual with substantial authority over policy, operations, or the use of government-owned resources.

"Spin-Off Blackout Period" means any period commencing on the date when NS Managing Member delivers to Chatham Managing Member (a) notice of its good faith intention to effectuate a Permitted Corporate Transaction that is a spin-off described in clause (vii) of the definition thereof or (b) a Call Notice in respect of a spin-off pursuant to Section 3.8 (a notice described in clause (a) or a Call Notice, a "Spin-Off Notice") and ending on the earliest of (i) twelve (12) months following such date, (ii) the consummation of such spin-off, (iii) the date when NS Managing Member notifies Chatham Managing Member that is not pursuing such spin-off, and (iv) the date NS Managing Member

delivers a Buy/Sell Notice; provided, however, that NS Managing Member shall not be permitted to deliver a subsequent Spin-Off Notice until six (6) months after the end of a Spin-Off Blackout Period.

"Subsidiary" of a Person means any corporation, partnership, limited liability company, trust and other entity, whether incorporated or unincorporated, with respect to which such Person, directly or indirectly, legally or beneficially, owns (i) a right to a majority of the profits of such entity; or (ii) securities having the power to elect a majority of the board of directors or similar body governing the affairs of such entity.

"Tax Matters Member" has the meaning set forth in Section 8.1.

"Termination Event" means (a) the occurrence of a Failed Contribution with respect to any Capital Contribution (other than an Effective Date Deemed Capital Contribution) for which a Capital Call has been made by Chatham Managing Member, (b)(i) any material breach of Chatham Managing Member's obligations hereunder (other than a Failed Contribution) or (ii) any gross negligence, willful misconduct, misappropriation of funds or fraud, in each case committed by the Chatham Principal (so long as he is an Affiliate of Chatham Managing Member, it being understood that he is such an Affiliate as of the date hereof), Chatham Managing Member or any Affiliate of Chatham Managing Member in connection with the performance of Chatham Managing Member's obligations hereunder, in each case other than such material breach, gross negligence, willful misconduct, misappropriation of funds or fraud that, if capable of being Cured, is Cured within thirty (30) days after Chatham Managing Member receives written notice thereof; provided, however, (i) if such misappropriation of funds or fraud is committed knowingly by the Chatham Principal then the Chatham Managing Member shall not have an opportunity to Cure such misappropriation of funds or fraud and such misappropriation of funds or fraud shall immediately constitute a Termination Event and (ii) it shall not be a breach of Chatham Managing Member's obligations hereunder if (x) Chatham Managing Member takes an action that would be a Major Decision as defined in clause (t) or (u) of the definition thereof that is approved by a Member other than the Managing Member to the extent such other Member is authorized to give such direction or (y) Chatham Managing Member refuses to take an action that would be a Major Decision as defined in clause (t) or (u) of the definition thereof as a result of an affirmative veto or lack of approval by a Member other than the Managing Member to the extent such other Member is authorized to give such veto or approval, (c) the reduction of Chatham Managing Member's Percentage Interest to a percentage of less than 5% hereof, (d) the failure of the Chatham Principal to remain as active in the management and business of Chatham REIT as he is as of the date of this Agreement, (e) any direct or indirect Transfer of an interest in Chatham Managing Member that is not a Transfer permitted under Article V hereof, unless such Transfer, if capable of being Cured, is Cured within thirty (30) days after the occurrence thereof, (f) the failure of Chatham Managing Member to timely satisfy its binding obligation to sell as a selling Member or to purchase as a purchasing Member, as applicable, under and as set forth in Section 3.7 and Section 3.8 below, (g) the termination of the Chatham Ink I Member as managing member of Ink I as a result of a Termination Event (for purposes of this clause (g), as defined in the Ink I LLC Agreement), (h) Chatham Managing Member is subject to any Bankruptcy Action, (i) Chatham Managing Member or any Affiliate of Chatham Managing Member takes any improper action which results in a material default under a Loan, any franchise agreement affecting any of the Assets or any ground lease affecting any of the Assets, unless such default, if capable of being Cured, is Cured within thirty (30) days after the occurrence thereof, (j) Chatham Managing Member or any Affiliate of Chatham Managing Member breaches its obligations set forth in Section 12.17 of this Agreement or (k) there is a Change

in Control with respect to Chatham Managing Member, or a Parent Change in Control with respect to Chatham REIT, that in either instance results in Chatham Managing Member being Controlled by a NS Competitor (unless, in the case of this clause (k), the Chatham Principal remains chief executive officer of Chatham REIT (or its successor pursuant to such Change of Control or Parent Change of Control) upon consummation of such Change of Control or Parent Change of Control).

"Third Party Claim" has the meaning set forth in Section 11.6.

"Transaction Costs" means the transaction costs and expenses incurred by the Members or their Affiliates in connection with the consummation of the transactions contemplated by the Purchase and Sale Agreement, including, without limitation (i) the purchase of the Cerberus Interests (but excluding the purchase price therefor), (ii) any transfer taxes and other closing costs in connection therewith that are borne by the "Purchaser" under the Purchase and Sale Agreement, (iii) the fees, costs and disbursements of counsel to the Members and the Company, including the fees and costs of Duval & Stachenfeld LLP as counsel to NS Managing Member, the fees and costs of Hunton & Williams LLP as tax counsel to NS Managing Member, the fees and costs of Wachtell, Lipton, Rosen & Katz, as counsel to Chatham Managing Member and the fees and costs of Hunton & Williams LLP as tax counsel to Chatham Managing Member, (iv) the establishment of any Working Capital Reserve upon the Effective Date in an amount reasonably determined by NS Managing Member, (v) the fees, costs and disbursements paid to Current Lender in connection with the repayment of the indebtedness owing thereto on the Effective Date that are borne by the "Purchaser" under the Purchase and Sale Agreement and (vi) other fees, costs and expenses (including due diligence costs, the costs of any environmental consultants and other expenses incurred by the Members or their Affiliates prior to the Effective Date) which are approved by both of the Members.

"Transfer" means any direct or indirect sale, assignment, pledge, hypothecation or other transfer or encumbrance of an interest in any Member or any Member's Interest in the Company, whether by operation of law or otherwise (including, without limitation, the withdrawal of any Person having any direct or indirect interest in any Member); provided that the sale or transfer of capital stock or other equity interests in Chatham REIT or any entity that succeeds to all or substantially all of the assets and liabilities thereof (whether by merger, consolidation or otherwise) shall not be considered a Transfer of any interests in Chatham REIT (or such successor) or its Affiliates, including Chatham Managing Member, provided further, without limiting the ability of NS to effectuate a Permitted Corporate Transaction, that the sale or transfer of capital stock or other equity interests in a publicly traded entity comprising part of NS shall not be considered a Transfer of any interests in NS or its Affiliates, including NS Managing Member.

"Treasury Regulations" means the federal income tax regulations promulgated by the Treasury Department under the Code, as such regulations may be amended from time to time. All references herein to a specific section of the Treasury Regulations shall be deemed also to refer to any corresponding provisions of succeeding Treasury Regulations.

"TRS" means an entity that qualifies as a "taxable REIT subsidiary" under Code Section 856(l).

"Value Acceptance Notice" has the meaning set forth in Section 3.8(c)(iii).

"Value Dispute Notice" has the meaning set forth in Section 3.8(c)(iii).

"Value Negotiation Period" has the meaning set forth in Section 3.8(c)(v).

"Voluntary Bankruptcy" has the meaning set forth in the definition of Bankruptcy.

"Voting Representative" has the meaning set forth in Section 10.2.

"Willful Breach" means an intentional and willful material breach of this Agreement or the Ink I LLC Agreement, as applicable, that is the consequence of an act or omission by a party with the actual knowledge that the taking of such act or failure to take such act would cause a breach of this Agreement or the Ink I LLC Agreement, applicable.

"Wind-Down Expenses" has the meaning set forth in Section 3.2(h).

"Working Capital Operating Reserve" means a reserve for the working capital and other needs of the Company and/or any Property Company. The parties acknowledge that any Working Capital Sale Reserve that is established pursuant to the sale of the Assets shall be separate and apart from the Working Capital Operating Reserve and, without limitation of the foregoing, the funds determined to be placed in any such Working Capital Sale Reserve shall not, unless otherwise reasonably determined by NS Managing Member, reduce the funds that shall remain in the Working Capital Operating Reserve.

"Working Capital Reserve" means, as the context requires, the Working Capital Operating Reserve or the Working Capital Sale Reserve, as applicable. The parties acknowledge that the funds contributed by the Members on the Effective Date shall remain with the Company as the initial Working Capital Reserve to be disposed of in accordance with the then-approved Operating Budget or the then-approved Business Plan.

"Working Capital Sale Reserve" means, with respect to the sale of an Asset, a reserve for the working capital and other needs of the Company and/or the applicable Property Company that pertains to the Asset that has been sold, in each case as is reasonably determined by NS Managing Member.

Any capitalized term not defined herein shall have the meaning ascribed to such term in the Act.

Section 1.7 Certificates. Each Officer of the Company is an authorized Person within the meaning of the Act to execute, deliver and file any certificates (and any amendments and/or restatements thereof) necessary for the Company to qualify to do business in a jurisdiction within the United States in which the Company may wish to conduct business.

Section 1.8 Term. The term of the Company shall begin on the date the Certificate of Formation was filed with the Secretary of State of the State of Delaware and shall continue until terminated in accordance with the provisions hereof or pursuant to the Act.

Section 1.9 [Reserved]

Section 1.10 Property Companies. The Managing Member shall perform, with no additional compensation, substantially identical services for each Property Company as the Managing Member performs for the Company, subject to the terms, conditions, limitations and restrictions set forth in this Agreement. The Managing Member agrees to perform such duties, and, in such circumstances and with regard to such duties, the Managing Member shall be subject to the same standards of conduct and shall have the same rights and obligations with regard to such duties performed or to be performed on behalf of any such Property Company as are set forth in this Agreement with regard to substantially identical services to be performed for or on behalf of the Company. Without limiting the generality of the foregoing, the Members agree to make such non-economic changes as any Lender(s) may require with respect to this Agreement and/or to the organizational documents of the Property Companies, including, without limitation, the addition of a non-member manager and/or independent director to the structure of any Property Company to the extent not already in place. The Property Companies are listed on Schedule B hereto and such Property Companies shall be subject to this Section 1.10.

Section 1.11 Liability of Members.

(a) No Member shall have any duty to any other Member or to the Company beyond those specifically set forth in this Agreement, any Contribution Agreement and the Chatham Guaranty.

(b) Except as otherwise expressly provided in the Act, the debts, obligations and liabilities of the Company, whether arising in contract, tort or otherwise, shall be solely the debts, obligations and liabilities of the Company, and no Member shall be obligated personally for any such debt, obligation or liability of the Company or of any other Member solely by reason of being a member of the Company. Except as otherwise expressly provided in the Act or this Agreement, the liability of each Member to the Company shall be limited to the amount of Capital Contributions required to be made by such Member, from time to time, in accordance with the provisions of this Agreement.

(c) Except as otherwise provided in this Agreement or under applicable laws or Regulations, the Members shall not be required to lend any funds to the Company or, after their respective Capital Contributions shall have been made, to make any further contributions to the Company or to repay to the Company, any Member or any creditor of the Company all or any portion of any negative amount in their respective Capital Accounts. Subject to the terms of this Agreement, the Managing Member may, on behalf of the Company or any of its Subsidiaries, at any time and from time to time, apply for and secure one or more Loans, in such amounts, at such rates and on such other terms as are set forth in the then-applicable Operating Budget and then-applicable Business Plan or as may be agreed by the Members then permitted to approve Major Decisions. The Company shall use commercially reasonable efforts

to either obtain (or to cause its Subsidiaries to obtain) such Loan(s) on a fully nonrecourse basis or to have such Loan(s) provide that any liability for customary non-recourse "carveouts" and for environmental liabilities will be limited to the Company and its assets (and/or one or more Subsidiaries thereof and its or their assets); provided, however, that if such efforts are unsuccessful, then the Chatham REIT or a Subsidiary of the Chatham REIT acceptable to Lender (such entity, the "Chatham Guarantor"), together with NS Managing Member or an Affiliate thereof acceptable to Lender ("NS Guarantor" and, together with Chatham Guarantor, the "Carveout Guarantors"), shall execute and deliver one or more Carveout Guarantees in forms reasonably acceptable to Lender and such Carveout Guarantors, providing for recourse to such Carveout Guarantors in favor of the applicable Lender; provided, further, however, if the Lender requires one or more Carveout Guarantees, but does not require an NS Guarantor to execute and deliver any such Carveout Guarantee, then the Chatham Guarantor shall execute the Carveout Guarantees solely.

Notwithstanding anything to the contrary herein, neither Member shall have an obligation to enter into (or to cause any Affiliate thereof to enter into) any Carveout Guaranty unless and until the other Member (and, in the event that no NS Guarantor is executing such Carveout Guaranty, NRFC Sub-REIT) executes and delivers to such Person a contribution agreement in substantially the same form as the contribution agreement executed by the parties in connection with the JPM Loan, which form is attached hereto as Schedule D (each such agreement, a "Contribution Agreement"). A breach by a party of a Contribution Agreement shall be deemed to be a breach by such party (or, if such party is not a Member, by any Affiliate thereof that is a Member) of this Agreement.

ARTICLE I.

PERCENTAGE INTERESTS, CAPITAL CONTRIBUTIONS AND CAPITAL ACCOUNTS

Section 1.12 Percentage Interests. Each Member will receive a Percentage Interest in the Company for such Member's Capital Contributions.

Section 1.13 Capital Contributions.

(a) Effective Date Deemed Capital Contributions. On the Effective Date:

(i) NS Managing Member shall be deemed to make a capital contribution to the Company (the "NS Managing Member Effective Date Deemed Capital Contribution") in an amount equal to $89,722.20;

(ii) Chatham Managing Member shall be deemed to make a capital contribution to the Company (the "Chatham Member Effective Date Deemed Capital Contribution") in an amount equal to $10,277.80; and

(iii) the Company shall reimburse the Members for the Transaction Costs incurred by them and their respective Affiliates.

(b) Additional Capital Contributions. (i) Subject to the terms and conditions of this Agreement, NS Managing Member (without obtaining prior approval from Chatham Managing Member) shall have the right to deliver a Capital Call for any Additional Capital Contribution that constitutes either (1) Non-Discretionary Capital or (2) Necessary Capital, provided in each case that such capital call is made in good faith (*e.g.*, not for the purpose of seeking to dilute or subordinate the Chatham Managing Member's interests pursuant to Section 2.2(d)), (ii) Chatham Managing Member (without obtaining prior approval from NS Managing Member) shall have the right to deliver a Capital Call Notice for any Additional Capital Contribution that constitutes Non-Discretionary Capital, and (iii) both NS Managing Member and Chatham Managing Member shall have the right (after obtaining the prior approval of the other) to deliver a Capital Call Notice for any Additional Capital Contribution other than those set forth in clauses (i) and (ii). No capital contributions shall be permitted other than Additional Capital Contributions pursuant to the preceding sentence or Effective Date Deemed Capital Contributions, except with the consent of both NS Managing Member and Chatham Managing Member.

(c) Payment of Capital Contributions. Capital Contributions by the Members shall be made in U.S. dollars by wire transfer of federal funds to an account or accounts of the Company specified by the Company.

(i) Each Member shall be required to fund its pro rata share (in accordance with Percentage Interests) of any Additional Capital Contribution, except as provided in clause (ii).

(ii) If, as of the date any Capital Call is made, Chatham Managing Member has received distributions in respect of the Promote, (A) Chatham Managing Member shall be required to fund a percentage of the applicable Additional Capital Contribution equal to the highest percentage of a distribution of Available Cash From Capital Event that Chatham Managing Member would have been entitled to receive pursuant to Section 7.1(b) if the Promote were recalculated as of such date (a "Hypothetical Promote Calculation"), provided that the Hypothetical Promote Calculation and applicable percentage shall be further recalculated with each dollar of funds so contributed by Chatham Managing Member (e.g., by way of illustration only, if the Hypothetical Promote Calculation would have resulted in Chatham Managing Member receiving $250,000 pursuant to Section 7.1(b)(ii) at a level equal to its Percentage Interest, another $1,000,000 pursuant to Section 7.1(b)(iii) at a level equal to the Section 7.1(b)(iii) Aggregate Percentage and another $500,000 pursuant to Section 7.1(b)(iv) at level equal to the Section 7.1(b)(iv) Aggregate Percentage, Chatham Managing Member shall be required to fund the Section 7.1(b)(iv) Aggregate Percentage of the applicable Additional Capital Contribution until it has contributed $500,000, then the Section 7.1(b)(iii) Aggregate Percentage of any remaining portion of the applicable Capital Contribution until it has contributed $1,000,000, and then its pro rata share (in accordance with its Percentage Interest) of any remaining portion of the applicable Capital Contribution and (B) NS Managing Member shall be required to fund the portion of the Additional Capital Contribution not required to be funded by Chatham Managing Member pursuant to clause (A).

(iii) Notwithstanding the foregoing, NS Managing Member shall determine the Hypothetical Promote Calculation and deliver same to Chatham Managing Member in writing, setting out in reasonable detail the basis for such calculation. Within ten (10) days of receipt of such notice, Chatham Managing Member shall either (x) agree to NS Managing Member's determination of the

Hypothetical Promote Calculation or (y) object to NS Managing Member's determination of the Hypothetical Promote Calculation (and failure to respond shall be deemed an election under clause (x)). In the event Chatham Managing Member elects pursuant to clause (y), (A) Chatham Managing Member shall describe the basis of such disagreement and such dispute shall be resolved by Expedited Arbitration pursuant to and in accordance with the Expedited Arbitration Procedures set forth in Schedule K attached hereto and (B) the amount of Chatham Managing Member's Additional Capital Contribution shall be the amount calculated based on NS Managing Member's Hypothetical Promote Calculation. If Chatham Managing Member is successful in any such Expedited Arbitration, then any amount so funded by Chatham Managing Member in excess of the amount of Chatham Managing Member's Additional Capital Contribution based on the Hypothetical Promote Calculation determined by the Expedited Arbitration Procedures shall be promptly paid by the NS Managing Member to Chatham Managing Member.

(iv) Except as otherwise provided herein, no Member shall be entitled to any compensation by reason of its Capital Contribution or by reason of serving as a Member. No Member shall be required to lend any funds to the Company.

(d) Failure to Fund Capital Contributions. If a Member shall fail to timely make any Capital Contribution required pursuant to Section 2.2(c) (such Member being hereinafter referred to as a "Non-Contributing Member"), the Managing Member shall promptly give the other Members notice of the amount not funded by the Non-Contributing Member (such amount being hereinafter referred to as the "Failed Contribution"), and if one or more of such other Members shall have funded its ratable share of the Capital Contribution in question (each a "Contributing Member" and collectively, the "Contributing Members"), each Contributing Member shall have the right within fifteen (15) days after receipt of such notice to fund its pro rata portion of such Failed Contribution (such amount of all or any part of a Failed Contribution funded by such Contributing Member, the "Funded Amount"), and elect, at its sole election, to make such Additional Capital Contribution (i) as an Additional Capital Contribution by the Contributing Members (in which event the provisions of Section 2.2(d)(i) shall apply) or as (ii) a priming capital contribution to the Company in the amount of the Additional Capital Contribution required to be made by the Non-Contributing Member (the "Priming Capital Contribution") (in which event the provisions of Section 2.2(d)(ii) shall apply).

(i) Adjustment of Capital Contribution and Percentage Interest of Non-Contributing Member. If the Contributing Member elects to make an Additional Capital Contribution in lieu of a Non-Contributing Member, such Additional Capital Contribution shall be in the form of a Capital Contribution from the Contributing Member to the Company in lieu of the Non-Contributing Member. If the Contributing Member so determines, then on the date of such contribution by such Contributing Member (i) the Capital Contributions of the Contributing Member making such Additional Capital Contribution in lieu of the Non-Contributing Member (for all purposes under this Agreement, including, without limitation, the making of computations under Article VII and Article X) shall be deemed to be increased by an amount equal to one hundred percent (100%) of the Additional Capital Contribution made by such Contributing Member in lieu of the Non-Contributing Member, and (ii) the Percentage Interest of the Members shall be adjusted to take into consideration the increase in such Contributing Member's Capital Contributions (for all purposes under this Agreement, including, without limitation, the making of computations under Article VII and Article X). In the event that one or more Contributing Members elect to treat their respective Funded Amounts as Additional Capital Contributions

and the Non-Contributing Member subsequently contributes all or any portion of the Failed Contribution amount to the Company pursuant to the 10-day cure period in Section 3.6(a), (x) such contributed amount shall be distributed to the Contributing Member(s) pro rata in accordance with their respective Funded Amounts, and (y)(I) the Contributing Members' Percentage Interests shall be decreased by such distribution in respect of its Funded Amount and (II) the Non-Contributing Member's Percentage Interest shall be correspondingly increased.

(ii) Priming Capital Contribution. If the Contributing Member elects to make an Additional Capital Contribution as a Priming Capital Contribution, such Priming Capital Contribution shall earn the Priming Capital Contribution Return and shall be repaid from distributions of Available Cash pursuant to Section 7.1(a)(i) and Section 7.1(b)(i). If there is more than one Priming Capital Contribution during the term hereof which relate to separate Capital Calls, the oldest Priming Capital Contribution and interest thereon shall be repaid in full first, with any subsequent Priming Capital Contribution and interest thereon being repaid in the order same were advanced. Any amounts distributed to a Member in respect of a Priming Capital Contribution shall be allocated first, to the Priming Capital Contribution Return and second, to return of such Priming Capital Contribution. The Members acknowledge and agree that Priming Capital Contributions shall not adjust the Percentage Interests of the Members.

(e) Emergency Capital Contributions. Notwithstanding the foregoing provisions of this Section 2.2, if (i) NS Managing Member or Chatham Managing Member is entitled to deliver a Capital Call and the Chatham Managing Member or NS Managing Member, as applicable, believes, in its reasonable discretion, that the Additional Capital Contribution is required by the Company by a date that is sooner than the applicable date set forth in the Capital Call, and (ii) a Member is unable or unwilling to deliver its pro rata portion of such Additional Capital Contribution by such earlier date, then the other Members may, but shall have no obligation to, contribute 100% of such Additional Capital Contribution on such earlier date. In such event, (x) if the non-advancing Member subsequently funds its share (the "Required Contribution") of the applicable Additional Capital Contribution on or before the required date set forth in the Capital Call, then the Required Contribution shall be distributed to the advancing Member (but shall not be deemed a distribution of Available Cash) and, for the avoidance of doubt, shall not be treated as a Failed Contribution or (y) if the non-advancing Member does not subsequently fund the Required Contribution on or before the required date set forth in the Capital Call, then the advancing Member shall have the rights of a Contributing Member set forth in Section 2.2(d) above with respect to such Required Contribution.

Section 1.14 Capital Accounts.

(a) Capital Accounts. A capital account ("Capital Account") shall be maintained for each Member in accordance with this Section 2.3. Without limiting the generality of the foregoing, a Member's Capital Account shall be increased by (i) the amount of money contributed by the Member to the Company, including, for this purpose, Priming Capital Contributions, (ii) the initial Gross Asset Value of property contributed by the Member to the Company, as determined by the Contributing Member and the Managing Member (net of liabilities that the Company is considered to assume or take subject to pursuant to Code Section 752), (iii) allocations to the Member of Profits pursuant to Article VI, and (iv) the amount of

any Company liability assumed by such Member. A Member's Capital Account shall be decreased by (x) the amount of money distributed to the Member, (y) the Gross Asset Value of any property so distributed to the Member as determined by the distributee Member and the Managing Member (net of any liabilities that such Member is considered to assume or take subject to pursuant to Code Section 752), and (z) allocations to the Member of Losses pursuant to Article VI. The Capital Accounts of the Members shall be adjusted in accordance with Treasury Regulations Sections 1.704-1(b)(2)(iv)(f) and (g) when the Gross Asset Value of all Assets are adjusted pursuant to the definition of Gross Asset Value.

(b) Negative Capital Account. No Member shall be required to make up a deficit balance in such Member's Capital Account or to pay to any Member the amount of any such deficit in any such account.

(c) Credit of Capital Contribution. For purposes of computing the balance in a Member's Capital Account, no credit shall be given for any Capital Contribution which such Member is to make until such Capital Contribution is actually made. For the avoidance of doubt, it is agreed that any Effective Date Deemed Capital Contribution will not constitute a Capital Contribution for purposes of maintaining Capital Accounts.

(d) Transfer. In the event of a Transfer of all or a portion of a Member's interest in the Company in accordance with the terms of this Agreement, the transferee shall succeed to the Capital Account of the transferring Member to the extent it relates to the transferred interest.

Section 1.15 Admission of New Members. Unless otherwise permitted under Article V, new Members may only be admitted to membership in the Company with the approval of NS Managing Member and Chatham Managing Member. A new Member must agree in writing to be bound by the terms and provisions of the Certificate of Formation and this Agreement, each as may be amended from time to time, and must execute a counterpart of, or an agreement adopting, this Agreement or other related agreements as NS Managing Member and Chatham Managing Member may require. Upon admission, the new Member shall have all rights and duties of a Member of the Company; provided, however, that such new Member shall only be entitled to such voting rights as are expressly provided pursuant to this Agreement.

Section 1.16 Interest. No interest shall be paid or credited to the Members on their Capital Accounts or upon any undistributed amounts held by the Company.

Section 1.17 Capital Withdrawal Rights, Interest and Priority. Except as expressly provided in this Agreement, no Member shall be entitled to withdraw or reduce such Member's Capital Accounts in whole or in part until the dissolution, liquidation and winding-up of the Company, except to the extent that distributions pursuant to Article VII represent returns of capital. A Member who withdraws or purports to withdraw as a Member of the Company without

the consent of all of the Members or as otherwise allowed by this Agreement shall be liable to the Company for any damages suffered by the Company on account of the breach and shall not be entitled to receive any payment in respect of its Percentage Interest in the Company or a return of its Capital Contribution until the time otherwise provided herein for distributions to Members.

ARTICLE II.

MANAGEMENT OF THE COMPANY

Section 2.1 Company Governance. Each Member and the Company hereby agree that the Business and the Company shall be governed by the provisions of this Article III and that, accordingly, the Company shall cause its Subsidiaries to act in accordance with the determinations of the Company made pursuant to this Article III.

(a) The Company shall generally be managed by NS Managing Member and the Managing Member (which, as of the date hereof, is Chatham Managing Member), who shall have the overall responsibility for the management, operation and administration of the Company. Each of NS Managing Member and the Managing Member is, to the extent of its rights and powers set forth in this Agreement, an agent of the Company and the actions of the Company by and through such party taken in accordance with such rights and powers shall bind the Company. Except as authorized by the Managing Member or as set forth in this Agreement, no Member shall participate in the management and control of the Business or the Company nor shall any Member have the right or authority to act on behalf of the Company in connection with any matter.

(b) Limitation on Liability of Managing Member. The Managing Member shall not, solely by reason of being Managing Member, be personally liable for the expenses, liabilities or obligations of the Company whether arising in contract, tort or otherwise.

(c) Compensation and Reimbursement. (i) Provided that such amounts are contemplated by the Operating Budget, not less than five days before the first Business Day of each month, Chatham Managing Member and Chatham Ink I Managing Member shall provide the Members with a notice setting forth (x) Chatham Managing Member's good faith estimate of the out-of-pocket expenses that it will incur for such month in connection with its duties in its capacity as Managing Member of the Company and Chatham Ink I Managing Member's good faith estimate of the out-of-pocket expenses that it will incur for such month in connection with its duties in its capacity as managing member of Ink I, including, without limitation, Chatham Managing Member's and Chatham Ink I Managing Member's reasonable costs and expenses of any Chatham Company Personnel, less (y) any amounts paid to Chatham Managing Member and Chatham Ink I Managing Member previously in respect of a Monthly Expense Amount in excess of expenses actually incurred by Chatham Managing Member and Chatham Ink I Managing Member for such month, plus (z) any expenses actually incurred by Chatham Managing Member and Chatham Ink I Managing Member previously with respect to a given month exceeding the Monthly Expense Amount for such month (together, the "Monthly Expense

Amount"). So long as neither Chatham Managing Member nor any of its Affiliates is in material default of its obligations under this Agreement or the Ink I LLC Agreement, or, if such party is in material default, such material default has been cured within thirty (30) days after written notice of such material default is delivered to Chatham Managing Member and Chatham Ink I Managing Member, as applicable, by any other Member, and provided that Chatham Managing Member has not been removed as the Managing Member pursuant to Section 3.2(h) and Chatham Ink I Managing Member has not been removed as the Managing Member of Ink I pursuant to Section 3.2(h) of the Ink I LLC Agreement, the Company shall pay to Chatham Managing Member in its capacity as Managing Member (or, at the written direction of Chatham Managing Member, to a designated Affiliate of Chatham REIT), on the first Business Day of each month or as promptly as practicable thereafter, an amount equal to the Company's portion, determined based on a reasonable methodology agreed to between Chatham Managing Member and NS Managing Member, of the Monthly Expense Amount submitted for such month (the "Expense Reimbursement"), it being understood that such methodology may allocate different categories of expenses differently.

(ii) Except as expressly set forth in clause (i) above or in any separate agreement between the Managing Member and the Company, the Managing Member shall not receive compensation or reimbursement of its expenses for its services performed on behalf of the Company or other benefits it provides to the Company.

(iii) At any time in connection with its review of Chatham Managing Member's proposed Monthly Expense Amount for any month, NS Managing Member may in its reasonable discretion require that Chatham Managing Member eliminate the position(s) associated with particular Chatham Company Personnel and no longer include the costs associated with such position(s) as part of Chatham's Monthly Expense Amount, beginning with the Monthly Expense Amount that is three months after Chatham Managing Member is notified of such requirement from NS Managing Member; provided, that the Managing Member shall be permitted to include in the applicable Monthly Expense Amount for the month in which such expenses are to be paid all severance and related costs incurred in connection with the termination of such Chatham Company Personnel at NS Managing Member's request, to the extent the grant to such terminated Chatham Company Personnel of such severance obligation was approved by NS Managing Member or NS Ink I Managing Member, as applicable, at the time of grant.

(iv) Chatham Managing Member and NS Managing Member acknowledge and agree that the Operating Budget shall include reimbursement for any costs in connection with any third party retained by NS Managing Member to oversee the activities of Chatham Managing Member and the operation of the Company and the Property Companies, which costs shall not exceed Three Hundred Thousand Dollars ($300,000) per annum.

Section 2.2 Authority, Duties and Obligations of the Managing Member.

(a) The Member designated as the Managing Member (i) shall act in good faith and in the best interests of the Company and conduct and manage the day-to-day affairs of the Company in accordance with (A) the standard of care required of prudent and experienced

joint venture managers and of third party asset and property managers performing similar functions for similar properties, (B) customary industry standards, and (C) the then-approved Operating Budget and the then-approved Business Plan, in each case subject to the limitations on the Managing Member's authority and the rights granted solely to other Members set forth in this Agreement; (ii) shall perform the duties assigned to it hereunder; and (iii) shall use its best efforts to carry out all decisions permitted to be made unilaterally by NS Managing Member pursuant to this Agreement. In addition to the foregoing, the authority of the Managing Member shall be limited where (x) any Member's consent or approval is expressly required under this Agreement, (y) the consent or approval of any of the Members is expressly required by a non-waivable provision of applicable law, or (z) the Managing Member's authority is otherwise limited or rights are otherwise granted solely to other Members by the terms of this Agreement. Notwithstanding anything to the contrary contained herein, neither the Managing Member nor any other Member shall have any fiduciary duties, fiduciary obligations or other duties to the Company, any other Member or any other Person, except as expressly set forth in this Agreement.

(b) In furtherance of the foregoing, and subject in each case to the terms of this Agreement, including the restrictions on the Managing Member set forth in Section 3.6(b), the Managing Member shall (i) use commercially reasonable efforts to enforce all agreements entered into by the Company; (ii) use commercially reasonable efforts to cause the Company at all times to perform and comply with the provisions (including, without limitation, any provisions requiring the expenditure of funds) of any loan commitment, agreement, mortgage, lease or other contract, instrument or agreement to which the Company is a party or which affects any Asset; (iii) subject to the availability of the funds therefor, pay in a timely manner all non-disputed operating expenses of the Company in accordance with the terms of the then-approved Operating Budget and the then-approved Business Plan; (iv) subject to the availability of the funds therefor, obtain and maintain insurance coverage with respect to the Assets, at customary levels and in any event consistent with the requirements of any Loans, and, subject to the availability of the funds therefor, pay all non-disputed taxes, assessments, charges and fees payable in connection with the ownership, operation and sale of the Assets; (v) devote sufficient time to the performance of its duties hereunder in accordance with good industry practice and this Agreement; and (vi) provide NS Managing Member with copies of all material correspondence and other communications with any Lender pertaining to any Loan, as and when the same are delivered or received.

(c) The Managing Member hereby covenants and agrees that it shall cause its personnel, including all Chatham Company Personnel, to perform and/or supervise the performance of, as applicable, all of the day-to-day activities and/or duties required of the Managing Member under the terms of this Agreement; and (ii) no Chatham Company Personnel shall spend any business time as an employee of Chatham Managing Member on any project(s) other than the Business of Ink I, the Company and their respective Subsidiaries.

(d) Promptly following any request therefor by any Member, the Managing Member shall deliver to such Member a counterpart copy of any agreement, certificate or other document executed and delivered by the Managing Member in the name of or on behalf of the Company, and shall otherwise make available to any Member all of the books and records of the Company that are in the possession or control of the Managing Member during reasonable

business hours; provided, that from and after the occurrence of a Termination Event, this paragraph (d) shall apply only to NS Managing Member, and Chatham Managing Member shall no longer have any of the rights set forth in this paragraph (d).

(e) Provided that Chatham Managing Member has not been removed as the Managing Member pursuant to Section 3.2(g) hereof, the Chatham Principal and the other officers of the Managing Member shall at all times oversee the fulfillment of the duties of the Managing Member hereunder. Except as expressly provided or permitted herein, the Managing Member shall not delegate any of its rights or powers to manage and control the business and affairs of the Company without the prior written consent of NS Managing Member.

(f) The Managing Member hereby covenants and agrees that it shall not hold itself out to any third party as having any authority to act for or on behalf of the Company, or to bind the Company in any manner, other than to the extent that such authority is expressly granted to the Managing Member in Section 3.2(a) or otherwise granted herein or in writing by NS Managing Member. The Managing Member hereby acknowledges and agrees that notwithstanding anything set forth in this Section 3.2 to the contrary, the Managing Member shall not have any authority to act on behalf of the Company or to execute any documents, agreements or instruments on behalf of the Company other than to the extent that such authority is set forth in Section 3.2(a) or otherwise expressly granted under this Agreement or in writing by the Members, and the Managing Member, acting in such capacity, shall be subject, in all events, to the then-approved Operating Budget and Business Plan of the Company.

(g) Notwithstanding anything set forth in Section 3.2(a)-(j) hereof to the contrary, NS Managing Member shall have the power and authority, on behalf of the Company, to request, authorize and approve each of the following without the approval or consent of any other Member:

(i) Compel, cause and undertake the liquidation of the Company and take all actions related thereto, including the disposition of all then remaining Assets, so long as such liquidation will not (A) cause a default under any then existing Loan Documents, (B) cause Chatham Managing Member to incur or suffer any recourse liability under any then existing Loan Documents (including, without limitation, any Carveout Guaranty given by Chatham REIT or any of its Affiliates), (C) cause Chatham Managing Member or any of its Affiliates to become the subject of a Bankruptcy, (D) cause the Chatham Managing Member to fail to qualify as a TRS, (E) cause Chatham REIT to incur a liability for the tax on "prohibited transactions" under Code Section 857(b)(6), or (F) otherwise jeopardize the REIT status of Chatham REIT; provided, however, that NS Managing Member shall keep the other Members reasonably informed of any material actions undertaken pursuant to this clause (i) with respect to intended, planned or pending dispositions;

(ii) Demand and receive an updated Operating Budget and Business Plan (and require Chatham Managing Member to amend any Operating Budget due to a change in facts or circumstances from when the Operating Budget was initially approved) from the Managing Member, at any time and from time to time but in any event no more than once each fiscal quarter, together with such other reporting items or information as NS Managing Member may reasonably require;

(iii) Audit the books and records of the Company and any Property Companies; provided, however, that the Company shall only be required to pay for one such audit per calendar year, and any additional audits requested by NS Managing Member in any given calendar year shall be paid for by NS Managing Member;

(iv) Compel, cause and undertake the disposition of any Asset in an arms' length transaction to any Person other than NS Managing Member or an Affiliate of NS Managing Member, so long as such disposition will not (A) cause a default under any then existing Loan Documents, (B) cause Chatham Managing Member to incur or suffer any recourse liability under any then existing Loan Documents (including, without limitation, any Carveout Guaranty given by Chatham REIT or any of its Affiliates), (C) cause Chatham Managing Member or any of its Affiliates to become the subject of a Bankruptcy, (D) cause the Chatham Managing Member to fail to qualify as a TRS, (E) cause Chatham REIT to incur a liability for the tax on "prohibited transactions" under Code Section 857(b)(6), or (F) otherwise jeopardize the REIT status of Chatham REIT; provided, however, that NS Managing Member shall keep the other Members reasonably informed of any material actions undertaken pursuant to this clause (iv) with respect to intended, planned or pending dispositions;

(v) Take any action which may be reasonably necessary for the continuation of the Company's valid existence as a limited liability company under the laws of the State of Delaware; provided, however, that NS Managing Member shall keep the Managing Member reasonably informed of any material actions undertaken pursuant to this clause (v);

(vi) Approve any restructuring plan or take or refrain from taking any other action relating to the restructuring of the Company, any Property or any Loan, so long as such restructuring will not (A) cause a default under any then existing Loan Documents, (B) cause Chatham Managing Member to incur or suffer any recourse liability under any then existing Loan Documents (including, without limitation, any Carveout Guaranty given by Chatham REIT or any of its Affiliates), (C) cause Chatham Managing Member or any of its Affiliates to become the subject of a Bankruptcy, (D) cause the Chatham Managing Member to fail to qualify as a TRS, (E) cause Chatham REIT to incur a liability for the tax on "prohibited transactions" under Code Section 857(b)(6) (F) otherwise jeopardize the REIT status of Chatham REIT, or (G) be more adverse to any Member other than NS Managing Member than it is to NS Managing Member; provided, that the restrictions contained in this clause (G) shall not apply to a restructuring of the Company, any Asset or any Loan to the extent NS Managing Member has made a good faith determination that such restructuring is reasonably necessary to avoid, or mitigate the effects of, an existing default or an impending or imminent default under any Loan or franchise agreement and that the disproportionately adverse impact is reasonably necessary to consummate the restructuring on terms that, in NS Managing Member's good faith judgment, are in the aggregate most favorable to the Company; provided, further, that NS Managing Member shall keep the Managing Member reasonably informed of any material actions undertaken pursuant to this clause (vi);

(vii) Conduct an initial public offering of the Company into a separate public traded company upon at least 30 days' notice prior to the initial filing of the registration statement for such initial public offering (a "Qualified IPO Demand"), provided that Chatham Managing Member's consent shall be required with respect to such initial public offering unless (i) it is a Qualified IPO, (ii) such Qualified IPO does not adversely affect in any material respect Chatham Managing Member's rights and economic interests provided in this Agreement in a manner that is

disproportionate to any such effect on NS Managing Member, (iii) such Qualified IPO does not (I) cause the Chatham Managing Member to fail to qualify as a TRS, (II) cause Chatham REIT to incur a liability for the tax on "prohibited transactions" under Code Section 857(b)(6), or (III) otherwise jeopardize the REIT status of Chatham REIT, (iv) Chatham Managing Member receives customary piggyback registration rights in connection with such Qualified IPO and customary registration rights following such Qualified IPO, in each instance in this clause (iv), as applied to a non-controlling holder and (v) unless Chatham Managing Member sells membership interests in such Qualified IPO pursuant to piggyback rights, NS Managing Member reimburses the Company and IPO Entity for all registration expenses incurred by the Company or IPO Entity in connection with such Qualified IPO. Subject to the proviso in the preceding sentence, such Qualified IPO may be effectuated by whatever corporate or company action or restructuring is reasonably required by NS Managing Member in order to effectuate such Qualified IPO, including, by way of example only, by creating a new parent entity, subsidiary, parallel vehicle, or other entity formed in connection with or otherwise resulting from a restructuring of the legal status and/or capital structure of the Company (any such entity, an "IPO Entity"), which IPO Entity may be a corporation and may elect to be treated as a REIT for U.S. federal income tax purposes;

(viii) Cause the Company or any Property Company to refinance, amend or otherwise modify the terms and conditions of any Loan, so long as such refinancing will not (A) cause a default under any then existing Loan Documents, (B) cause Chatham Managing Member to incur or suffer any recourse liability under any then existing Loan Documents (including, without limitation, any Carveout Guaranty given by Chatham REIT or any of its Affiliates), (C) cause Chatham Managing Member or any of its Affiliates to become the subject of a Bankruptcy, (D) cause the Chatham Managing Member to fail to qualify as a TRS, (E) cause Chatham REIT to incur a liability for the tax on "prohibited transactions" under Code Section 857(b)(6), (F) otherwise jeopardize the REIT status of Chatham REIT or (G) be more adverse to any Member other than NS Managing Member than it is to NS Managing Member; provided, that NS Managing Member shall keep the Managing Member reasonably informed of any material actions undertaken pursuant to this clause (viii); and

(ix) Notwithstanding anything to the contrary contained herein, cause the Company or any Property Company to become the subject of a Bankruptcy.

(h) Upon the occurrence of a Termination Event, NS Managing Member shall have the right, in its sole and absolute discretion, to remove Chatham Managing Member as Managing Member hereunder by delivering written notice (a "Removal Notice") to Chatham Managing Member stating that NS Managing Member believes a Termination Event has occurred, describing the basis of such belief and specifying the applicable clause of the definition of "Termination Event" and the removal of the Chatham Managing Member shall be effective on the date set forth in the Removal Notice (which date may be the date of the Removal Notice or any date thereafter as designated by NS Managing Member). In the event that NS Managing Member removes Chatham Managing Member as Managing Member pursuant to this Section 3.2(h), (i) NS Managing Member shall have the right, in its sole and absolute discretion, to either become or designate an Affiliate to become the Managing Member of the Company or cause the Company to engage a third-party manager for the Company's business, (ii) the consent of Chatham Managing Member shall no longer be necessary for any Major Decision other than a Post-Termination Major Decision, and (iii) except in connection with a Promote Forfeiture Event

(in which case Chatham Managing Member shall not be entitled to Wind-Down Expenses), upon its removal as Managing Member, Chatham Managing Member may submit to the Company and NS Managing Member a good faith estimate of the amount of expenses (the "Wind-Down Expenses") it will reasonably incur in connection with the wind-down of its duties in its capacity as Managing Member, including without limitation Approved Severance Costs, together with reasonably detailed backup for such estimate, and the Company will promptly pay such Wind-Down Expenses to Chatham Managing Member (or, at the written direction of Chatham Managing Member, to a designated Affiliate of Chatham Managing Member); provided, that in no event shall the Company be required to pay to Chatham Managing Member under this Section 3.2(h) Wind-Down Expenses that, when aggregated with the Wind-Down Expenses payable by Ink I pursuant to Section 3.2(h) of the Ink I LLC Agreement, exceed $500,000 unless such excess amounts result from liabilities or obligations incurred in accordance with the applicable Operating Budget and Business Plan as approved by NS Managing Member and NS Ink I Managing Member at the time of incurrence as potential Wind-Down Expenses, or as otherwise approved in writing by NS Managing Member and NS Ink I Managing Member as potential Wind-Down Expenses.

(i) Notwithstanding the foregoing, in the event Chatham Managing Member seeks to contest whether a Termination Event occurred, Chatham Managing Member shall have the right to deliver a notice (the "Response Notice") on or prior to the date that is fourteen (14) days after Chatham Managing Member has been removed, which Response Notice shall state that Chatham Managing Member either (i) disagrees that a Termination Event has occurred and is submitting such dispute to an expedited arbitration hearing (each an "Expedited Arbitration") pursuant to and in accordance with the Expedited Arbitration Procedures set forth in Schedule K attached hereto or (ii) that Chatham Managing Member does not dispute that a Termination Event has occurred (it being agreed that if Chatham Managing Member fails to timely deliver a Response Notice it shall be deemed to have delivered a Response Notice pursuant to this clause (ii). If Chatham Managing Member is successful in any such Expedited Arbitration then, (A) Chatham Managing Member shall be reinstated as the Managing Member of the Company, and (B) NS Managing Member (or a third party appointed by NS Managing Member) shall be removed as the Managing Member. Chatham Managing Member acknowledges and agrees that (i) Chatham Managing Member shall not attempt to obtain injunctive relief or any other remedy available at law or equity to interfere with or delay the removal of the Chatham Managing Member, as the Managing Member, and (ii) if Chatham Managing Member breaches the foregoing, then NS Managing Member shall have the right to file a copy of this Section in any proceeding as conclusive evidence of the foregoing intent by the Chatham Managing Member.

(j) If Chatham Managing Member is removed as the Managing Member as a result of an act of fraud or misappropriation of funds by Chatham Managing Member or any Person affiliated with Chatham Managing Member (including the Chatham Principal) in connection with the performance of Chatham Managing Member's obligations hereunder, then from and after the date of removal of Chatham Managing Member, Chatham Managing Member shall forfeit its rights to deliver a Buy/Sell Notice under the provisions of Section 3.7.

(k) If Chatham Managing Member (or any Affiliate or principal of Chatham Managing Member) has any liability under a Carveout Guaranty, then NS Managing Member shall use good faith efforts to deliver to Chatham Managing Member as a condition to the removal of Chatham Managing Member as Managing Member a full and unconditional release from such Lender of all such liability other than any liability resulting directly from acts of Chatham Managing Member or its Affiliates prior to the effective date of such removal, provided that if Lender refuses to grant such release to Chatham Managing Member then NS Managing Member shall be required as a condition to the removal of Chatham Managing Member as Managing Member to deliver to Chatham Managing Member a full and unconditional release from such Lender of all liability under a Carveout Guaranty arising for events first occurring after the effective date of the removal of Chatham Managing Member as Managing Member (and not a release for all acts other than those arising from acts of Chatham Managing Member). In connection with the JPM Loan, the parties acknowledge and agree that NS Managing Member shall only be required to deliver to Chatham Managing Member a full and unconditional release of all liability under the Carveout Guaranty arising for events first occurring after the effective date of the removal of Chatham Managing Member as Managing Member (and not a release for all acts other than those arising from acts of Chatham Managing Member).

Section 2.3 Managing Member Certifications. Any Person dealing with the Company may rely (without duty of further inquiry) upon a certificate issued by the Company that is signed by the Managing Member or any of the Officers as to any of the following:

(a) the identity of any Member or Officer or other agent of the Company;

(b) the existence or nonexistence of any fact or facts which constitute(s) a condition precedent to acts by the Managing Member or the Members;

(c) the Person or Persons authorized to execute and deliver any instrument or document of the Company; or

(d) any act or failure to act by the Company or any other matter whatsoever involving the Company.

Section 2.4 Officers.

(a) Principal Officers. The Officers of the Company shall be a President and Chief Executive Officer, and may be a Chief Operating Officer, Chief Financial Officer, Secretary, Treasurer, one or more Vice Presidents, and one or more Assistant Treasurers or Assistant Secretaries.

(b) Other Officers. The Managing Member may also appoint such other Officers and agents as it shall deem necessary who shall hold their offices for such terms and shall, subject to the limitations set forth herein, exercise such powers and perform such duties as shall be determined from time to time by the Managing Member.

(c) Compensation. In no event shall the Company be required to pay any compensation to any Officer.

(d) Authority of Officers.

(i) The President and Chief Executive Officer (or "President and CEO") of the Company shall have general and active management of the Company, shall have the responsibility for the day-to-day management and operation of the Company, and shall see that all lawful orders and resolutions are carried out. The President and CEO shall execute bonds, mortgages and other contracts except where the signing and execution shall be expressly delegated by the Members or, to the extent permitted by this Agreement, the Managing Member to one or more other officers or agents of the Company.

(ii) If appointed, the Chief Operating Officer, Chief Financial Officer, Vice Presidents, Treasurer, Secretary, Assistant Treasurers and Assistant Secretaries shall have the powers and duties described in this Section 3.4, as may be modified from time to time by the Managing Member:

1) Chief Operating Officer. The Chief Operating Officer shall have responsibility for the day-to-day management and operation of the Business, general oversight of the operation of the Company's operations and employees, and other such duties and responsibilities as determined by the President and CEO or the Managing Member.

2) Chief Financial Officer. The Chief Financial Officer shall have responsibility for the day-to-day management and general oversight of the accounting and finance function of the Company and supervision of any Treasurer and Assistant Treasurers, and other such duties and responsibilities as determined by the President and CEO, the Chief Operating Officer or the Managing Member.

3) The Vice Presidents. The Vice Presidents shall perform such duties and have such powers as the Managing Member or the President and CEO or the Chief Operating Officer may from time to time prescribe.

4) The Secretary; Assistant Secretary. The Secretary shall attend all meetings of the Members and record all the proceedings of the meetings of the Company and of the Members in a book to be kept for that purpose and shall perform like duties for any standing committees when required. He or she shall give, or cause to be given, notice of all meetings of committees of the Company, and shall perform such other duties as may be prescribed by the Managing Member or the President and CEO, under whose supervision he or she shall be. In the absence of the Secretary or in the event of his or her incapacity or refusal to act, or at the direction of the Secretary, any Assistant Secretary may perform the duties of the Secretary.

5) The Treasurer; Assistant Treasurer. The Treasurer shall have the custody of the Company's funds and securities and shall keep full and accurate accounts of

receipts and disbursements in books belonging to the Company and shall deposit all moneys and other valuable effects in the name and to the credit of the Company in such depositories as may be designated by the Members. The Treasurer shall disburse the funds of Company as may be ordered by the Members or, to the extent permitted by this Agreement, the Managing Member, President and CEO, Chief Financial Officer or Chief Operating Officer, taking proper vouchers for such disbursements, and shall render to the President and CEO, Chief Operating Officer, Chief Financial Officer and Managing Member, or when any Officer so requires, an account of all transactions as treasurer and of the financial condition of the Company.

(e) Limitations on Officer's Powers. Notwithstanding any other provision contained in this Agreement to the contrary, should a delegation of authority be established by the Managing Member, no act shall be taken, sum expended, decision made, obligation incurred or power exercised by any Officer on behalf of the Company other than in accordance with such delegation of authority.

(f) Term of Officers.

(i) An Officer may resign at any time by giving written notice to the Managing Member. The resignation of an Officer shall take effect upon the Managing Member's receipt of written notice of the Officer's resignation or at such later time as shall be specified in the written notice. Unless otherwise specified in the Officer's written notice of resignation, the acceptance of the Officer's resignation shall not be necessary to make it effective. If the Officer also is a Member, the Officer's resignation as an Officer shall not affect the Officer's rights as a Member and shall not constitute a withdrawal of the Officer as a Member.

(ii) The Managing Member may terminate the employment of and/or remove any Officer with or without cause.

(iii) The Managing Member may elect at any time a new or replacement Officer to fill any vacancy.

(g) Acknowledgement. The Members acknowledge and agree that as of the Effective Date no Officers have been appointed to the Company. Notwithstanding anything to the contrary contained herein, the Managing Member shall not appoint Officers to the Company without the prior written consent of NS Managing Member.

Section 2.5 Operating Budget and Business Plan. (g) For the period beginning on the Effective Date and ending on December 31, 2014, the Company and Ink I shall operate in accordance with an Operating Budget to be mutually agreed upon by the Members after the Effective Date. Thereafter, the Operating Budget and Business Plan shall be prepared and submitted annually by the Managing Member and Chatham Ink I Managing Member (or the Hotel Manager at the direction of the Managing Member and Chatham Ink I Managing Member) to the Members for approval at least thirty (30) calendar days prior

to the end of each fiscal year with respect to the following fiscal year which shall, in the case of the Operating Budget, set forth, *inter alia*, all anticipated revenues, operating expenses, capital expenditures, renovation budgets, renovation schedules and reserves for the Company and Ink I during such period, and, in the case of the Business Plan shall set forth, *inter alia*, the Company's and Ink I's strategy for the leasing, marketing and operation of each of the Assets, and an estimate of the amount, timing and reason for all anticipated Capital Contributions from the Members during such period; provided, that if the Managing Member should fail to timely prepare and submit in proposed form any such Operating Budget and Business Plan, NS Managing Member and NS Ink I Managing Member shall be authorized to prepare such Operating Budget and Business Plan for the approval of the Members. Whenever the Managing Member determines that revisions to the then-approved Operating Budget or Business Plan would be in the best interests of the Company, the Managing Member may submit such proposed revisions to such Operating Budget and/or Business Plan to NS Managing Member for its review; provided, however, that all amendments and modifications to the then-approved Operating Budget or Business Plan shall require the approval of NS Managing Member, which approval may be granted or withheld by NS Managing Member in its sole and absolute discretion.

(h) Notwithstanding Section 3.5(a), in the event that the Members are unable to agree on all or certain provisions of an Operating Budget or Business Plan for a given year, (i) the Managing Member will conduct the business of the Company pursuant to those provisions of such Operating Budget or Business Plan which are agreed-upon and adopted and (ii) the Operating Budget or Business Plan for the prior Fiscal Year shall be applicable with respect to those line items that have not been approved; provided, however, the foregoing shall not apply to line items pertaining to any capital expenditures, project management costs or Capital Contributions, which line items must be approved by NS Managing Member and the prior year's amounts thereof shall not be applicable unless such amounts are required to be paid to prevent a default under a Loan or any franchise agreement affecting the Assets. With respect to any aspects of the business of Company that are not addressed by the Operating Budget or Business Plan for that given year, the Managing Member is authorized and directed to cause the employees of the Company to conduct such aspect of the business of the Company in accordance with the guidelines set forth in the most recently approved Operating Budget or Business Plan, as applicable, and otherwise in accordance with prior practice; provided, however, that, if applicable, the Managing Member may adjust the annual compensation of the Chatham Company Personnel and other expenses of the Company for inflation.

Section 2.6 Voting Rights of Members.

(a) The Members shall have no right or authority to vote on matters other than matters explicitly requiring such vote in this Agreement or in the Act. For matters set forth in this Agreement explicitly requiring a vote of the Members, such matters shall require the vote of all Members. In the event any Member shall transfer less than all of its Percentage Interest to an unaffiliated third party in a transaction or in a series of transactions, then the portion of

such Member's votes that is equal to the portion of such Member's Percentage Interest transferred shall be deemed cancelled and the transferee (if an unaffiliated third party) in such transfer shall not have the right to vote on any matter as an "Member". In the event any Member shall transfer its entire Percentage Interest held on the date of such transfer to an unaffiliated third party in a transaction or in a series of transactions, then all of the votes of its Percentage Interest on the date of such transfer shall be deemed to have been transferred to such transferee upon the satisfaction of the conditions contained in Article V and such transferee shall not have the right to vote on any matter as a "Member". Notwithstanding the foregoing, if at any time a Member (i) shall transfer more than 50% of such Member's Percentage Interest (excluding, however, Permitted Transfers), or (ii) shall be in default with respect to its obligations to fund additional capital contributions pursuant to Section 2.2 above, the remaining votes of such Member shall be deemed cancelled and such Member shall have no voting rights except as otherwise required by the Act; provided, that in the case of clause (ii), (x) to the extent Contributing Member(s) elect to treat their respective Funded Amounts as Priming Capital Contributions and such Non-Contributing Member repays all such Priming Capital Contributions (including all interest thereon) within 10 days, the voting rights of such Member shall be reinstated and (y) to the extent the Contributing Member(s) elect to treat their respective Funded Amounts as Additional Capital Contributions, the Company shall provide notice to such Non-Contributing Member on the next Business Day indicating such election and the voting rights of such Non-Contributing Member shall be deemed cancelled if the Non-Contributing Member does not provide its capital contribution to the Company within 10 days after receipt of such notice.

(b) Notwithstanding anything to the contrary in this Agreement, unless expressly set forth in this Agreement (including pursuant to Section 3.2(h) above), the Company shall not approve or take, and the Managing Member shall neither take nor cause the Company to take or approve, any action with respect to any Major Decision without the affirmative vote or written consent of all of the Members.

Section 2.7 Buy/Sell. At any time after the second (2^{nd}) anniversary of the Effective Date, the following shall apply:

(a) Either NS Managing Member or Chatham Managing Member (as the case may be, the "Proposing Member") shall have the right (but not the obligation) to deliver a written notice (the "Buy/Sell Notice") to the other Member (the "Non-Proposing Member"), which Buy/Sell Notice (in order to be effective) shall: (i) state that the Proposing Member offers to purchase all of the membership interest in the Company of the Non-Proposing Member, (ii) set forth an all-cash valuation (the "Asset Purchase Price") for all of the Buy/Sell Assets, (iii) set forth the name and address of a national escrow agent selected by the Proposing Member and reasonably acceptable to the Non-Proposing Member (the "Buy/Sell Escrow Agent") in connection with the transactions contemplated under this Section 3.7, (iv) be accompanied by a certified or bank check payable to the order of the Buy/Sell Escrow Agent or evidence of a wire transfer of immediately available federal funds to the Buy/Sell Escrow Agent (such check or wire transfer, the "Proposing Member's Deposit") in an amount equal to three and one-quarter percent (3.25%) of the Asset Purchase Price, and the parties shall otherwise act in accordance with the escrow provisions set forth on Schedule H attached hereto, and (v) provide that the Proposing Member shall indemnify the Non-Proposing Member against any liabilities it incurs

as a result of any failure to obtain any consent required from a franchisor to the acquisition by the Proposing Member contemplated by such Buy/Sell Notice that is required pursuant to any franchise agreement to which the Company or any of its Subsidiaries is a party. For the avoidance of doubt, the parties acknowledge and agree that in the event the Proposing Member elects to send a Buy/Sell Notice, the Proposing Member must offer to purchase all of the limited liability company interests of the Non-Proposing Member in the Company (i.e., the Proposing Member may not offer to purchase less than 100% of all of the Non-Proposing Members' membership interest in the Company). Any Buy/Sell Notice that does not comply with the foregoing provisions of this Section 3.7(a) shall be void and of no force or effect.

(b) On or before the expiration of the Buy/Sell Response Period, the Non-Proposing Member shall respond to the Buy/Sell Notice by delivering a notice (a "Buy/Sell Response") to the Proposing Member. The Buy/Sell Response, in order to be effective for any purpose, shall (i) state either (x) that the Non-Proposing Member elects to sell its membership interest in the Company to the Proposing Member at the Buy/Sell Membership Interest Purchase Price or (y) that the Non-Proposing Member elects to purchase the membership interest of the Proposing Member in the Company at the Buy/Sell Membership Interest Purchase Price, (ii) if an election is made by the Non-Proposing Member under clause (i)(y) above, be accompanied by a certified or bank check payable to the order of the Buy/Sell Escrow Agent or evidence of a wire transfer of immediately available federal funds to the Buy/Sell Escrow Agent (such check or wire transfer, the "Non-Proposing Member's Deposit") in an amount equal to three and one-quarter percent (3.25%) of the Asset Purchase Price and (iii) if an election is made by the Non-Proposing Member under clause (i)(y) above, be accompanied by either the bank or certified check delivered by the Proposing Member (if the Proposing Member made the Proposing Member's Deposit in the form of a bank or certified check and solely to the extent the Non-Proposing Member has not theretofore deposited any such check into escrow with the Buy/Sell Escrow Agent) or an instruction to the Buy/Sell Escrow Agent (or its financial institution) to refund to the Proposing Member the amounts deposited in escrow together with any accrued interest earned thereon. The failure of the Non-Proposing Member to respond during the Buy/Sell Response Period, or the failure of any Buy/Sell Response purportedly delivered under this Section 3.7(b) to comply with the provisions of this Section 3.7(b), shall be deemed to be an election by the Non-Proposing Member to sell its membership interest in the Company to the Proposing Member at the Buy/Sell Membership Interest Purchase Price; provided, however, if the Non-Proposing Member fails to respond during the Buy/Sell Response Period, then the Proposing Member shall have the right, exercisable within fifteen (15) days after the expiration of the Buy/Sell Response Period, to withdraw its Buy/Sell Notice, in which event the Buy/Sell Deposit Funds shall be refunded to the Proposing Member and such Buy/Sell transaction shall be deemed terminated and without effect, provided, further, however, such determination to withdraw by the Proposing Member shall not affect the Proposing Member's right to deliver future Buy/Sell Notices which right shall continue in full force and effect.

(c) In the event the closing occurs with respect to the purchase by the Purchasing Member such closing shall be on the terms set forth on Schedule G attached hereto.

(d) The Members acknowledge and agree the following with respect to the buy/sell process set forth in this Section 3.7: (i) concurrently with the delivery of the Buy/Sell

Notice under this Agreement, the Proposing Member shall be required to deliver a Buy/Sell Notice under the Ink I LLC Agreement; (ii) the Non-Proposing Member shall be required to make the same election in the Buy/Sell Response under this Agreement and the Buy/Sell Response under the Ink I LLC Agreement (i.e., the Non-Proposing Member shall not have the right to elect to sell its interests in the Company to the Proposing Member under this Agreement and then elect to buy the interests of the Proposing Member in Ink I under the Ink I LLC Agreement; (iii) in the event either Member fails to comply with any obligation under the buy/sell process set forth in Section 3.7 of the Ink I LLC Agreement, then such failure shall be deemed a default by such Member under this Section 3.7 (i.e., a Member shall not be permitted to consummate the buy/sell process contemplated by this Section 3.7 unless, concurrently therewith, it is consummating the buy/sell process contemplated by Section 3.7 of the Ink I LLC Agreement); and (iv) the buy/sell process contemplated by this Section 3.7 shall close simultaneously with the buy/sell process contemplated by Section 3.7 of the Ink I LLC Agreement).

(e) Notwithstanding the foregoing, Chatham Managing Manager shall not have the right to deliver a Buy/Sell Notice during a Spin-Off Blackout Period or during a Portfolio Sale Blackout Period.

Section 2.8 Put/Call Options.

(a) Put Option. Within fifteen (15) Business Days after the Put Option Commencement Date, Chatham Managing Member shall have the right, but not the obligation, to deliver a written notice to NS Managing Member (the "Put Notice") indicating its election to sell to NS Managing Member (and requiring NS Managing Member to buy from Chatham Managing Member) all of Chatham Managing Member's right, title and interest in and to the Company (the "Option Interests") in accordance with this Section 3.8(a). For purposes hereof, the "Put Option Commencement Date" shall mean the date on which either (i) NS effectuates a Permitted Corporate Transaction that is a spin-off and the result thereof is that NRFC, NSAM or any of their respective Affiliates no longer Controls NS Managing Member, (ii) there is a Change in Control with respect to NS Managing Member, or a Parent Change in Control, that in either instance results in NS Managing Member being Controlled by a Chatham Competitor or (iii) NS Managing Member makes a Qualified IPO Demand.

(b) Call Option. At any time following the Call Option Commencement Date, NS Managing Member shall have the right, but not the obligation, to deliver a written notice to Chatham Managing Member (the "Call Notice"; and together with the Put Notice, collectively, the "Option Notice") of its good faith intention to spin-off one hundred percent (100%) of the membership interests in the Company and that it is therefore electing to purchase from Chatham Managing Member (and requiring Chatham Managing Member to sell to NS Managing Member) the Option Interests in accordance with this Section 3.8(b). For purposes hereof, the "Call Option Commencement Date" shall mean the date on which NS determines that it desires to spin-off one hundred percent (100%) of the membership interests in the Company. NS Managing Member shall not be permitted to deliver a Call Notice within six (6) months of the end of a Spin-Off Blackout Period.

(c) Option Price.

(i) In each case (i.e., "Put Option" or "Call Option") other than a Put Option pursuant to Section 3.8(a)(iii):

1) The purchase price for the Option Interests (the "Option Price") shall be equal to the amount of Available Cash that Chatham Managing Member would have received pursuant to the application of the provisions of Section 7.1 if the Assets were sold to a third party on the Option Closing Date for a price equal to the Fair Market Value and an amount equal to the Adjusted Fair Market Value was distributed to the Members (it being agreed that any disputes as to Fair Market Value Additions, Fair Market Value Prorations and/or the allocation of the Fair Market Value among the Assets shall be resolved by the determination of the Accountants, which determination shall be binding on the Members, absent manifest error).

2) In the event that the applicable party delivers an Option Notice (in each case, the "Initiating Party") to the appropriate counter-party (in each case the "Notice Recipient"), said Initiating Party shall set forth in the Option Notice (i) its proposed Option Price and (ii) a calculation of its Option Price, inclusive of its determination of the fair market value of each of the Assets (the "Initiating Party Fair Market Value"). Notwithstanding the foregoing, the Initiating Party Fair Market Value and consequent Option Price shall not be binding on the parties until such time as agreed to, in writing, by both the Initiating Party and the Notice Recipient.

3) Within fifteen (15) Business Days of receipt of an Option Notice, the Notice Recipient shall respond in writing to the Initiating Party either (i) agreeing to the Initiating Party Fair Market Value (each a "Value Acceptance Notice"), or (ii) disagreeing with the Initiating Party Fair Market Value (each a "Value Dispute Notice"; and together with a Value Acceptance Notice, each a "Notice Response"). All Value Dispute Notices shall set forth the Notice Recipient's opinion as to the fair market value of the Assets. The foregoing notwithstanding, failure of a Notice Recipient to timely deliver a Notice Response shall be deemed a Value Dispute Notice by the Notice Recipient delivered on the last day of such fifteen (15) Business Day period.

4) In the event that the Notice Recipient delivers a Value Dispute Notice, then the parties shall work together in good faith for up to ten (10) days (the "Value Negotiation Period") in an attempt to establish a mutually agreed upon fair market value of the Assets. In the event that the parties are able to agree upon a fair market value of the Assets prior to the expiration of the Value Negotiation Period, then the parties shall work together in good faith to close the contemplated transaction prior to the end of the Option Closing Period. In the event that Value Negotiation Period expires without the parties having agreed

to a mutually acceptable fair market value, then the fair market value shall be determined in accordance with Section 3.8(d).

(ii) In the case of a Put Option pursuant to Section 3.8(a)(iii), the purchase price for the Option Interests shall be equal to Chatham Managing Member's Percentage Interest multiplied by the equity capitalization of the Company or IPO Entity, as applicable, based on the price of the equity interests sold in the Qualified IPO.

(d) Appraisal. In each case (i.e., Put Option or Call Option) other than a Put Option pursuant to Section 3.8(a)(iii):

(i) If the parties are unable to agree on a Fair Market Value prior to the expiration of the Value Negotiation Period, then each party shall promptly select a unaffiliated third party, MAI appraiser or investment sales broker, who or that, as the case may be, has been actively involved in the valuation or sales of assets comparable to the Assets over the ten (10) years preceeding the delivery of the applicable Option Notice as reasonably determined by the selecting party (each an "Appraiser") to determine a fair market value of the Assets. If either party reasonably objects to an Appraiser chosen by the other party on the grounds that such Appraiser does not satisfy the definition of "Appraiser", then the non-objecting party shall select an alternative Appraiser within ten (10) days of such objection; provided, however, that if a party does not raise any objection within five (5) days after notification of the identity of the other party's Appraiser, then such Appraiser shall be deemed to satisfy the definition of "Appraiser". Each party shall be solely responsible for paying the cost and expenses of their respective Appraiser. The parties shall use their reasonable best efforts to cause the Appraisers to make their own determination as to the fair market value of the Assets within thirty (30) days after both Appraisers have been appointed (the "Appraisal Period").

(ii) If there is a difference of three percent (3%) or less between the Appraisers' respective determinations of the fair market value of the Assets, then the fair market value shall be the average of the two (2) appraisals.

(iii) If the difference between the Appraisers' respective determinations of the fair market value of the Assets is in excess of three percent (3%), then the two Appraisers shall promptly select a third Appraiser (for the avoidance of doubt, who satisfies the definition of "Appraiser") who shall determine the fair market value of the Assets. Immediately following receipt of the valuation from the third Appraiser, the average of all three values shall be calculated and the Appraiser's valuation that is furthest from said average shall be discarded from the calculation process, and the average of the remaining value determinations shall be deemed the fair market value for the purposes hereof; provided, however, that if the difference among all three appraisals is identical in terms of value, then such fair market value shall be the average of such three appraisals.

(iv) If either party fails to appoint its Appraiser within ten (10) days of the expiration of the Value Negotiation Period (or, in the event that a reasonable objection is made to a party's chosen Appraiser pursuant to clause (d)(i), such party does not select an alternative Appraiser within 10 days), the determination of value made by the Appraiser selected by the other party within such period shall be used to determine the fair market value of the Assets. If both parties fail to appoint

their Appraisers within ten (10) days of the expiration of the Value Negotiation Period, then the Initiating Party's Fair Market Value shall be deemed the fair market value.

(v) In the event a third Appraiser is necessary, such Appraiser shall be chosen within ten (10) days after the comparison of the determination of value of the first two Appraisers.

(vi) In each instance where two Appraisers select a third Appraiser, the first two Appraisers shall share with the third Appraiser all documents, research and other information acquired by them with respect to the Assets. Furthermore, each of the Initiating Party and the Notice Recipient will instruct and cause their respective Appraiser to provide the third Appraiser with such information as is reasonably requested by such third Appraiser in connection with its analysis of the calculations, assumptions and conclusions drawn by the first two Appraisers, respectively. Additionally, the fees and expenses of the third Appraiser, if necessary, shall be paid equally by the Members.

(vii) Notwithstanding anything set forth herein to the contrary, in all cases, the determination of Fair Market Value shall be calculated to be as of the end of the month immediately preceding the month of the date of the Option Notice and shall take into account all assets and liabilities of the Company (including, without limitation, the Property Companies and the Assets) and existing contingent liabilities which have been reflected in the most recent financial statements of the Company or will most likely be reflected in the financial statements for the year in which the Option Price shall be paid. Furthermore, the valuations shall be based upon an all-cash sale basis for the fee simple or ground leasehold, as applicable, interest of the Assets without reduction for any lien or encumbrance against the Assets.

(viii) If a party does not use reasonable efforts to cause its Appraiser to make its determination as to the fair market value of the Assets within the Appraisal Period pursuant to clause (d)(i) and as a result of such failure such Appraiser does not submit its determination of fair market value prior to the end of the Appraisal Period, then fair market value shall be deemed to be the fair market value submitted by the Appraiser which timely submitted its determination.

(ix) The determination of the Fair Market Value determined in accordance with the foregoing procedures shall be final and binding upon the parties, absent manifest error.

(e) Closing.

(iv) The parties shall work together in good faith to close the contemplated transaction (the "Option Closing") during the Option Closing Period as defined below), but in no event earlier than the beginning of or later than the expiration of the Option Closing Period. In the case of a Put Option pursuant to Section 3.8(a)(iii), the Option Closing shall occur simultaneously with the closing of the Qualified IPO and in the case of a Call Option, the Option Closing shall occur simultaneously with the closing of the spin-off. The actual date of the Option Closing is hereinafter referred to as the "Option Closing Date". NS Managing Member shall have the right, in its sole and absolute discretion, to select or accelerate the Option Closing Date within the Option Closing Period and Chatham Managing Member acknowledges and agrees that it shall proceed with the Option Closing on the date so chosen by NS Managing Member, provided that NS Managing Member shall be required to give Chatham

Managing Member no less than ten (10) days prior notice of the Option Closing Date. In the event the Option Closing shall occur, such closing shall be on the terms set forth on Schedule F attached hereto.

(v) The "Option Closing Period" means:

1) In the case of a Put Option pursuant to Section 3.8(a)(i) or (ii), the period commencing on the earliest of the date when (i) the Notice Recipient delivers a Value Acceptance Notice, (ii) the parties otherwise agree upon a fair market value, or (iii) the Appraisers determine fair market value in accordance with Section 3.8(d) (such date, the "FMV Determination Date"), and ending sixty (60) days thereafter.

2) In the case of a Put Option pursuant to Section 3.8(a)(iii), the period commencing on the date when NS Managing Member makes a Qualified IPO Demand and ending one (1) year thereafter.

3) In the case of a Call Option, the period commencing on the FMV Determination Date and ending on the first anniversary of the date when NS Managing Member delivers the Call Notice.

(vi) Notwithstanding anything set forth in this Agreement to the contrary, at any time prior to the Option Closing Date, the Initiating Party may revoke its Option Notice by sending the Notice Recipient a revocation notice. Any such revocation notice shall have the effect of (i) making the revoked Option Notice v*oid ab initio*, and (ii) reviving the respective options (i.e., the Put Option or the Call Option, as the case may be) without, however, in anyway limiting or waiving any other rights any party may have either at law or in equity with respect to the Put Option, the Call Option, or otherwise.

(f) Acknowledgement. The Members acknowledge and agree the following with respect to the put/call process set forth in this Section 3.8: (i) concurrently with the delivery of the Option Notice under this Agreement, the Initiating Party shall be required to deliver an Option Notice under the Ink I LLC Agreement; (ii) in the event either Member fails to comply with any obligation under the put/call process set forth in Section 3.8 of the Ink I LLC Agreement, then such failure shall be deemed a default by such Member under this Section 3.8 (i.e., a Member shall not be permitted to consummate the put/call process contemplated by this Section 3.8 unless, concurrently therewith, it is consummating the put/call process contemplated by Section 3.8 of the Ink I LLC Agreement); and (iii) the put/call process contemplated by this Section 3.8 shall closing simultaneously with the put/call process contemplated by Section 3.8 of the Ink I LLC Agreement).

ARTICLE III.

GENERAL GOVERNANCE

Section 3.1 Other Ventures.

(l) It is expressly agreed that each Member, and any Affiliates, officers, directors, trustees, managers, stockholders, members, partners or employees of such Member,

may engage in other business ventures of every nature and description, whether or not in competition with the Company, independently or with others, and neither the Company nor the other Members shall have any rights in and to any independent venture or activity or the income or profits derived therefrom; the pursuit of other ventures and activities by any such Person is hereby consented to by each Member and shall not be deemed wrongful or improper.

(m) Nothing in this Agreement shall be construed so as to prohibit any Member or its respective Affiliates, officers, directors, managers, stockholders, members, partners or employees from owning, operating or investing in any business of any nature and description, independently or with others and no Member need disclose its intention to make any such investment to the other, nor advise the Company of the opportunity presented by any such prospective investment.

(n) Notwithstanding the foregoing and without limiting Section 12.17, in the event that any Member receives an opportunity directly related to any Asset, such Member shall first offer such opportunity, to the extent relating to any Asset, to NS Managing Member and Chatham Managing Member on behalf of the Company. If either NS Managing Member or Chatham Managing Member (i) declines on behalf of the Company to participate in such opportunity or (ii) is deemed to decline on behalf of the Company to participate in such opportunity as a result of a failure to approve participation by the Company within 10 Business Days of such offer, but either Chatham Managing Member or NS Managing Member, as applicable, as the non-presenting Member wishes to participate in such opportunity in its own capacity, Chatham Managing Member or NS Managing Member, as applicable and the presenting Member shall participate in such opportunity on such basis as they shall agree or, in the absence of such agreement, in proportion to their then equity percentages in the Company. If the Company and each Member thereof rejects such opportunity, the presenting Member may exploit such opportunity in any manner it sees fit, provided that the presenting Member is not provided materially more favorable terms in the aggregate with respect to such opportunity than were presented to the Company, or the non-presenting Member in connection with their potential participation.

Section 3.2 Information.

(e) Chatham Managing Member shall deliver to NS Managing Member, by not later than the (i) eighth (8^{th}) day of each month a preliminary profit and loss statement in the form attached hereto as Schedule L showing the results of operation of the Company and the Assets for the prior month and the year to date, with a comparison to the budgets contained in the Operating Budget and the then-approved Business Plan and to prior year results (a "P&L Statement") (it being acknowledged and agreed that the Operating Budget shall initially be based on the Final Operating Budget (as such term is defined in the Hotel Management Agreements) and shall then incorporate any additional costs and expenses of the Company not included in the Final Operating Budget); and (ii) twelfth (12th) business day of each month: (1) a final P&L Statement and (2) a current balance sheet in the form attached hereto as Schedule M. Chatham Managing Member shall also deliver to NS Managing Member, by not later than the twelfth (12th) day of each quarter quarterly forecasts for gross revenues, operating expenses, and Profit or Losses for the remainder of the Fiscal Period. In addition to the foregoing, Chatham Managing

Member shall deliver to NS Managing Member, by not later than the thirtieth (30th) day after the close of each Fiscal Year, (a) a Profit and Loss statement showing the results of operation of the Company and the Assets for such Fiscal Year; (b) a balance sheet for the Company and the Assets as of the close of such Fiscal Year; and (c) the gross revenues and operating expenses for such Fiscal Year.

(f) NS Managing Member may cause Accountants selected by NS Managing Member to conduct an audit of the books of account and all other records relating to or reflecting the operation of the Company and the Assets and Chatham Managing Member agrees to cooperate with such accountant so as to allow such accountant to perform such audit and/or deliver audited financial statements to NS Managing Member within ninety (90) days after the end of each Fiscal Year. Costs of such audit and of the audited financial statements or any other reports prepared by such accountant, if and when requested by NS Managing Member, will be an expense borne by the Company.

(g) At NS Managing Member's request, Chatham Managing Member will further deliver or cause to be delivered such additional financial reports as may be reasonably requested by NS Managing Member or required by third parties. All reasonable costs in producing such additional financial reports will be borne by the Company.

(h) At NS Managing Member's request, Chatham Managing Member shall meet with NS Managing Member via conference call or in person to discuss the operating results of the Company and the Assets on a quarterly basis and will comply with all reasonable requests to otherwise meet with NS Managing Member from time to time to discuss other issues with respect to the Company or the Assets.

Section 3.3 Access. The Company shall, and shall cause its Subsidiaries, Officers, directors, trustees, members, employees, auditors and other agents to (a) afford the Officers, employees, auditors and other agents of the Members during normal business hours and upon reasonable notice reasonable access to its officers, employees, auditors, legal counsel, properties, offices, plants and other facilities and to all books and records and (b) afford each Member the opportunity to discuss the Company's affairs, finances and accounts with the Officers or the Managing Member from time to time as each such Member may reasonably request without creating an undue burden on the Company, including, without limitation, but in particular, upon notice that a vote is required with respect to a Major Decision; provided, that the Company shall not be required to afford Chatham Managing Member such opportunity from and after the occurrence of a Termination Event except with respect to a Post-Termination Major Decision.

Section 3.4 Affiliate Transactions.

(i) Neither the Company nor any Property Company shall enter into any agreement for the performance of any service or activity, or for the purchase of any item, with an Affiliate of a Member (other than the Hotel Management Agreements with Island Hospitality

Management), without first receiving the prior written approval of the Members, which approval may be withheld in each such Member's sole and absolute discretion; provided, that, from and after the occurrence of a Termination Event, the prior written approval of Chatham Managing Member shall no longer be required so long as any such arrangement is on an arms' length basis.

(j) Notwithstanding anything set forth in Section 3.2 or Section 3.6 hereof to the contrary, a Member, acting alone and on behalf of the Company and any then existing Property Companies, may enforce and make all decisions under or in connection with agreements between the Company or any Property Company, on the one hand, and the other Member and/or its Affiliates, on the other hand, provided that for purposes of this Section 4.4(b), Island Hospitality Management shall be considered an Affiliate of Chatham Managing Member.

ARTICLE IV.

TRANSFERS OF INTERESTS

Section 4.1 Restrictions on Transfer.

(i) No Transfer shall be made by either Chatham Managing Member or NS Managing Member with respect to all or any portion of its Interest without the prior written approval of the non-Transferring Member unless such Transfer is (i) pursuant to Section 3.7 of this Agreement, (ii) pursuant to Section 3.8 of this Agreement or (iii) a Permitted Transfer. No Member will have the ability to directly or indirectly syndicate its Interest to unaffiliated co-investors.

(j) The Company, each Member, the Managing Member, the Officers and any other Person or Persons having business with the Company need only deal with Members who are admitted as Members or as additional or substitute Members of the Company, and they shall not be required to deal with any other Person by reason of a Transfer by a Member. In the absence of a transferee of a transferring Member's Percentage Interest being admitted as a Member as provided herein, any payment to a Member shall release the Company and the Members of all liability to any other Persons who may be interested in such payment by reason of an assignment by such Member.

(k) Each transferee, as a condition to its admission as a Member, shall execute and deliver to the Company such instruments (including a counterpart of this Agreement), in form and substance reasonably satisfactory to the Managing Member, as the Managing Member shall reasonably deem necessary or desirable to confirm the agreement of such transferee to be bound by all the terms and provisions of this Agreement (as it may be amended in connection with the admission of such transferee as a Member). The Members agree to amend this Agreement to the extent necessary to reflect the Transfer and admission of the new Member and to continue the Company without dissolution. Upon execution of such instruments, the transferee shall be admitted to the Company as a Member. Immediately following the admission of the transferee to the Company as a Member, any Person who has thereby transferred all of its ownership interest in the Company shall cease to be a Member of the Company. Except as set forth herein, any transferee who is admitted to the Company as a

Member shall succeed to the rights and powers, and be subject to the restrictions and liabilities, of the transferor Member to the extent of the Percentage Interest transferred.

(l) In the event that the Members determine to sell all but not less than all of their Percentage Interest in the Company (including pursuant to Section 3.7 and Section 3.8 hereof), the Tax Matters Member will propose a schedule (the "Allocation Schedule") to the Members of the Company allocating the expected purchase price in accordance with Section 1060 of the Code. Upon the affirmative vote of each of the Members of the Company (or, from and after the occurrence of a Termination Event, NS Managing Member), such proposed allocation will be the Allocation Schedule that will be proposed by the Members in connection with the potential sale and, if no objection is made to such Allocation Schedule by the third party purchaser of the Percentage Interests, will be final and binding in connection with such sale upon the Members.

Section 4.2 Non-Permitted Transfers.

(h) Any purported Transfer of all or any portion of a Member's Percentage Interest of the Company or any economic benefit or other interest therein not in compliance with Section 5.1 shall be null and void ab initio, regardless of any notice provided to any of the parties hereto, and shall not create any obligation or liability of any of the parties hereto to the purported transferee, and any Person purportedly acquiring all or any portion of any Percentage Interest or any economic benefit or other interest therein transferred not in compliance with Section 5.1 shall not be entitled to admission to the Company as a substitute Member. In the event of any direct or indirect Transfer of an interest in a Member, other than a Transfer permitted under Article V hereof, the Member that has made such Transfer shall not be necessary for any Major Decision until such Transfer has been rescinded or otherwise nullified, except that the consent of such Member shall still be required to amend this Agreement.

(i) In the case of an attempted Transfer of all or any portion of any Percentage Interest of the Company or any economic benefit or other interest therein that is not in compliance with Section 5.1, the parties engaging or attempting to engage in such Transfer shall indemnify and hold harmless the other parties hereto and their respective officers, directors, affiliates, members, partners and employees from all cost, liability and damage that any of such indemnified persons may incur (including, without limitation, incremental tax liability and attorneys' fees and expenses) as a result of such Transfer or attempted Transfer and the enforcement of this indemnity.

(j) No Member, including any assignee or successor in interest of any Member, shall Transfer all or any portion of its Percentage Interest of the Company or any economic benefit or other interest therein if such Transfer would cause the Company to be treated as a "publicly traded partnership" within the meaning of Code Section 7704 and the Regulations promulgated thereunder.

ARTICLE V.

ALLOCATIONS

Section 5.1 General Rules.

(k) Allocations of Profits and Losses. Except as otherwise provided in this Article VI, Profits and Losses for any Fiscal Period shall be allocated among the Members in such manner that, as of the end of such Fiscal Period, the respective Capital Accounts of the Members shall be equal to the respective amounts that would be distributed to them, determined as if the Company were to (i) liquidate the assets of the Company for an amount equal to their Gross Asset Value and (ii) distribute the proceeds of liquidation pursuant to Section 10.3.

Section 5.2 Special Allocations.

(a) Minimum Gain Chargeback. Except as otherwise provided in Treasury Regulations Section 1.704-2(f), notwithstanding any other provision of this Article 6, if there is a net decrease in Partnership Minimum Gain during any Fiscal Year, each Member shall be specially allocated items of Company net income and gain for such Fiscal Year (and, if necessary, subsequent Fiscal Years) in an amount equal to such Member's share of the net decrease in partnership minimum gain, determined in accordance with Treasury Regulations Section 1.704-2(g). Allocations pursuant to the previous sentence shall be made in proportion to the respective amounts required to be allocated to each Member pursuant thereto. The items to be so allocated shall be determined in accordance with Treasury Regulations Sections 1.704-2(f)(6) and 1.704-2(j)(2). This Section 6.2(a) is intended to comply with the minimum gain chargeback requirement in Treasury Regulations Section 1.704-2(f) and shall be interpreted consistently therewith.

(b) Partner Minimum Gain Chargeback. Except as otherwise provided in Treasury Regulations Section 1.704-2(i)(4), notwithstanding any other provision of this Article 6, if there is a net decrease in partner nonrecourse debt minimum gain (as defined in Treasury Regulations Section 1.704-2(i)(2)) attributable to a partner nonrecourse debt during any Fiscal Year, each Member who has a share of the partner nonrecourse debt minimum gain attributable to such partner nonrecourse debt, determined in accordance with Treasury Regulations Section 1.704-2(i)(5), shall be specially allocated items of net income and gain for such Fiscal Year (and, if necessary, subsequent Fiscal Years) in an amount equal to such Member's share of the net decrease in partner nonrecourse debt minimum gain attributable to such partner nonrecourse debt, determined in accordance with Treasury Regulations Section 1.704-2(i)(4). Allocations pursuant to the previous sentence shall be made in proportion to the respective amounts required to be allocated to each Member pursuant thereto. The items to be so allocated shall be determined in accordance with Treasury Regulations Section 1.704-2(i)(4) and 1.704-2(j)(2). This Section 4.2(b)(2)(b) is intended to comply with the minimum gain chargeback requirement in Treasury Regulations Section 1.704-2(i)(4) and shall be interpreted consistently therewith.

(c) Qualified Income Offset. In the event any Member unexpectedly receives any adjustments, allocations, or distributions described in Treasury Regulations Sections 1.704-1(b)(2)(ii)(d)(4), (d)(5) or (d)(6), items of Company net income and gain shall be specially allocated to each such Member in an amount and manner sufficient to eliminate, to the extent required by the Treasury Regulations, the deficit Capital Account balance of such Member as quickly as possible, provided that an allocation pursuant to this Section 6.2(c) shall be made if and only to the extent that such Member would have a deficit Capital Account balance after all other allocations provided for in this Article 6 have been tentatively made as if this Section 6.2(c) were not a term of this Agreement. This Section 6.2

(c) is intended to constitute a "qualified income offset" provision as described in Treasury Regulations Section 1.704-1(b)(2)(ii)(d) and shall be interpreted consistently therewith.

(d) Partner Nonrecourse Deductions. Any partner nonrecourse deductions for any Fiscal Year shall be specially allocated to the Member who bears the economic risk of loss with respect to the partner nonrecourse debt to which such partner nonrecourse deductions are attributable in accordance with Treasury Regulations Section 1.704-2(i)(1).

(e) Nonrecourse Deductions. Nonrecourse Deductions shall be allocated among the Members in accordance with their Percentage Interests.

(f) Allocation of Nonrecourse Debt. For purposes of Treasury Regulations Section 1.752-3(a), the Members agree that Nonrecourse Liabilities of the Company in excess of the sum of (i) the amount of Partnership Minimum Gain and (ii) the total amount of Nonrecourse Built in Gain shall be allocated among the Members in accordance with their Percentage Interests.

(g) Section 754 Adjustment. The Members acknowledge that NS Managing Member, as Tax Matters Member, will cause the Company to make an election under Section 754 of the Code with respect to the Company's taxable year that will end on the Effective Date in accordance with Treasury Regulations section 1.708-1(b)(3)(ii) as a result of a "technical termination" of the Company as a partnership under Section 708(b)(1)(B) of the Code and Treasury Regulations section 1.708-1. As a result of such election, the adjustment to the basis of partnership property shall constitute an adjustment to such basis with respect to NS Managing Member only, as the transferee of an interest in the Company, as required by Section 743(b) of the Code and the Treasury Regulations thereunder.

(h) Priming Capital Contribution Returns. Distributions in respect of Priming Capital Contribution Returns will be treated as payments to a partner for the use of capital pursuant to Section 707(c) of the Code.

Section 5.3 Other Allocation Rules.

(c) For purposes of determining the Profits, Losses or other items allocable to any Fiscal Period, Profits, Losses and such other items shall be determined on a daily, monthly or other basis as determined by the Tax Matters Member in its reasonable discretion using any permissible method under Code Section 706 and the Regulations thereunder.

(d) The Members are aware of the United States federal income tax consequences of the allocations made by this Article VI and hereby agree to be bound by the provisions of this Article VI in reporting their shares of Company income and loss for income tax purposes.

(e) All items of income, gain, loss, deduction, or credit and any other allocations not otherwise provided for shall be allocated among the Members as determined by the Tax Matters Member in its reasonable discretion.

(f) If a Member transfers all or a portion of its Percentage Interest during any Fiscal Period, then Profits, Losses, each item thereof and all other items attributable to the transferred interest for such Fiscal Period shall be divided and allocated between the transferor and the transferee by taking into account their varying interests in the Company during the Fiscal Period in accordance with Section 706(d) of the Code, using any conventions permitted by law and selected by the Tax Matters Member in its reasonable discretion.

Section 5.4 Tax Allocations; Code Section 704(c).

(f) Subject to Section 6.4(b) and (c), for each Fiscal Year, items of income, deduction, gain, loss and credit shall be allocated for tax purposes among the Members to reflect the amounts which have been credited or debited to the Capital Account of each such Member for such Fiscal Year and prior Fiscal Years.

(g) In accordance with Code Section 704(c) and the Regulations thereunder, items of income, gain, loss, deduction and credit with respect to any property contributed to the capital of the Company shall, solely for tax purposes, be allocated among the Members so as to take account of any variation between the adjusted tax basis of such property at the time of contribution to the Company for federal income tax purposes and its initial Gross Asset Value at the time of contribution using a method permitted by applicable Regulations under Code Section 704(c), as determined by the Tax Matters Member in its reasonable discretion.

(h) In the event the Gross Asset Value of any Asset is adjusted in accordance with paragraph (b) of the definition of Gross Asset Value hereof, subsequent allocations of items of income, gain, loss, deductions or credit with respect to such asset shall take into account any variation between the adjusted tax basis of such asset for federal income tax purposes and its Gross Asset Value in the same manner as under Code Section 704(c) and the Regulations thereunder.

(i) Any elections or other decisions relating to allocations for tax purposes, basis adjustments or other tax matters shall be made by the Tax Matters Member in its reasonable discretion. Allocations pursuant to this Section 6.4 are solely for purposes of federal, state and local taxes and shall not affect, or in any way be taken into account in computing, any Member’s Capital Account, share of Profits or Losses, or other items or distributions pursuant to any provision of this Agreement.

(j) Notwithstanding anything in this Agreement to the contrary, the Tax Matters Member shall not make any determinations or elections, or fail to make any elections reasonably requested by the Managing Member, under this Article VI or the definition of “Depreciation” that could reasonably be expected to disproportionately, materially and adversely affect Chatham Managing Member or Chatham REIT without Chatham Managing Member’s prior written consent. For the avoidance of doubt, it is agreed by the Members that NS Managing Member, as Tax Matters Member, shall cause the Company to make an election under Section 754 of the Code with respect to the Company’s taxable year that will end on the Effective Date in accordance with Treasury Regulations section 1.708-1(b)(3)(ii) as a result of a “technical

termination" of the Company as a partnership under Section 708(b)(1)(B) of the Code and Treasury Regulations section 1.708-1.

Section 5.5 Compliance with Code Section 704(b). The allocation provisions contained in this Article 6 are intended to comply with Code Section 704(b) and the Treasury Regulations promulgated thereunder, and shall be interpreted and applied in a manner consistent therewith.

ARTICLE VI.

DISTRIBUTIONS AND EXPENSES

Section 6.1 Distributions of Available Cash.

(a) Available Cash from Operations. During the period commencing on the Effective Date and ending upon the dissolution of the Company pursuant to the provisions of Article X, NS Managing Member shall cause the Company to make distributions of Available Cash from Operations in accordance with the provisions of this Article VII in the following order of priority and as follows:

(i) first, one hundred percent (100%) to the Members who have made Priming Capital Contributions (and in accordance with the priorities and provisions of Section 2.2(d)(ii)) until each such Member has received distributions under this clause (i) and Section 7.1(b)(i) equal to such Priming Capital Contribution plus any accrued and unpaid Priming Capital Contribution Return;

(ii) second, pro rata to the Members in accordance with their respective Percentage Interests.

(b) Available Cash From Capital Event. In the event that a Capital Event occurs, NS Managing Member shall cause the Company to make distributions of the resulting Available Cash From Capital Event in accordance with the provisions of this Article VII in the following order of priority and as follows:

(i) first, one hundred percent (100%) to the Members who have made Priming Capital Contributions (and in accordance with the priorities and provisions of Section 2.2(d)(ii)) until each such Member has received distributions under this clause (b)(i) and Section 7.1(a)(i) equal to such Priming Capital Contribution plus any accrued and unpaid Priming Capital Contribution Return;

(ii) second, pro rata to the Members in accordance with their respective Percentage Interests until the NS Operating Company Managing Members have received an aggregate Internal Rate of Return of fifteen percent (15%);

(iii) third, (A) fifteen percent (15%) to Chatham Managing Member and (B) eighty-five percent (85%) to the Members in accordance with their respective Percentage Interests until the NS Operating Company Managing Members have received an aggregate Internal Rate of Return of twenty percent (20%) (the aggregate percentage of a distribution to which Chatham Managing Member

is entitled pursuant to this Section 7.1(b)(iii) (i.e., 15% plus (Chatham's Percentage Interest multiplied by 85%), the "Section 7.1(b)(iii) Aggregate Percentage");

(iv) fourth, (A) twenty percent (20%) to Chatham Managing Member and (B) eighty percent (80%) to the Members in accordance with their respective Percentage Interests until the NS Operating Company Managing Members have received an aggregate Internal Rate of Return of twenty-five percent (25%) (the aggregate percentage of a distribution to which Chatham Managing Member is entitled pursuant to this Section 7.1(b)(iv) (i.e., 20% plus (Chatham's Percentage Interest multiplied by 80%), the "Section 7.1(b)(iv) Aggregate Percentage");

(v) fifth, (A) thirty percent (30%) to Chatham Managing Member and (B) seventy percent (70%) to the Members in accordance with their respective Percentage Interests.

(c) Notwithstanding the foregoing provisions of this Section 7.1, in the event a Promote Forfeiture Event occurs, then, at the option of NS Managing Member, the Promote payable to Chatham Managing Member under this Agreement shall be forfeited and any distributions that would otherwise have been made in respect thereof shall instead be distributed to the Members in proportion to their current Percentage Interests for purposes of determining the disposition thereof under this Section 7.1; provided, however, the foregoing shall not limit any other right or remedy available to NS Managing Member pursuant to the other provisions of this Agreement, the Chatham Guaranty or at law or in equity (including, without limitation, to the extent appropriate, injunctive or other equitable relief) as a result of the occurrence of such event constituting a Promote Forfeiture Event.

(d) NS Managing Member shall cause the Company to make distributions of Available Cash to the Members at such time or times as is reasonably determined by NS Managing Member in its reasonable discretion. Nothing contained in this Agreement shall in any manner be construed to imply that any Member has any claim or right under this Agreement to require that distributions of Available Cash or distributions on winding up of the Company be made at any particular time or in any particular amount. The Members further agree that in determining whether to make a distribution of such Available Cash or other distributions to the Members at any time, or in determining the amount of any Available Cash or other distributions, NS Managing Member shall not have any fiduciary, or trustee or other obligation or duty to any Member other than a contractual obligation or duty pursuant to the terms of this Agreement.

Section 6.2 Amounts Withheld. All amounts withheld or paid pursuant to the Code or any provisions of state, local or foreign tax law with respect to any payment, distribution, allocation or other consideration paid to the Members, including in connection with a contribution of assets to the Company by a Member, shall be treated as amounts paid or distributed, as the case may be, to the Members with respect to which such amount was withheld or paid pursuant to this Section 7.2 for all purposes under this Agreement. The Company is authorized to withhold or pay, when required under applicable law, from payments, distributions, or other consideration paid to Members, and with respect to allocations to the Members, and to pay over to any federal, state, local or foreign government any amounts required to be so withheld or paid pursuant to the Code or any provisions of any federal, state, local or foreign law, and

shall allocate any such amounts to the Members with respect to which such amounts were withheld or paid.

Section 6.3 Expenses. Except as otherwise provided in this Agreement, the Company will be responsible for all third party expenses of the Company. Subject to Section 3.1(c), each Member shall otherwise be responsible for all costs and expenses incurred by such Member in the performance of its obligations under this Agreement.

Section 6.4 Promote Overpayments.

(a) If, as of any date of determination (which must be the date of a determination by NS Managing Member to cause the Company to make a distribution in respect of a Capital Event), Chatham Managing Member has received distributions in respect of the Promote which, together with any prior distributions in respect of the Promote (calculating the Promote and distributions on a cumulative basis of distribution on, as of and for the period through such date of determination) are determined by NS Managing Member in accordance with this Agreement to be in excess of the actual cumulative amount to which Chatham Managing Member would have been entitled under Section 7.1 if the Promote were recalculated as of such date of determination (any such excess distributions, the "Excess Promote Amount"), then within thirty (30) days after the occurrence of such distribution in respect of a Capital Event, NS Managing Member shall notify Chatham Managing Member, setting out in reasonable detail the basis for such determination, that Chatham Managing Member shall repay such Excess Promote Amount to the Company on or before the date which is fifteen (15) days after receipt of notice from NS Managing Member setting forth the amount of such Excess Promote Amount. Upon payment of such Excess Promote Amount to the Company, NS Managing Member shall have the right to determine to (x) use such Excess Promote Amount to fund obligations of the Company and/or to fund the Working Capital Reserve (including, without limitation, using such Excess Promote Amount in lieu of issuing a Capital Call Notice to the Members), or (y) to the extent that such Excess Promote Amount constitutes Available Cash, to re-distribute such Available Cash to the Members (including Chatham Managing Member) pursuant to the then applicable provisions of Section 7.1.

(b) If Chatham Managing Member shall fail to repay the Excess Promote Amount that is due to the Company, then NS Managing Member shall be deemed to have made a loan to Chatham Managing Member (such loan, a "Promote Payment Loan"), on the date such payment was due, in an amount equal to the Excess Promote Amount, plus interest accruing from the date such payment was originally due from Chatham Managing Member on such amount at a fixed per annum rate (compounding monthly) equal to the lesser of (x) twenty percent (20%) per annum and (y) the highest rate permitted by applicable law, which Promote Payment Loan shall (i) be payable in whole or in part by Chatham Managing Member without premium or penalty, (ii) be payable in full immediately upon demand from NS Managing Member, and (iii) be secured by a lien upon the economic interest (i.e., the right to receive distributions and other monetary payments provided for in this Agreement) of Chatham Managing Member in the Company (and the parties intend hereby to create a security interest), which lien will automatically attach to such limited liability company interest without the necessity of further action; provided, however, upon request made by NS Managing Member, Chatham Managing Member will execute and deliver any document, instrument, agreement or financing statement in favor of NS Managing Member that is necessary to evidence or perfect such Promote Payment Loan and lien and is reasonable

in form and content and, in connection therewith, Chatham Managing Member hereby authorizes the filing of Uniform Commercial Code financing statements in favor of NS Managing Member that is necessary to evidence the foregoing lien and is reasonable in form and content. All payments made on account of a Promote Payment Loan shall be allocated first to accrued interest and second to principal.

(c) If NS Managing Member is deemed to have made a Promote Payment Loan then in connection with the distribution of Available Cash from Operations or Available Cash from Capital Event, if there is an outstanding Promote Payment Loan to Chatham Managing Member pursuant to the provisions hereof, all distributions under this Article VII or Article X that would otherwise be payable to Chatham Managing Member will be deemed distributed to Chatham Managing Member but will be paid instead to NS Managing Member (and/or used in the manner set forth in the last sentence of Section 7.4(a)) until the Promote Payment Loan has been paid in full. If there is more than one Promote Payment Loan to Chatham Managing Member during the term hereof, the oldest Promote Payment Loan shall be repaid in full first, with any subsequent Promote Payment Loans being repaid in the order same were advanced.

ARTICLE VII.

OTHER TAX MATTERS

Section 7.1 Tax Matters Member. The Company and each Member hereby designate NS Managing Member as the "tax matters partner" for purposes of Code Section 6231(a)(7) (the "Tax Matters Member"). The Tax Matters Member (after consultation with the Managing Member) shall: (a) cause to be prepared and timely filed by the Company all United States federal, state and local income tax returns of the Company for each year for which such returns are required to be filed, and (b) determine the appropriate treatment of each item of income, gain, loss, deduction and credit of the Company and the accounting methods and conventions under the tax laws of the United States, the several states and other relevant jurisdictions as to the treatment of any such item or any other method or procedure related to the preparation of such tax returns. Subject to the express provisions of this Agreement, NS Managing Member may in its reasonable discretion cause the Company to make or refrain from making any and all elections permitted by such tax laws, provided that the Tax Matters Member shall not make, or refrain from making any election reasonably requested by the Managing Member, that could reasonably be expected to disproportionately, materially and adversely affect Chatham Managing Member or the Chatham REIT without Chatham Managing Member's prior written consent. For the avoidance of doubt, it is agreed by the Members that NS Managing Member, as Tax Matters Member, shall cause the Company to make an election under Section 754 of the Code with respect to the Company's taxable year that will end on the Effective Date in accordance with Treasury Regulations section 1.708-1(b)(3)(ii) as a result of a "technical termination" of the Company as a partnership under Section 708(b)(1)(B) of the Code and Treasury Regulations section 1.708-1.

Section 7.2 Furnishing Information to Tax Matters Member. Each Member shall furnish to the Tax Matters Member such information (including information specified in Code Section 6230(e)) as such Tax Matters Member may, at its reasonable discretion, request to permit it to provide the Internal Revenue Service with sufficient information to allow proper notice to the Members in accordance with Code Section 6223 or any other provisions of the Code or the published regulations thereunder which require the Tax Matters Member to obtain information from the Members.

Section 7.3 Tax Claims and Proceedings. In respect of any income tax audit of any tax return of the Company, the filing of any amended return or claim for refund in connection with any item of income, gain, loss, deduction or credit reflected on any income tax return of the Company, or any administrative or judicial proceedings arising out of or in connection with any such audit, amended return, claim for refund or denial of such claim, (a) all expenses reasonably incurred by the Tax Matters Member in connection therewith shall be expenses of the Company, (b) the Tax Matters Member shall promptly deliver to each other Members a copy of all notices, communications, reports and writings received from the IRS relating to or potentially resulting in an adjustment of Company items, shall promptly advise each of the other Members of the substance of any conversations with the IRS in connection therewith and shall keep the other Members advised of all developments with respect to any proposed adjustments which come to its attention; (c) the Tax Matters Member shall (i) provide the other Members with a draft copy of any correspondence or filing to be submitted by the Company in connection with any administrative or judicial proceedings relating to the determination of Company items at the Company level reasonably in advance of such submission, (ii) incorporate all reasonable changes or comments to such correspondence or filing requested by the other Members and (iii) provide the other Members with a final copy of correspondence or filing, (d) the Tax Matter Member will provide each Member with notice reasonably in advance of any meetings or conferences with respect to any administrative or judicial proceedings relating to the determination of Company items at the Company level (including any meetings or conferences with counsel or advisors to the Company with respect to such proceedings) and each Member shall have the right to participate, at its sole cost and expense, in any such meetings or conferences. Notwithstanding anything in this Agreement to the contrary, the Tax Matters Member shall not enter into any settlement agreement that is binding upon the other Members with respect to the determination of Company items at the Company level without the prior written consent of the other Members. The Tax Matters Member shall use commercially reasonable efforts to provide tax returns to all Members at least 60 days prior to the return due date (inclusive of automatic extensions) if the Managing Member has provided the requisite information to the Tax Matters Member or the Company’s accountants reasonably in advance of such date.

Section 7.4 Books and Records. The books and records of the Company shall reflect all Company transactions and shall be appropriate and adequate for the Company's business. The books and records of the Company shall include a record of each transfer of participating interests of the Company. The Fiscal Year of the Company for financial reporting and for federal income tax purposes shall be the calendar year. All books and records of the Company shall be maintained at any office of the Company or at the Company's principal place of business in the United States, and each Member, and any duly authorized representative, shall have access to them at such office of the Company and the right to inspect and copy them at reasonable times. The Company's books of account shall be kept on an accrual basis or as otherwise provided by the Managing Member and otherwise in accordance with generally accepted accounting principles, consistently applied, except that for income tax purposes such books shall be kept in accordance with applicable tax accounting principles (including the Regulations).

Section 7.5 Chatham Managing Member Tax Protection. If requested by Chatham Managing Member, the Company shall cooperate with Chatham Managing Member to arrange a special allocation of liabilities of the Company to Chatham Managing Member in such amount or amounts so as to maintain or increase the amount of partnership liabilities allocated to Chatham Managing Member for purposes of Section 752 of the Code, including without limitation, allowing Chatham Managing Member the opportunity, at its option, either (i) to enter into a "bottom dollar guarantee" in a form designated by Chatham Managing Member of any liability of the Company identified by Chatham Managing Member or (ii) to enter into a "deficit restoration obligation" pursuant to which Chatham Managing Member would enter into a written obligation to restore part or all of its deficit capital account in the Company upon the occurrence of certain events. If Chatham Managing Member requests to enter into a "deficit restoration obligation" pursuant to the preceding sentence, the Members shall agree to amend this Agreement to include any provisions Chatham Managing Member reasonably determines are necessary to cause an allocation of liabilities to Chatham Managing Member under Section 752 of the Code, provided that any such amendments shall not harm any Member or otherwise impair any Member's rights under this Agreement. A reduction in liabilities of the Company allocated to a Member under Section 752 of the Code shall not be treated as a harm or an impairment for purposes of the preceding sentence. The Managing Member or NS Managing Member, as applicable, shall notify Chatham Managing Member thirty days prior to taking any action that could be reasonably expected to cause a reduction of the liabilities allocated to Chatham Managing Member under Section 752 of the Code, and the Company shall cooperate with Chatham Managing Member to arrange a special allocation of liabilities of the Company to Chatham Managing Member that is effective prior to taking such action. For the avoidance of doubt, the provisions of this Section 8.5 shall not require the Company to maintain any level of indebtedness or limit the Company's ability to dispose of assets.

Section 7.6 Survival. The provisions of this Article VIII shall survive the termination of the Company (as well as any termination, purchase or redemption of any Member's Percentage Interest in the Company for any reason whatsoever), and shall remain binding on the Members and all former Members for a period of time necessary to resolve with the appropriate taxing authorities any and all material matters regarding the taxation of the Company and its Members by reason of their percentage interests.

ARTICLE VIII.

REPRESENTATIONS AND WARRANTIES; COVENANTS

Section 8.1 Representations and Warranties of Members. Each of the Members hereby represents and warrants to the Company and to each of the other Members, as of the Effective Date that:

(k) If it is a corporation, a limited liability company or limited partnership, it is duly incorporated or otherwise duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation or organization, and if it is a partnership, it is validly constituted and not dissolved, and, in each case, has the power and lawful authority to own its assets and properties and to carry on its business as now conducted.

(l) It has the full right, power and authority to enter into, execute and deliver this Agreement and to perform fully its obligations hereunder. This Agreement has been fully executed and delivered by such Member and, assuming the due execution and delivery by the other parties, constitutes the valid and binding obligation of such Member, enforceable in accordance with its terms, except as (i) such enforceability may be limited by bankruptcy, reorganization or moratorium or other similar laws affecting the enforcement of creditors' rights generally and (ii) the availability of equitable remedies may be limited by equitable principles of general applicability.

(m) No approval or consent of any governmental authority or of any other Person is required in connection with the execution and delivery by it of this Agreement and the consummation and performance by such member of the transactions contemplated hereunder, except such as have been obtained and are in full force and effect.

(n) The execution and delivery of this Agreement by it, the consummation of the transactions contemplated hereunder and the performance by such Member of its obligations under this Agreement, in accordance with the terms and conditions hereof, will not conflict with or result in the breach or violation of any of the terms or conditions of, or constitute (or with notice or lapse of time or both would constitute) a default under, (i) the certificate of incorporation, by-laws, certificate of formation, limited liability company agreement or other constitutive documents of such Member; (ii) any instrument or contract to which such Member is a party or by or to which it or its assets or properties are bound or subject; or (iii) any statute or any regulation, order, judgment or decree of any governmental authority, except, in each case,

for such breaches violations or defaults that would not, individually or in the aggregate, materially impair the ability of such Member to perform its obligations hereunder.

(o) It understands that there are substantial risks to an investment in the Company and it has both the sophistication to be able to fully evaluate the risk of an investment in the Company and the capacity to protect its own interests in making such investment. Such Member fully understands and agrees that the investment in the Company is an illiquid investment.

(p) It is a QIB or an "accredited investor" within the meaning of the 1933 Act and is able to bear the economic risk of such an investment in the Company for an indefinite period of time, that it has no need for liquidity of this investment and it could bear a complete loss of this investment. The Member is either (i) a "qualified purchaser" within the meaning of the 1940 Act or (ii) if the Member is an entity formed and is being utilized primarily for the purpose of making an investment in the Company, each beneficial owner of such Member's securities is such a qualified purchaser.

(q) It is acquiring its percentage interests for investment solely for such Member's own account and not for distribution, transfer or sale to others in connection with any distribution or public offering. It understands that, irrespective of whether or not the Percentage Interests might be deemed "securities" under applicable laws, the Company is not obligated to register any percentage interests for resale under the 1933 Act or any applicable state securities laws.

(r) It specifically understands and agrees that no other Member, has made nor will make any representation or warranty with respect to the worthiness, terms, value or any other aspect of the Company, any Percentage Interest or the Business or Assets and it explicitly disclaims any warranty, express or implied, with respect to such matters. In addition, such Member specifically acknowledges, represents and warrants that (i) it is not relying on any other Member for its own due diligence concerning, or evaluation of, the Company or any related transaction and (ii) that it is not relying on any other Member with respect to tax and other economic considerations involved in an investment in the Company.

(s) No broker, investment banker, financial advisor or other Person is entitled to any broker's, finder's, financial advisor's or other similar fee or commission in connection with the Company based upon arrangements made by or on behalf of such Member.

(t) There are no actions, suits or proceedings pending, or to the knowledge of such Member threatened against such Member or its Affiliates which, if adversely determined, could materially adversely affect the ability of such Member or its Affiliates to perform its obligations under this Agreement or materially adversely affect the Percentage Interest of any other Member.

Section 8.2 ERISA Representation. Each of the Members represents, warrants and covenants to each other Member and to the Company that no portion of the assets being used by it to purchase and hold its percentage

interests constitute assets of a plan within the meaning of Section 3(32) of ERISA.

Section 8.3 AML/OFAC Compliance.

(a) Each Member hereby represents and warrants to each other Members and to the Company, as of the Effective Date, as follows:

(iv) To the best of its knowledge, it is in compliance with all applicable anti-money laundering and anti-terrorist laws, regulations, rules, executive orders and government guidance, AML and the OFAC Sanctions Programs, including the reporting, record-keeping and compliance requirements of the Bank Secrecy Act, as amended by the USA PATRIOT Act (collectively, the "BSA/Patriot Act"), and all related applicable Securities and Exchange Commission, self-regulatory organization or other agency rules and regulations, and has internal policies, procedures, internal controls and systems in place that are reasonably designed to ensure such compliance (collectively "AML/OFAC Laws");

(v) Neither (1) such Member nor any nor any Affiliate of such Member, nor (2) any person for whom such Member is acting as agent or nominee in connection with this investment is prohibited pursuant to the OFAC Sanctions Programs;

(vi) Unless disclosed in writing to the other Members on or before the Effective Date, (1) it is not a Senior Foreign Political Figure, or an Immediate Family Member or a Close Associate of a Senior Foreign Political Figure and (2) it is not controlled by a Senior Foreign Political Figure, or an Immediate Family Member or Close Associate of a Senior Foreign Political Figure;

(vii) It is not a foreign financial institution or a Person located in a foreign jurisdiction that has been designated by the U.S. Department of the Treasury as being subject to any special measures imposed on such financial institutions and jurisdictions pursuant to Section 311 of the BSA/Patriot Act;

(viii) It is not a "foreign shell bank" and it is not being used to provide services to a "foreign shell bank", as that term is defined for purposes of Sections 313 and 319 of the BSA/Patriot Act;

(b) Each Member hereby covenants to the Company and the other Members as follows:

(iii) Such Member will not engage in any activities that contravene federal state or international regulations, including all applicable AML/OFAC Laws;

(iv) Such Member will use reasonable efforts to ensure that the cash or other assets contributed to the Company by such Member will not be directly or indirectly derived from activities that contravene federal, state or international regulations, including applicable AML/OFAC Laws;

(v) Such Member will not utilize any funds received by the Company for any purpose that contravenes federal, state or international regulations, including applicable AML/OFAC Laws;

(vi) All funds contributed to or received from the Company by such Member will be wired to or from a bank located in an Approved FATF Country ("Wiring Bank") where such Member is a customer of the Wiring Bank;

(vii) All transactions, negotiations, discussions and dealings by such Member in connection with the Company will be in full compliance with all applicable AML/OFAC Laws;

(viii) Upon receiving a request from the Company or another Member, such Member shall provide such reasonable and non-proprietary and non-confidential information as may be reasonably required by the Company or such other Member to confirm that the representations, warranties and covenants contained in this Section 9.3(b) continue to be true and to comply with all applicable anti-money laundering and anti-terrorist laws, regulations and executive orders;

(ix) Such Member consents to the disclosure to United States regulators and law enforcement authorities by the Company or any other Member and its Affiliates of such information about such Member as the Company or such other Member or any of its Affiliates reasonably deems necessary or appropriate to comply with applicable anti-money laundering and anti-terrorist laws, regulations and executive orders;

(x) As a condition to any Transfer of such Member's direct or indirect interest in the Company, the Company and the other Members have the right to require full compliance with the representations, warranties and covenants contained in this Section 9.3;

(xi) Such Member will notify the Company and the other Members promptly if there is any change with respect to any of the representations or warranties (or any breach of a covenant) contained in this Section 9.3; and

(xii) Such Member is a "United States person" for United States federal income tax purposes.

(c) Each Member hereby acknowledges and agrees that the Company and the other Members have relied on the truthfulness of (and compliance by such Member with) each and every provision of this Section 9.3, and that any breach of such representations, warranties or covenants, including, without limitation, one that causes a breach or violation of, or a failed condition under, any documents by which the Company is bound (such as loan documents), is likely to result in substantial loss for the Company and/or the other Members.

(d) Each Member hereby acknowledges and agrees that if, following its investment in the Company, the Company or any other Member reasonably believes that such Member has breached any of its representations, warranties or covenants set forth in this Section 9.3, or that any action is otherwise required by law or regulation, the Company and the other Members have the right or may be obligated to freeze or block such Member's investment in

the Company, to prohibit additional investments by such Member in the Company, to segregate the assets constituting such Member's investment in accordance with applicable AML/OFAC Laws and regulations, to decline any redemption or transfer requests made by or on behalf of such Member, to redeem such Member's investment, and/or to report any such action to the applicable governmental authorities. Each Member further acknowledges and agrees that it will have no claim against the Company and/or any other Member or any of their respective Affiliates for any form of damages as a result of any of the foregoing actions.

ARTICLE IX.

DISSOLUTION AND TERMINATION OF THE COMPANY

Section 9.1 Dissolution. The Company shall be dissolved and its business wound up upon the earliest to occur of any one of the following events, unless the Members vote to continue the life of the Company upon the occurrence of such an event:

(g) The written determination of the Members to terminate the Company;

(h) Twenty-four (24) months after the sale, condemnation or other disposition of all Assets and the receipt of all consideration therefor; or

(i) The entry of a decree of judicial dissolution of the Company pursuant to the provisions of the Act.

Without limiting the generality of the foregoing, the permitted Transfer of a Member's Interest will not result in the dissolution of the Company. Except as otherwise specifically provided in this Agreement, each Member agrees that, without the consent of the other Members, no Member may withdraw from, terminate or cause a voluntary dissolution of the Company, and, in the event that a Member withdraws from the Company or causes a dissolution of the Company in contravention of this Agreement, such withdrawal or dissolution shall not reduce or otherwise affect such Member's continuing liability for the obligations and liabilities of the Company.

Section 9.2 Continuation of Interest of Member's Representative. Notwithstanding anything contained herein, upon the expulsion, receivership, dissolution or Bankruptcy of a Member, the personal representative, trustee-in-bankruptcy, debtor-in-possession, receiver, other representative, successor, heir or legatee (each a "Representative") of such Member shall, subject to the provisions of Section 5.1, immediately succeed to the Percentage Interest of such Member in the Company. Such Representative shall appoint an individual (which may be such Representative) who will represent the Representative's voting interest, if any. (the "Voting Representative").

Section 9.3 Dissolution, Winding Up and Liquidation.

(d) Upon a dissolution of the Company, the Company shall continue solely for purposes of winding up its affairs in an orderly manner, liquidating its assets, and satisfying

claims of its creditors. The liquidator of the Company shall take full account of the Company's liabilities and property and shall cause the property or the proceeds from the sale thereof, to the extent sufficient therefor, to be applied and distributed, to the maximum extent permitted by law, in the following order:

(ii) first, to creditors (including Members who are creditors) in satisfaction of all of the Company's debts and other liabilities, including the expenses of the winding-up, liquidation and dissolution of the Company (whether by payment or the making of reasonable reserves to provide for payment thereof); and

(iii) second, to the Members in accordance with Article VII.

(e) Distributions pursuant to this Section 10.3 shall be made no later than the end of the Fiscal Year during which the Company is liquidated (or, if later, 90 days after the date on which the Company is liquidated).

Section 9.4 Member Bankruptcy.

(a) Notwithstanding any other provision of this Agreement, the Bankruptcy of a Member shall not cause the Member to cease to be a member of the Company and upon the occurrence of such an event, the Company shall continue without dissolution.

(b) Notwithstanding any other provision of this Agreement, each of the Members waives any right it might have to agree in writing to dissolve the Company upon the Bankruptcy of the Members, or the occurrence of an event that causes the Member to cease to be a member of the Company.

ARTICLE X.

INDEMNIFICATION AND CONTRIBUTION

Section 10.1 Indemnity by the Company. Subject to the provisions of Section 11.4, the Company shall indemnify any Person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative by reason of the fact that such Person is or was a Member, Officer, director, Managing Member, Hotel Manager, controlling person, employee, legal representative or agent of the Company, or is or was serving at the request of the Company as manager, director, Managing Member, Hotel Manager, officer, partner, member, shareholder, controlling person, employee, legal representative or agent of another limited liability company, partnership, corporation, joint venture, trust or other enterprise (an "Indemnified Person"), from and against any and all claims, actions, suits, proceedings, liabilities, obligations, losses, damages, judgments, fines, penalties, amounts paid in settlement, interest, costs and expenses (including reasonable attorney's and accountant's fees, court costs and other out-of-pocket expenses actually and reasonably incurred in investigating, preparing or defending the foregoing)

(including any such brought by or in the right of the Company) suffered or incurred by such Indemnified Person while serving in such capacity or that otherwise in any way relate to or arise out of any action or inaction by such Indemnified Person or the Company (collectively, "Indemnifiable Losses"), if such Indemnified Person acted in good faith and in a manner that such Indemnified Person reasonably believed to be in or not opposed to the best interests of the Company and not in violation of this Agreement or outside the scope of such Person's authority, and, with respect to a criminal action or proceeding, had no reasonable cause to believe such Person's conduct was unlawful; provided, that the Company shall have no obligation to indemnify or defend hereunder to the extent such action, suit or proceeding arises from fraud, bad faith, willful misconduct or gross negligence on the part of such Indemnified Person.

Section 10.2 Exculpation. No Indemnified Person shall be liable to any Member of the Company for any act or failure to act on behalf of the Company, unless such act or failure to act resulted from fraud, bad faith, willful misconduct or gross negligence of the Indemnified Person. Each Indemnified Person may consult with legal counsel and accountants in respect of the Company's affairs and shall be fully protected and justified in any action or inaction which is taken in accordance with the advice or opinion of such counsel or accountants.

Section 10.3 Expenses. Any indemnification under Section 11.1, as well as the advance payment of expenses permitted under Section 11.4 shall be made by the Company to the fullest extent permitted under the Act.

Section 10.4 Advance Payment of Expenses. The expenses of any Member incurred in defending a civil or criminal action, suit or proceeding may be paid by the Company as they are incurred and in advance of the final disposition of the action, suit or proceeding, upon receipt of an undertaking by or on behalf of such Member (in form and substance, from an indemnitor, reasonably satisfactory to all of the Members), to repay the amount if it is ultimately determined by a court of competent jurisdiction that such Member is not entitled to be indemnified by the Company. The provisions of this Section 11.4 do not affect and shall not be deemed exclusive of any other rights, including, without, limitation, any rights to indemnification or advancement of expenses to which any such Indemnified Person other than the Members may be entitled under any contract, pursuant to approval of the Members, or otherwise by law.

Section 10.5 Beneficiaries. The indemnification and advancement of expenses authorized in or ordered by a court pursuant to this Article XI continues for a Person who has ceased to be a Member, officer, employee or agent and inures to the benefit of the heirs, executors and administrators of such Person.

Section 10.6 Indemnification Procedure for Third Party and Other Claims. The Company shall have the right, but not the obligation, exercisable by written notice to the Indemnified Person seeking such indemnification hereunder promptly but in any event no later than 30 days after receipt of written notice from the Indemnified Person of the commencement of or assertion of any claim, action, suit or proceeding by a third party in respect of which indemnity may be sought hereunder (a "Third Party Claim"), to assume the defense and control the settlement of such Third Party Claim that (a) involves (and continues to involve) solely money damages or (b) involves (and continues to involve) claims for both money damages and equitable relief against the Indemnified Party that cannot be severed, where the claims for money damages are the primary claims asserted by the third party and the claims for equitable relief are incidental to the claims for money damages. The Indemnified Person shall have the right to assume the defense and control the settlement of any Third Party Claim (i) not described in clauses (a) or (b) of the preceding sentence or (ii) described in clauses (a) or (b) of the preceding sentence whose defense and control of settlement has not been promptly assumed by the Company. The Company or the Indemnified Person, as the case may be, shall have the right to participate in (but not control), at its own expense, the defense of any Third Party Claim that the other is defending, as provided in this Agreement. The Company, if it has assumed the defense of any Third Party Claim as provided in this Agreement, shall not consent to a settlement of, or the entry of any judgment arising from, any such Third Party Claim without the Indemnified Person's prior written consent (which consent shall not be unreasonably withheld). The Company shall not, without the Indemnified Person's prior written consent, enter into any compromise or settlement which (A) commits the Indemnified Person to take, or to forbear to take, any action or (B) does not provide for a complete release by such Third Party of the Indemnified Person. The Indemnified Person shall have the sole and exclusive right to settle any Third Party Claim, on such terms and conditions as it deems reasonably appropriate, to the extent such Third Party Claim involves equitable or other non-monetary relief against the Indemnified Person, and shall have the right to settle any Third Party Claim involving money damages for which the Company has not assumed the defense pursuant to this Section 11.6 with the written consent of the Indemnifying Party, which consent shall not be unreasonably withheld or delayed.

Section 10.7 Other Claims. In the event an Indemnified Person shall claim a right to payment pursuant to this Agreement for other than a Third Party Claim, such Indemnified Person shall send written notice of such claim to the Indemnifying Party. Such notice shall specify the basis for such claim. As promptly as possible after the Indemnified Person has given such notice, the Indemnified Person and the Company shall attempt to resolve such claim by mutual agreement before resorting to other legal means to resolve such claim.

Section 10.8 Limitation on Damages. Notwithstanding anything contained in this Agreement to the contrary, no party shall be liable to the other party for any indirect, special, punitive, exemplary or consequential loss or damage (including any loss of revenue or profit) arising out of this Agreement including, without limitation, in respect of any breach by any Member of this Agreement; provided, that the foregoing shall not be construed to preclude recovery by the Indemnified Person in respect of Indemnifiable Losses directly incurred from Third Party Claims. Any Indemnified Person shall take commercially reasonable actions to mitigate his, her, its or their damages. The obligation of the Company to indemnify any Indemnified Person with respect to any Indemnifiable Losses hereunder resulting from any action, suit or proceeding shall not exceed the value of the Business and the Assets.

Section 10.9 Indemnification Under Purchase Agreement. Chatham Managing Member shall defend, indemnify, and hold harmless the Company, any Property Company, NS Managing Member and the direct and indirect directors, officers, members, managers, principals, investors, partners, agents, successors and permitted assigns of NS Managing Member (each a "NS Indemnified Party") from and against any and all losses, damages, liabilities, claims, actions, judgments, court costs and legal or other expenses (including, without limitation, reasonable attorneys' fees and other professional fees and costs) which such NS Indemnified Party incurs as a result of any claims made against a NS Indemnified Party in connection with any obligation or liability under the PSA to the extent relating to the Specified Hotels, the Specified Hotel Interests, or the Specified Hotel Transaction (as such terms are defined in the Purchase and Sale Agreement) and all matters to the extent relating thereto (including, without limitation, post-closing obligations and liabilities and prorations and other adjustments to be made under the Purchase and Sale Agreement to the extent relating thereto). In the event any amounts are received by Chatham Managing Member, NS Managing Member, or any of their respective Affiliates that relate solely to the Principal Transaction, such Member shall (or shall cause its applicable Affiliate to) promptly remit such amounts to the Company. The Company shall defend, indemnify, and hold harmless Chatham Managing Member and the direct and indirect directors, officers, members, managers, principals, investors, partners, agents, successors and permitted assigns of Chatham Managing Member (each a "Chatham Indemnified Party") from and against any and all losses, damages, liabilities, claims, actions, judgments, court costs and legal or other expenses (including, without limitation, reasonable attorneys' fees and other professional fees and costs) which such Chatham Indemnified Party incurs as a result of any claims made against a Chatham Indemnified Party in connection with any obligation or liability under the PSA to the extent relating to the Principal Transaction (as defined in the Purchase and Sale Agreement) and all matters to the extent relating thereto (including, without limitation, post-closing obligations and liabilities and prorations and other adjustments to be made under the Purchase and Sale Agreement to the extent relating thereto). In the event any amounts are received

by the Company or NS Managing Member or any of their respective Affiliates that relate solely to the Specified Hotels, the Specified Hotel Interests or the Specified Hotel Transaction, the Company or NS Managing Member shall (or shall cause its applicable Affiliate to), as applicable, promptly remit such amounts to Chatham Managing Member. The amount that may be recovered from the Sellers under the Purchase and Sale Agreement pursuant thereto with respect to the Specified Hotels, the Specified Hotel Interests or the Specified Hotel Transaction shall not exceed $7,770,000.00 without the consent of NS Managing Member. The amount that may be recovered from the Sellers under the Purchase and Sale Agreement pursuant thereto with respect to the Principal Transaction shall not exceed $22,230,000.00 without the consent of Chatham Managing Member. The foregoing indemnification and payment obligations shall survive the dissolution of the Company or any Property Company pursuant to this Agreement.

ARTICLE XI.

MISCELLANEOUS PROVISIONS

Section 11.1 Entire Agreement. This Agreement, the Ink I LLC Agreement and the Certificate of Formation constitute the complete and exclusive statement of the agreement among the Members with respect to the subject matter contained herein and therein. This Agreement, the Ink I LLC Agreement and the Certificate of Formation replace and supersede all prior agreements by and among the Members with respect to the subject matter contained herein and therein, including, without limitation that certain Limited Liability Company Agreement of NewINK, LLC, dated as of May 8, 2014.

Section 11.2 Amendments. This Agreement may be amended only by the unanimous written consent of the Members.

Section 11.3 Applicable Law; Venue.

(f) The Certificate of Formation and this Agreement shall be governed exclusively by their respective terms and the laws of the State of Delaware, without regard to the conflicts of laws principles thereof.

(g) Any legal action or proceeding with respect to this Agreement and any action for enforcement of any judgment in respect thereof may be brought in the courts of the State of New York or of the United States of America for the Southern District of New York, and, by execution and delivery of this Agreement, each Member hereby accepts for itself and in respect of its property, generally and unconditionally, the non-exclusive jurisdiction of the aforesaid courts and the appellate courts thereof. Each Member irrevocably consents to the service of process out of any of the aforementioned courts in any such action or proceeding by the mailing of copies thereof by registered or certified mail, postage prepaid, to such party at the address for notices set forth herein. Each Member hereby irrevocably waives any objection which it may now or hereafter have to the laying of venue of any of the aforesaid actions or

proceedings arising out of or in connection with this Agreement brought in the courts referred to above and hereby further irrevocably waives and agrees not to plead or claim in any such court that any such action or proceeding brought in any such court has been brought in an inconvenient forum.

Section 11.4 Enforcement. In the event of an action, suit or proceeding initiated by one Member against another Member or the Company involving the enforcement of its rights hereunder, the prevailing party shall be entitled to indemnification from the other party of reasonable attorneys' fees and expenses incurred in enforcing its rights in such action, suit or proceeding in accordance with this Section.

Section 11.5 Headings. The headings in this Agreement are inserted for convenience only and are in no way intended to describe, interpret, define, or limit the scope, extent or intent of this Agreement or any provisions contained herein.

Section 11.6 Severability. If any provision of this Agreement or the application thereof to any Person or circumstance shall be deemed invalid, illegal or unenforceable to any extent, the remainder of this Agreement and the application thereof shall not be affected and shall be enforceable to the fullest extent permitted by law.

Section 11.7 Counterparts. This Agreement may be executed in several counterparts with the same effect as if the parties executing the several counterparts had all executed one counterpart.

Section 11.8 Filings. Following the execution and delivery of this Agreement, representatives of the Company, shall promptly prepare any documents required to be filed and recorded under the Act, and such representatives shall promptly cause each such document to be filed and recorded in accordance with the Act and, to the extent required by local law, to be filed and recorded or notice thereof to be published in the appropriate place in each jurisdiction in which the Company may hereafter establish a place of business. Such representatives, under shall also promptly cause to be filed, recorded and published such statements of fictitious business name and any other notices, certificates, statements or other instruments required by any provision of any applicable law of the United States or any state or other jurisdiction which governs the conduct of its business from time to time.

Section 11.9 Additional Documents. Each Member agrees to perform all further acts and to execute, acknowledge and deliver any documents that may be reasonably necessary to carry out the provisions of this Agreement.

Section 11.10 Notices. All notices, requests and other communications to any party hereunder shall be in writing (including facsimile)

and shall be effective and deemed delivered or given, as the case may be, (a) if given by facsimile, when transmitted and the appropriate confirmation is received from the machine transmitting such facsimile, and followed by hard copy via overnight mail or reputable overnight courier for receipt the next Business Day, (b) if given by reputable overnight courier, on the next Business Day, (c) by hand delivery, when delivered or (d) if mailed, on the second Business following the day on which sent by first class mail:

To NS Managing Member:

c/o NorthStar Realty Finance Corp.
399 Park Avenue, 18th Floor
New York, New York 10022
Attention: Dan Gilbert
Facsimile: (212) 547-2000

And an additional copy at the same time to:

c/o NorthStar Realty Finance Corp.
399 Park Avenue, 18th Floor
New York, New York 10022
Attention: Ronald J. Lieberman, Esq.
Facsimile: (212) 547-2700

And an additional copy at the same time to:

c/o NorthStar Realty Finance Corp.
433 East Las Colinas Blvd., Suite 100
Irving, Texas 75039
Attention: Robert S. Riggs
Facsimile: (972) 869-6521

With a copy at the same time to:

Duval & Stachenfeld LLP
555 Madison Avenue, 6th Floor
New York, New York 10022
Attention: Terri L. Adler, Esq. and File Manager
File No.: 3281.0044
Facsimile: (212) 883-8883

To Chatham Managing Member at:

Chatham Lodging Trust
50 Cocoanut Row, Suite 211
Palm Beach, Florida 33480

Attention: Jeffrey Fisher
Facsimile: (561) 835-4125

And an additional copy at the same time to:

Wachtell, Lipton, Rosen & Katz
51 West 52nd Street
New York, New York 10019
Attention: Robin Panovka, esq.
Victor Goldfeld, esq.
Facsimile: (212) 403-2000

If to any other Member, at the addresses or facsimile numbers set forth on the signature page to this Agreement or such other addresses or facsimile numbers as such Member may hereafter specify to the Managing Member, who shall so notify the other Members.

Section 11.11 Waiver of Right to Partition and Bill of Accounting. To the fullest extent permitted by applicable law, each Member covenants that it will not, and hereby waives any right to, file a bill for partnership accounting. Each Member irrevocably waives any right that it may have to maintain any action for dissolution of the Company (unless the Company is dissolved pursuant to Section 10.1).

Section 11.12 Confidentiality; Press Releases. Each Member shall keep confidential all information of a confidential nature obtained pursuant to this Agreement, except that a Member shall be entitled to disclose such confidential information to (a) its advisors, agents, employees, trustees, lenders, franchisors, consultants, lawyers, accountants and other service providers as reasonably necessary in the furtherance of such Member's bona fide interests, as otherwise required by law or judicial process and to comply with reporting requirements, and to potential transferees of its percentage interests provided that such potential transferees enter into customary confidentiality agreements, with the Company expressly stated therein to be a third party beneficiary thereof, (b) its investors (together with the parties listed in clause (a), collectively, the "Member Representatives"), and (c) to the extent required by any party's reporting or other filing requirements under the rules and regulations of the Securities and Exchange Commission or Federal securities law, including, without limitation, to the extent disclosure is required on Form 8(k) with respect to the transaction contemplated hereby or as required by any securities exchange. Notwithstanding anything in this Agreement to the contrary, to comply with Regulations 1.6011-4(b)(3)(i), each Member (and any employee, representative or other agent of such Member) may disclose to any and all persons, without limitation of any kind, the U.S. federal income tax treatment and tax structure of the Company or any transactions undertaken by the Company, it being understood and agreed, for this purpose, (a) the name of, or any other identifying information regarding (i) the Company or any existing or future Member (or any affiliate thereof) in the Company, or (ii) any investment

or transaction entered into by the Company; and (b) any performance information relating to the Company, does not constitute such tax treatment or tax structure information. Furthermore, the foregoing confidentiality obligations shall not apply to information that (i) is or becomes publicly available other than as a result of acts by the recipient party or its Representatives in breach of this Section, (ii) is in the recipient party's possession or the possession of its Representatives prior to disclosure by the disclosing party, (iii) is disclosed to the recipient party or its Representatives by a third party, provided that the source of such information is not known by such recipient party or any of its Representatives receiving such information to be prohibited from transmitting such information to such recipient party or its Representatives by a contractual, legal, fiduciary or other obligation, (iv) is independently derived by the recipient party or its Representatives without the aid, application or use of the confidential information, (v) is in the opinion of counsel to the disclosing party, required to be disclosed to comply with any mandatory provision of law, any directive from a government recognized stock exchange on which such party is listed or a binding decision from a court or another government body, (vi) constitutes a generic disclosure about business and pipeline of a party or any affiliate of a party made in the ordinary course of business and would not reasonably be expected to identify the non-disclosing party or the Assets or (vii) in connection with any corporate presentations, earnings calls, earnings releases, press releases (provided that Members shall confer and afford one another a reasonable opportunity to review and provide reasonable comment on any press release to be issued by a Member disclosing the transaction or any of its economic terms and the appropriate time for making such release (but the contents of any such press release will ultimately be determined by the Member issuing or providing same and the foregoing shall not constitute a consent right)), investor reports, investor conference calls or investor meetings which may include, without limitation, disclosure of economic terms and such other matters relating to the transaction which either Member determines is necessary or appropriate.

Section 11.13 Uniform Commercial Code. Each limited liability company interest in the Company shall constitute a "security" within the meaning of, and governed by, (i) Article 8 of the Uniform Commercial Code (including Section 8 102(a)(15) thereof) as in effect from time to time in the State of Delaware, and (ii) the Uniform Commercial Code of any other applicable jurisdiction that now or hereafter substantially includes the 1994 revisions to Article 8 thereof as adopted by the American Law Institute and the National Conference of Commissioners on Uniform State Laws and approved by the American Bar Association on February 14, 1995.

Section 11.14 Binding Agreement. Notwithstanding any other provision of this Agreement, the Members agree that this Agreement constitutes a legal, valid and binding agreement of the Members, and is enforceable against the Members by the Company in accordance with its terms.

Section 11.15 Waiver. No failure by any party to insist upon the strict performance of any covenant, duty, agreement or condition of this Agreement or to exercise any right or remedy consequent upon a breach thereof shall constitute waiver of any such breach or any other covenant, duty, agreement or condition.

Section 11.16 DISCLOSURES. THE INTERESTS OFFERED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "1933 ACT"), OR THE SECURITIES LAWS OF ANY STATE AND ARE BEING OFFERED AND SOLD IN RELIANCE ON EXEMPTIONS FROM THE REGISTRATION REQUIREMENTS OF THE 1933 ACT AND SUCH LAWS. THE INTERESTS ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE 1933 ACT AND SUCH LAWS PURSUANT TO EXEMPTION FROM REGISTRATION THEREUNDER. THERE WILL NOT BE ANY PUBLIC MARKET FOR THE INTERESTS. IN ADDITION, THE TERMS OF THIS AGREEMENT RESTRICT THE TRANSFERABILITY OF INTERESTS.

Section 11.17 Limitation on Right to Acquire Loans. Each Member hereby covenants and agrees that no Member nor an Affiliate of any Member shall enter into any direct or indirect agreement with any Lender with respect to a direct or indirect acquisition of any interest in any Loan or any Asset until the date which is one (1) year after any foreclosure, deed in lieu, conveyance, or other direct or indirect transfer pursuant to which a Lender acquires a direct or indirect ownership interest in an Asset (the foregoing restriction to include any brokerage, commission, fee, participation, management, servicing, or other agreement pursuant to which any Member or an Affiliate of any Member provides services to or receives from or with respect to an Asset). This Section 12.17 shall survive for one (1) year following the termination of this Agreement.

[Signatures on following page]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement, effective as of the date first above written.

MEMBERS:

PLATFORM MEMBER HOLDINGS-T CAM2, LLC a Delaware limited liability company

By: /s/ Ronald J. Lieberman
Name: Ronald J. Lieberman
Title: Authorized Signatory

CHATHAM TRS HOLDING, INC,.a
Florida corporation

By: /s/ Eric Kentoff
Name: Eric Kentoff
Title: Vice President and Secretary

SCHEDULE A

PERCENTAGE INTERESTS

MEMBER'S NAME	EFFECTIVE DATE DEEMED CAPITAL CONTRIBUTION AMOUNT	PERCENTAGE INTEREST
Platform Member Holdings-T CAM2, LLC	The Company's pro rata portion of $89,722.20	89.7222%
Chatham TRS Holding, Inc.	The Company's pro rata portion of $10,277.80	10.2778%
TOTAL	The Company's pro rata portion of $100,000.00	100.0%

SCHEDULE B

LIST OF PROPERTY COMPANIES

Grand Prix Fixed Lessee Holding B LLC

Grand Prix Fixed Lessee Holding A LLC

Grand Prix Fixed Lessee LLC

INK Lessee Holding B LLC

INK Lessee Holding A LLC

INK Lessee, LLC

SCHEDULE C

Reserved

SCHEDULE D

CONTRIBUTION AGREEMENT

(Attached hereto)

SCHEDULE E

Reserved

SCHEDULE F

OPTION CLOSING TERMS

The closing with respect to the purchase by NS Managing Member of Chatham Managing Member's interests in the Company shall take place on the following terms:

F.1. The Option Closing shall take place on the Option Closing Date and shall be held at the principal offices of the Company (or another location mutually agreed upon by the parties).

F.2. At the Option Closing, Chatham Managing Member shall convey to NS Managing Member (or their designees, subject to Section 10 below) Chatham Managing Member's membership interest in the Company.

F.3. NS Managing Member shall pay to Chatham Managing Member an amount equal to the Option Price which shall be paid by certified or cashier's check, or wire transfer of immediately available funds in the currency of the United States of America.

F.4. At the Option Closing, Chatham Managing Member shall deliver to NS Managing Member: (i) evidence reasonably satisfactory to NS Managing Member of the due corporate, partnership, limited liability company or other authority of Chatham Managing Member to convey its interest to NS Managing Member and (ii) a certificate containing representations and warranties of Chatham Managing Member regarding (1) the due authorization, execution and delivery of the closing documents, (2) due formation, valid existence and good standing in all applicable jurisdictions, (3) the enforceability of the closing documents being signed by Chatham Managing Member (except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws relating to or affecting creditor's rights generally or by general equitable principles), (4) that all material consents and approvals necessary to be obtained with respect to the transaction in respect only of Chatham Managing Member have been obtained, (5) that Chatham Managing Member has not dealt with any brokers, finders or similar parties in connection with the sale that could entitle any such party to claim a commission, fee or other compensation in connection therewith (or, if there are any such brokers, finders or similar parties, that same have been paid in full concurrently with the Option Closing) and (6) that there are no liens or encumbrances affecting the membership interests of Chatham Managing Member (other than liens being discharged concurrently with the Option Closing). The representations and warranties contained in such certificate shall survive the Option Closing for a period of twelve (12) months.

F.5. At the Option Closing, NS Managing Member shall deliver to Chatham Managing Member: (i) evidence reasonably satisfactory to Chatham Managing Member of the due corporate, partnership, limited liability company or other authority of NS Managing Member to acquire the interests of Chatham Managing Member and (ii) a certificate containing representations and warranties of NS Managing Member regarding (1) the due authorization, execution and delivery of the closing documents, (2) due formation, valid existence and good standing in all applicable jurisdictions, (3) the enforceability of the closing documents being signed by NS Managing Member (except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws relating to or affecting creditor's rights generally or by general equitable principles), (4) that all material consents and approvals necessary to be obtained with respect to the transaction in respect only of NS Managing Member have been obtained and (5) that NS Managing Member has not dealt with any brokers, finders or similar parties in connection with the sale that could entitle any such party to claim a commission, fee or other compensation in connection therewith (or, if there are any such brokers, finders or

similar parties, that same have been paid in full concurrently with the Option Closing). The representations and warranties contained in such certificate shall survive the Option Closing for a period of twelve (12) months.

F.6. Any transfer tax, recording tax or similar taxes arising out of or in connection with the sale and transfer of the membership interest of Chatham Managing Member in the Company shall be paid pursuant to the custom of the jurisdiction in which the Assets are located (e.g., if the Assets are located in a state which assesses a transfer tax in connection with the Option Closing and such tax would be paid by the seller if the Assets had been sold, then Chatham Managing Member shall pay such transfer tax).

F.7. Subject to Section 11 below, such sale shall be subject to all liabilities and obligations of the Company, matured or unmatured, absolute or contingent.

F.8. At the Option Closing, the Members shall execute or cause to be executed any and all documents (in form and substance reasonably acceptable to each of the Members) reasonably required to fully transfer good and valid title to the membership interest of Chatham Managing Member in the Company to NS Managing Member.

F.9. If the Notice Recipient shall fail to consummate the Option Closing on the Option Closing Date for any reason other than the default of the Initiating Party, then the Initiating Party shall be entitled to all of its remedies at law or in equity, including, without limitation the right of specific performance, in which event the Initiating Party shall be entitled to receive all costs, expenses and damages (including, without limitation, reasonable attorneys' fees) incurred by the Initiating Party in obtaining such specific performance. If either party shall fail to consummate the Option Closing on the Option Closing Date for any reason other than the default of the other party, then (i) the non-defaulting party shall be entitled to all of its remedies at law or in equity (other than the right of compel the Option Closing to occur, except as provided in the preceding sentence), including without limitation the right to terminate the Option Closing, in which event the defaulting party shall reimburse the non-defaulting party for all of its costs, expenses and damages (including, without limitation, reasonable attorneys' fees) incurred in connection with the put/call transaction and (ii) if Chatham Managing Member is the defaulting party with respect to a put transaction, then Chatham Managing Member shall forfeit its right to deliver another Put Notice pursuant to Section 3.8 with respect to the specific event that triggered Chatham Managing Member's right to deliver such Put Notice (it being understood that Chatham Managing Member shall retain the right to deliver a Put Notice with respect to any other event, including a subsequent occurrence of the same type of event).

F.10. Upon request made by NS Managing Member, Chatham Managing Member will, at no cost or expense to Chatham Managing Member, cooperate with NS Managing Member so that the option transaction is structured as a sale of all of the Option Interests to a third party purchaser that is designated by NS Managing Member, provided that such cooperation shall not release NS Managing Member from its obligation to consummate the Option Closing, shall not delay the Option Closing Date, shall not decrease the amounts ultimately payable to Chatham Managing Member and shall not in Chatham Managing Member's reasonable judgment expose Chatham Managing Member to any increased risk or liability (including, without limitation, income tax liability) in excess of that which it would have had in the event the transaction were structured as a purchase by the NS Managing Member of the Option Interests.

F.11. In connection with the Option Closing, if (i) the consent of any Lender shall be required to the consummation of the transactions contemplated by such Option Closing (to the extent such consent is required by the terms of the Loan Documents), or (ii) Chatham Managing Member (or any Affiliate or principal of Chatham Managing Member) is a party to a Carveout Guaranty, then NS Managing Member shall be required to deliver to Chatham Managing Member as a condition to Chatham Managing Member's obligation to effect

the Option Closing evidence of such consent (if clause (i) applies) and shall use good faith efforts to deliver to Chatham Managing Member a full and unconditional release from such Lender of all such liability other than any liability resulting directly from acts of Chatham Managing Member prior to the Option Closing Date (if clause (ii) applies), provided that in connection with clause (ii), if Lender refuses to grant such release to Chatham Managing Member then NS Managing Member shall be required as a condition to Chatham Managing Member's obligation to effect the Option Closing to deliver to Chatham Managing Member a full and unconditional release from such Lender of all liability under a Carveout Guaranty arising for events first occurring after the Option Closing Date. In connection with the JPM Loan, the parties acknowledge and agree that NS Managing Member shall only be required to deliver to Chatham Managing Member a full and unconditional release of all liability under the Carveout Guaranty arising for events first occurring after the Option Closing Date (and not a release for all acts other than those arising from acts of Chatham Managing Member). If the Lender refuses to grant its consent at or before the Option Closing Date (if clause (i) applies) and the aforementioned release (if clause (ii) applies), then as a condition to the obligation of Chatham Managing Member to consummate the sale of its membership interests at the Option Closing (A) NS Managing Member shall be required to cause the Company (or Property Company) to prepay such indebtedness in full or defease the Loan at the Option Closing in accordance with the provisions of the Loan Documents (including the payment of any prepayment penalty, prepayment premium, costs of defeasance and/or breakage costs) and (B) if NS Managing Member does not take the actions required in subclause (A), then such failure shall be deemed a default by NS Managing Member.

F.12. NS Managing Member hereby indemnifies and holds harmless Chatham Managing Member from any liability, damage, cost or expense (including, without limitation, reasonable attorneys' fees and costs incurred in the enforcement of the foregoing indemnity) arising out of the Company, the Assets, this Agreement, and any guaranty or indemnity made by Chatham Managing Member (including, without limitation, an indemnity made to a title insurance company), to the extent that any such liability, damage, cost or expense is based on actions or events occurring on or after the Option Closing Date. The foregoing indemnity will survive the Option Closing.

F.13. If at the time of the Option Closing, there is a dispute between the parties in connection with the transaction, including, without limitation, a litigation, action or proceeding or an arbitration proceeding or a disagreement in the calculation of the Option Price or any related prorations or adjustments or any other calculation or computation arising out of the Option Closing (any such being referred to as an "Existing Option Dispute"), then the existence of such Existing Option Dispute shall not affect the consummation of the Option Closing, and the parties shall consummate the Option Closing as if the Existing Option Dispute did not exist, however, such Existing Option Dispute shall continue in effect on and after such Option Closing with the intent and purpose that the parties shall not prejudice their respective rights in respect of any such Existing Option Dispute. In furtherance of the foregoing (x) if such Existing Option Dispute pertains to a dispute over money, then an amount equal to the sum of money in question shall be withheld from the proceeds to be distributed to Chatham Managing Member at the Option Closing and shall be maintained in escrow by a national escrow agent selected by NS Managing Member and reasonably acceptable to Chatham Managing Member after the Option Closing to permit the parties to continue the Existing Option Dispute and have such escrowed funds available to pay for any resolution thereof that requires Chatham Managing Member to pay over such funds to NS Managing Member or vice versa and (y) if such Existing Option Dispute pertains to a matter other than a specified sum of money, then if the Existing Option Dispute is not resolved by the Option Closing itself (i.e., the conveyance of Chatham Managing Member's membership interest to NS Managing Member may cause the Existing Option Dispute to be rendered moot) the parties shall continue such dispute subsequent to the Option Closing Date.

SCHEDULE G

BUY/SELL CLOSING TERMS

The closing with respect to the purchase by the Purchasing Member of the Selling Member's(s') interest in the Company shall take place on the following terms:

G.1. The closing pursuant to the Buy/Sell Notice or Buy/Sell Response (the "Buy/Sell Closing") shall take place on the Buy/Sell Closing Date and shall be held at the principal offices of the Company.

G.2. At the Buy Sell Closing, the Selling Member shall convey to the Purchasing Member (or its designee, subject to Section 11 below) the Selling Member's membership interest in the Company, free and clear of liens and encumbrances.

G.3. The Purchasing Member shall pay to the Selling Member an amount equal to the Buy/Sell Membership Interest Purchase Price which shall be paid by certified or cashier's check, or wire transfer of immediately available funds in the currency of the United States of America. An amount equal to the Buy/Sell Deposit Funds shall be applied against the Buy/Sell Membership Interest Purchase Price. If there is more than one Purchasing Member, then each such Purchasing Member shall pay its respective pro rata share (based on the ratio of such Purchasing Member's Percentage Interest to the sum of the Percentage Interests of all Purchasing Members) of the Buy/Sell Membership Interest Purchase Price.

G.4. At the Buy/Sell Closing, the Selling Member shall deliver to the Purchasing Member (i) evidence reasonably satisfactory to the Purchasing Member of the due corporate, partnership, limited liability company or other authority of such Member to convey its interest to the Purchasing Member and (ii) a certificate containing representations and warranties of such Member regarding (1) the due authorization, execution and delivery of the closing documents, (2) due formation, valid existence and good standing in all applicable jurisdictions, (3) the enforceability of the closing documents being signed by such Member (except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws relating to or affecting creditor's rights generally or by general equitable principles), (4) that all material consents and approvals necessary to be obtained with respect to the transaction in respect only of such Member have been obtained, (5) that such Member has not dealt with any brokers, finders or similar parties in connection with the sale that could entitled any such party to claim a commission, fee or other compensation in connection therewith (or, if there are any such brokers, finders or similar parties, that same have been paid in full concurrently with the Buy/Sell Closing) and (6) that there are no liens or encumbrances affecting the membership interests of the Selling Member (other than liens being discharged concurrently with the Buy/Sell Closing). The representations and warranties contained in such certificate shall survive the Buy/Sell Closing for a period of twelve (12) months.

G.5. At the Buy/Sell Closing, the Purchasing Member shall deliver to the Selling Member (i) evidence reasonably satisfactory to the Selling Member of the due corporate, partnership, limited liability company or other authority of such Member to acquire the interests of the Selling Member and (ii) a certificate containing representations and warranties of such Member regarding (1) the due authorization, execution and delivery of the closing documents, (2) due formation, valid existence and good standing in all applicable jurisdictions, (3) the enforceability of the closing documents being signed by such Member (except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws relating to or affecting creditor's rights generally or by general equitable principles), (4) that all material consents and approvals necessary to be obtained with respect to the transaction in respect only of such Member have been obtained, and (5) that such Member has not dealt with any brokers, finders or similar parties in connection with the sale that could entitle any such party to claim a commission, fee or other compensation in connection therewith (or, if there are any such brokers, finders or similar parties, that same have been paid in full concurrently with the

Buy/Sell Closing). The representations and warranties contained in such certificate shall survive the Buy/Sell Closing for a period of twelve (12) months.

G.6. Any transfer tax, recording tax or similar taxes arising out of or in connection with the sale and transfer of the membership interest of the Selling Member in the Company shall be paid pursuant to the custom of the jurisdiction in which the Assets are located (e.g., if the Assets are located in a state which assesses a transfer tax in connection with the Buy/Sell Closing and such tax would be paid by the seller if the Assets had been sold, then the Selling Member shall pay such transfer tax).

G.7. Subject to Section 12 below, such sale shall be subject to all liabilities and obligations of the Company, matured or unmatured, absolute or contingent.

G.8. At the Buy/Sell Closing, the Members shall execute or cause to be executed any and all documents (in form and substance reasonably acceptable to each of the Members) reasonably required to fully transfer good and valid title to the membership interest of the Selling Member in the Company to the Purchasing Member.

G.9. If the Purchasing Member shall fail to consummate the Buy/Sell Closing on the Buy/Sell Closing Date for any reason other than the default of the Selling Member, then the Selling Member shall be entitled as its sole remedy as liquidated damages to (a) cause the Buy/Sell Deposit Funds to be delivered to the Selling Member and terminate the buy/sell transaction and/or (b) purchase the Purchasing Member's membership interest in the Company at a price equal to the Buy/Sell Membership Interest Purchase Price that would be obtained if the Purchasing Member were treated as the Selling Member in the definition thereof.

G.10. If the Selling Member shall fail to consummate the Buy/Sell Closing on the Buy/Sell Closing Date for any reason other than the default of the Purchasing Member, then the Purchasing Member shall be entitled to all of its remedies at law or in equity, including, without limitation (i) the right of specific performance, in which event the Purchasing Member shall be entitled to receive all costs, expenses and damages (including, without limitation, reasonable attorneys' fees) incurred by the Purchasing Member in obtaining such specific performance and (ii) the right to terminate the buy/sell transaction, in which event the Selling Member shall cause the Buy/Sell Escrow Agent to return the Buy/Sell Deposit Funds to the Purchasing Member, and the Selling Member shall reimburse the Purchasing Member for all of its costs, expenses and damages (including, without limitation, reasonable attorneys' fees) incurred in connection with the buy/sell transaction.

G.11. Upon request made by the Purchasing Member, the Selling Member will, at no cost or expense to the Selling Member, cooperate with the Purchasing Member so that the buy/sell transaction is structured as a sale of all of the Assets to a third party purchaser that is designated by the Purchasing Member, provided that such cooperation shall not release the Purchasing Member from its obligation to consummate the Buy/Sell Closing, shall not delay the Buy/Sell Closing Date, shall not decrease the amounts ultimately payable to the Selling Member and shall not in the Selling Member's reasonable judgment expose the Selling Member to any increased risk or liability (including, without limitation, income tax liability) in excess of that which it would have had in the event the transaction were structured as a purchase by the Purchasing Member of the Selling Member's membership interest.

G.12. In connection with the Buy/Sell Closing, if (i) the consent of any Lender shall be required to the consummation of the transactions contemplated by such Buy/Sell Closing (to the extent such consent is required by the terms of the Loan Documents) or (ii) the Selling Member (or any Affiliate or principal of the Selling Member) is a party to a Carveout Guaranty, then the Purchasing Member shall be required to deliver to the Selling Member as a condition to the Selling Member's obligation to effect the Buy/Sell Closing evidence of such consent (if clause (i) applies) and shall use good faith efforts to deliver to the Selling Member a full and

unconditional release from such Lender of all such liability other than any liability resulting directly from acts of the Selling Member prior to the Buy/Sell Closing Date (if clause (ii) applies), provided that in connection with clause (ii), if Lender refuses to grant such release to the Selling Member then the Purchasing Member shall be required as a condition to the Selling Member's obligation to effect the Buy/Sell Closing to deliver to the Selling Member a full and unconditional release from such Lender of all liability under a Carveout Guaranty arising for events first occurring after the Buy/Sell Closing Date. In connection with the JPM Loan, the parties acknowledge and agree that if NS Managing Member is the Purchasing Member the NS Managing Member shall only be required to deliver to Chatham Managing Member, as Selling Member a full and unconditional release of all liability under the Carveout Guaranty arising for events first occurring after the Buy/Sell Closing Date (and not a release for all acts other than those arising from acts of Chatham Managing Member). If the Lender refuses to grant its consent at or before the Buy/Sell Closing Date (if clause (i) applies) and the aforementioned release (if clause (ii) applies), then as a condition to the obligation of the Selling Member to consummate the sale of its membership interests at the Buy/Sell Closing (A) the Purchasing Member shall be required to cause the Company (or Property Company) to prepay such indebtedness in full or defease the Loan at the Buy/Sell Closing in accordance with the provisions of the Loan Documents (including the payment of any prepayment penalty, prepayment premium, costs of defeasance and/or breakage costs) and (B) if the Purchasing Member does not take the actions required in subclause (A), then such failure shall be deemed a default by the Purchasing Member.

G.13. If the Buy/Sell Notice is delivered then the Purchasing Member hereby indemnifies and holds harmless the Selling Member from any liability, damage, cost or expense (including, without limitation, reasonable attorneys' fees and costs incurred in the enforcement of the foregoing indemnity) arising out of the Company, the Assets, this Agreement, and (if Chatham Managing Member is the Selling Member) any guaranty or indemnity made by Chatham Managing Member (including, without limitation, an indemnity made to a title insurance company), to the extent that any such liability, damage, cost or expense is based on actions or events occurring on or after the Buy/Sell Closing Date. The foregoing indemnity will survive the Buy/Sell Closing.

G.14. The parties acknowledge that the Buy/Sell Notice shall not be required to set forth the calculation, or the determination of, the Buy/Sell Membership Interest Purchase Price (which amount shall be determined in connection with the consummation of the Buy/Sell Closing).

G.15. The escrow provisions contained in Schedule H are incorporated herein for the benefit of the Buy/Sell Escrow Agent. In addition, both parties agree, upon request made by any Buy/Sell Escrow Agent, to deliver any supplemental indemnification or other provisions for the benefit of such Buy/Sell Escrow Agent.

G.16. If at the time of the Buy/Sell Closing, there is a dispute between the parties in connection with the transaction, including, without limitation, a litigation, action or proceeding or an arbitration proceeding or a disagreement in the calculation of the Buy/Sell Membership Interest Purchase Price or any related prorations or adjustments or any other calculation or computation arising out of the Buy/Sell Closing (any such being referred to as an "Existing Dispute"), then the existence of such Existing Dispute shall not affect the consummation of the Buy/Sell Closing, and the parties shall consummate the Buy/Sell Closing as if Existing Dispute did not exist, however, such Existing Dispute shall continue in effect on and after such Buy/Sell Closing with the intent and purpose that the parties shall not prejudice their respective rights in respect of any such Existing Dispute. In furtherance of the foregoing (x) if such Existing Dispute pertains to a dispute over money, then an amount equal to the sum of money in question shall be withheld from the proceeds to be distributed to the Selling Member at the Buy/Sell Closing and shall be maintained in escrow by the Buy/Sell Escrow Agent after the Buy/Sell Closing to permit the parties to continue the Existing Dispute and have such escrowed funds available to pay for any resolution thereof that requires the Selling Member to pay over such funds to the Purchasing Member or vice versa and (y) if such Existing Dispute pertains to a matter other than a specified sum of money, then if the Existing Dispute is not resolved by the Buy/Sell Closing itself (i.e., the conveyance

of the Selling Member’s membership interest in the Company to the Purchasing Member may cause the Existing Dispute to be rendered moot) the parties shall continue such dispute subsequent to the Buy/Sell Closing Date.

SCHEDULE H

BUY/SELL ESCROW PROVISIONS

1. The Buy/Sell Escrow Agent shall deposit the Buy/Sell Deposit Funds in an interest bearing escrow account.

2. If the Buy/Sell Closing takes place, the Buy/Sell Escrow Agent shall deliver the Buy/Sell Deposit Funds to, or upon the instructions of, the Selling Member(s) at the Buy/Sell Closing.

3. If the Buy/Sell Closing does not take place pursuant to the provisions of this Agreement, by reason of the failure of any party to comply with its obligations hereunder, the Buy/Sell Escrow Agent shall pay the Buy/Sell Deposit Funds to the party entitled thereto in accordance with the provisions of this Agreement, provided, however, prior to paying the Buy/Sell Deposit Funds to any party (the "Claiming Party") pursuant to the provisions of this Section 3, the Buy/Sell Escrow Agent shall deliver written notice to the other party (the "Non-Claiming Party") stating its intention to pay the Buy/Sell Deposit Funds to the Claiming Party. The Non-Claiming Party shall have a period of ten (10) days in which to deliver notice to the Buy/Sell Escrow Agent agreeing to payment of the Buy/Sell Deposit Funds to the Claiming Party or disagreeing with such payment. If the Non-Claiming Party agrees that the Buy/Sell Deposit Funds shall be paid to the Claiming Party, then the Buy/Sell Escrow Agent shall so pay the Buy/Sell Deposit Funds to the Claiming Party. If the Non-Claiming Party disagrees with such payment, then the Buy/Sell Escrow Agent shall not make such payment and shall continue to hold the Buy/Sell Deposit Funds and shall not make any disposition of the Buy/Sell Deposit Funds except as provided in Section 5 below. The failure of the Non-Claiming Party to deliver such notice within the ten (10) day period shall be deemed delivery of a notice on the last day of such ten (10) day period agreeing to payment of the Buy/Sell Deposit Funds to the Claiming Party.

4. It is agreed that:

(a) The duties of the Buy/Sell Escrow Agent are only as herein specifically provided and are purely ministerial in nature, and the Buy/Sell Escrow Agent shall incur no liability whatever except for willful misconduct or gross negligence, as long as the Buy/Sell Escrow Agent has acted in good faith;

(b) The Buy/Sell Escrow Agent shall not be liable or responsible for the collection of the proceeds of any check or wire transfer constituting all or a portion of the Buy/Sell Deposit Funds;

(c) In the performance of its duties hereunder, the Buy/Sell Escrow Agent shall be entitled to rely upon any document, instrument or signature believed by it to be genuine and signed by either of the other parties or their successors;

(d) The Buy/Sell Escrow Agent may assume that any person purporting to give any notice of instructions in accordance with the provisions hereof has been duly authorized to do so;

(e) The Buy/Sell Escrow Agent shall not be bound by any modification, cancellation or rescission of these escrow provisions unless in writing and signed by it, the selling parties and the purchasing parties;

(f) The selling parties and the purchasing parties shall jointly and severally reimburse and indemnify the Buy/Sell Escrow Agent for, and hold it harmless against, any and all loss, liability, cost or expense in connection herewith, including reasonable legal fees and disbursements, incurred without willful misconduct or gross negligence on the part of the Buy/Sell Escrow Agent arising out of or in connection with its acceptance

of, or the performance of its duties and obligations under these escrow provisions, as well as the reasonable costs and expenses of defending against any claim or liability arising out of or relating to these Escrow Provisions; and

(g) The Manager and the Members each hereby release the Buy/Sell Escrow Agent from any act done or omitted to be done by the Buy/Sell Escrow Agent in good faith in the performance of its duties hereunder.

5. The Buy/Sell Escrow Agent is acting as a stake-holder only with respect to the Buy/Sell Deposit Funds. If there is any dispute as to whether the Buy/Sell Escrow Agent is obligated to deliver all or any portion of the Buy/Sell Deposit Funds or as to whom the proceeds of the Buy/Sell Deposit Funds are to be delivered, the Buy/Sell Escrow Agent shall not be required to make any delivery, but in such event the Buy/Sell Escrow Agent shall hold the Buy/Sell Deposit Funds (together with all interest thereon, if any) until receipt by the Buy/Sell Escrow Agent of an authorization in writing, signed by all of the parties having any interest in such dispute, directing the disposition of the Buy/Sell Deposit Funds (together with all interest thereon, if any), or, in the absence of such authorization, the Buy/Sell Escrow Agent shall hold the Buy/Sell Deposit Funds (together with all interest thereon, if any), until the final determination of the rights of the parties in an appropriate proceeding. If such written authorization is not given, or proceedings for such determination are not begun within ninety (90) days after the date the Buy/Sell Escrow Agent shall have received written notice of such dispute, and thereafter diligently continued, the Buy/Sell Escrow Agent shall have the right, but not the obligation, to bring an appropriate action or proceeding for leave to deposit the Buy/Sell Deposit Funds (together with all interest thereon, if any), in court pending such determination. The Buy/Sell Escrow Agent shall be reimbursed for all costs and expenses of such action or proceeding including, without limitation, reasonable attorneys' fees and disbursements, by the party determined not to be entitled to the Buy/Sell Deposit Funds or if the Buy/Sell Deposit Funds is split between the parties hereto, such costs of the Buy/Sell Escrow Agent shall be split, pro rata, between the selling parties and the purchasing parties, upon the amount of Buy/Sell Deposit Funds received by each. Upon making delivery of the Buy/Sell Deposit Funds (together with interest thereon, if any), in the manner provided in this Agreement, the Buy/Sell Escrow Agent shall have no further liability hereunder.

6. The Buy/Sell escrow agent will be required to execute a counterpart of these escrow provisions solely to confirm that the buy/sell escrow agent upon receipt thereof, will hold the Buy/Sell deposit funds in escrow, pursuant to the provisions of this Agreement.

SCHEDULE I

Reserved

SCHEDULE J

Reserved

SCHEDULE K

EXPEDITED ARBITRATION PROCEDURES

(a) Venue: The arbitration proceeding shall be conducted in New York, New York before a single arbitrator.

(b) Procedure: Except as provided herein, the arbitration proceeding shall be conducted in accordance with the Agreement (including this Schedule K), and otherwise in accordance with the Commercial Arbitration Rules of the AAA, or its successor, and the Expedited Procedures provisions thereof, to the extent not inconsistent with the Agreement and this Schedule K.

(c) Selection of Arbitrator: Chatham Managing Member shall provide written notice to NS Managing Member of submission of the disputed matter to arbitration in accordance with Section 3.2(i), and in such notice propose at least three (3) persons to serve as the arbitrator. Each of the proposed arbitrators shall be either (i) a retired judge or justice, or (ii) an experienced attorney licensed to practice and practicing in the State of Delaware or the State of New York. Each of the proposed arbitrators shall have had no business relationship (other than acting as arbitrator or mediator) or familial relationship with either party, or any Affiliate of either party, or primary counsel to either party in a significant matter during the past ten (10) years. NS Managing Member shall give written notice within three (3) days stating either (i) NS Managing Member is willing to accept one of the proposed arbitrators as the arbitrator or (ii) NS Managing Member is not willing to accept one of the arbitrators proposed by Chatham Managing Member, and proposing at least three (3) other persons to serve as the arbitrator, in which case Chatham Managing Member shall have three (3) days from the date of such notice to notify NS Managing Member if one of the arbitrators proposed by NS Managing Member is acceptable. If this procedure does not result in the selection of the arbitrator, then the parties shall request the American Arbitration Association, or its successor, to appoint an arbitrator who shall have the qualifications identified above (and, in connection therewith, either party may propose not more than three (3) persons having such qualifications to the American Arbitration Association to serve as arbitrator) pursuant to the Expedited Procedures of the Commercial Arbitration Rules of the AAA.

(d) Conferences, Discovery and Pre-Hearing Matters: Once the arbitrator is appointed, he or she shall set the matter for a conference, which may be conducted telephonically, to take place within five (5) days of the arbitrator's appointment, and which shall address, among other things, the following issues: (1) the scheduling of, and resolution of any issues concerning the nature, extent and timing of any discovery, including the production of documents, depositions and the exchange of expert witness information and reports (if any); (2) the identification and resolution of any other procedural issues; (3) the scheduling of written submissions to the arbitrator; and (4) setting the matter for a hearing, to take place within fifteen (15) days of the date of the conference unless the arbitrator finds, for good cause, that the hearing should not take place within that time period. Notwithstanding the foregoing, the parties may by written agreement modify the time for the conference or hearing described in this paragraph (d), or any other deadline, subject to the approval of the arbitrator.

(e) Applicable Law: The arbitrator shall be required to determine all issues in accordance with existing substantive law of the state of Delaware; provided, however, that statutes and case law relating to the order of proof, the conduct of the hearing and the presentation and admissibility of evidence will not be applicable, and the arbitrator shall determine the admissibility, relevance and materiality of

any evidence proffered, including hearsay, and may exclude evidence deemed by the arbitrator to be cumulative or irrelevant.

(f) Arbitrator's Powers and Duties: The arbitrator shall have the power to grant any and all forms of relief, including, but not limited to, equitable relief, to prevent any arbitration award from becoming ineffectual; provided, however, the arbitrator may not alter or amend the provisions of this Agreement (including this Schedule K) in granting such relief. Pending appointment of the arbitrator, nothing provided herein shall preclude either of the parties from seeking the issuance of a temporary restraining order, preliminary injunction or other provisional remedy in order to avoid any irreparable injury that it might suffer pending such appointment.

(g) Arbitrator's Award: The arbitrator shall render his or her award within ten (10) days of the close of the final submission of the matter, or at such later time as agreed upon by the parties. The arbitrator's award shall be in writing, and the arbitrator shall make findings of fact and conclusions of law that set forth the reasons for the award. The award may be confirmed by any court having jurisdiction over the parties.

(h) Arbitrator's Fees and Costs: Each party shall provide, within three (3) days of a request from the arbitrator or any person or service that may be acting as the administrator of the arbitration, one-half of the estimated fees and costs relating to the arbitration, although the arbitrator shall, in his or her award, assess such fees and costs against the party determined not to be the prevailing party in the Expedited Arbitration. Notwithstanding the foregoing, the party not prevailing in the Expedited Arbitration shall pay all of the reasonable fees and costs relating to the arbitration, including the prevailing party's reasonable, actual, out-of-pocket attorneys' fees and expenses.

(i) No Other Claims. For the avoidance of doubt, this Schedule K shall apply only in connection with an Expedited Arbitration pursuant to Section 2.2(c)(iii) and Section 3.2(i) of the Agreement, and not any other dispute, and no other claims or counterclaims may be brought in such Expedited Arbitration.

SCHEDULE L

P&L STATEMENT

SCHEDULE M

BALANCE SHEET

LOAN AGREEMENT

Dated as of June 9, 2014

Between

GRAND PRIX SILI II LLC,
as Borrower

and

JPMORGAN CHASE BANK, NATIONAL ASSOCIATION,
as Lender

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LOAN AGREEMENT

THIS LOAN AGREEMENT, dated as of June 9, 2014 (as amended, restated, replaced, supplemented or otherwise modified from time to time, this "**Agreement**"), between **JPMORGAN CHASE BANK, NATIONAL ASSOCIATION**, a banking association chartered under the laws of the United States of America, having an address at 383 Madison Avenue, New York, New York 10179 ("**Lender**") and **GRAND PRIX SILI II LLC**, a Delaware limited liability company, having its principal place of business at c/o Chatham Lodging Trust, 50 Cocoanut Row, Suite 211, Palm Beach, Florida 33480 ("**Borrower**").

W I T N E S S E T H:

WHEREAS, Borrower desires to obtain the Loan (as hereinafter defined) from Lender;

WHEREAS, Lender is willing to make the Loan to Borrower, subject to and in accordance with the terms of this Agreement and the other Loan Documents (as hereinafter defined);

NOW THEREFORE, in consideration of the making of the Loan by Lender and the covenants, agreements, representations and warranties set forth in this Agreement, the parties hereto hereby covenant, agree, represent and warrant as follows:

ARTICLE I – DEFINITIONS; PRINCIPLES OF CONSTRUCTION.

Section 1.1 Definitions. For all purposes of this Agreement, except as otherwise expressly required or unless the context clearly indicates a contrary intent:

"**Accrual Period**" shall mean the period commencing on and including the first (1st) day of each calendar month during the term of the Loan and ending on and including the final calendar date of such calendar month; however, the initial Accrual Period shall commence on and include the Closing Date and shall end on and include the final calendar date of the calendar month in which the Closing Date occurs.

"**Accounts**" shall mean, collectively, the Lockbox Account, the CapEx Reserve Account, the Excess Cash Flow Reserve Account, the Cash Management Account, the Replacement Reserve Account or any other escrow accounts or reserve accounts established by the Loan Documents.

"**Actual Knowledge**" shall mean, with respect to any Loan Party, the actual (but not imputed or constructive) knowledge of Jeffrey H. Fisher, Eric Kentoff, and Dennis Craven of Chatham Lodging Trust.

"**Additional Insolvency Opinion**" shall mean a non-consolidation opinion letter delivered in connection with the Loan subsequent to the Closing Date reasonably satisfactory in form and substance to Lender and, if a Securitization has occurred, satisfactory in form and substance

to the Approved Rating Agencies, delivered by Hunton & Williams LLP or other counsel reasonably satisfactory to Lender and, if a Securitization has occurred, satisfactory to the Approved Rating Agencies.

"**Affiliate**" shall mean, as to any Person, any other Person that, directly or indirectly, is in Control of, is Controlled by or is under common Control with such Person or is a director or officer of such Person or of an Affiliate of such Person.

"**Affiliated Manager**" shall mean any Manager in which Borrower, Operating Lessee or Guarantor has, directly or indirectly, any legal, beneficial or economic interest, provided, that Island Hospitality Management, Inc., shall not be deemed to be an Affiliated Manager under the Loan Documents solely by reason of any individual acting as an officer, director, board member or shareholder of Island Hospitality Management, Inc. and of Borrower or any other Loan Party, or any Guarantor.

"**Agent**" shall mean Wells Fargo Bank, N.A. or any successor Eligible Institution acting as Agent under the Cash Management Agreement.

"**Annual Budget**" shall mean the operating budget, including all planned Capital Expenditures, for the Property prepared by or on behalf of the Operating Lessee or Borrower in accordance with Section 5.1.11(d) hereof for the applicable Fiscal Year or other period.

"**Approved Accountant**" shall mean PricewaterhouseCoopers, any other "Big Four" accounting firm, or other independent certified public accountant reasonably acceptable to Lender.

"**Approved Annual Budget**" shall have the meaning set forth in Section 5.1.11(d) hereof.

"**Approved PIP Expenses**" shall have the meaning set forth in Section 7.4.1 hereof.

"**Approved Rating Agencies**" shall mean each of S&P, Moody's, Fitch and Morningstar or any other nationally-recognized statistical rating agency which, in each case, has been approved by Lender and designated by Lender to assign a rating to the Securities.

"**Assignment of Franchise Agreement**" shall mean, that certain comfort letter, dated as of the date hereof among Lender, Borrower and Franchisor, as the same may be amended, restated, replaced, supplemented or otherwise modified from time to time.

"**Assignment of Management Agreement**" shall mean, that certain Assignment of Management Agreement, dated as of the date hereof, among Lender, Borrower, and Operating Lessee, with the consent and agreement of Manager, as the same may be amended, restated, replaced, supplemented or otherwise modified from time to time.

"**Award**" shall mean any compensation paid by any Governmental Authority in connection with a Condemnation.

"**Bankruptcy Action**" shall mean with respect to any Person (a) such Person filing a voluntary petition under the Bankruptcy Code; (b) the filing of an involuntary petition against such Person under the Bankruptcy Code, or such Person soliciting or causing to be solicited petitioning creditors for any involuntary petition against it; (c) such Person filing an answer consenting to or otherwise acquiescing in or joining in any involuntary petition filed against it by any other Person under the Bankruptcy Code; (d) such Person consenting to or acquiescing in or joining in an application for the appointment of a custodian, receiver, trustee, or examiner for such Person or any Property; or (e) such Person making an assignment for the benefit of creditors, or admitting, in writing or in any legal proceeding its insolvency or inability to pay its debts as they become due (except as may be required under subpoena or pursuant to any court required document or in correspondence with Lender), or to take action in furtherance of any of the foregoing.

"**Bankruptcy Code**" shall mean Title 11 of the United States Code, 11 U.S.C. § 101, *et seq.*, as the same may be amended from time to time, and any successor statute or statutes and all rules and regulations from time to time promulgated thereunder, and any comparable foreign laws relating to bankruptcy, insolvency or creditors' rights or any other Federal, state, local or foreign bankruptcy or insolvency law.

"**Bankruptcy Proceeding**" shall mean that certain Chapter 11 bankruptcy proceeding of Innkeepers USA Trust, together with certain of its affiliates, including, among others, Borrower, filed on July 19, 2010 in the United States Bankruptcy Court for the Southern District of New York.

"**Basic Carrying Costs**" shall mean, for any period, the sum of the following costs: (a) Taxes, (b) Other Charges and (c) Insurance Premiums.

"**Borrower**" shall have the meaning set forth in the introductory paragraph hereto, together with its successors and permitted assigns.

"**Borrower REIT**" shall have the meaning set forth in Section 5.2.10(d)(ii) hereof.

"**Broker**" shall mean Eastdil Secured.

"**Business Day**" shall mean any day other than a Saturday, Sunday or any other day on which national banks in New York, New York, or the place of business of the trustee under a Securitization (or, if no Securitization has occurred, Lender), or any Servicer or the financial institution that maintains any collection account for or on behalf of any Servicer or any Reserve Funds or the New York Stock Exchange or the Federal Reserve Bank of New York is not open for business.

"**CapEx Cash Sweep Period**" shall mean each of: (i) with respect to the Public Space PIP, the period (the "**Public Space Period**") commencing on December 1, 2014 and continuing until the aggregate amount of CapEx Excess Cash Flow deposited into the CapEx Reserve Account during such Public Space Period shall equal the Public Space CapEx Cap and (ii) with respect to the Rooms/Corridors PIP, the period (the "**Room/Corridor Period**") commencing on February 1, 2016 and continuing until the aggregate amount of CapEx Excess Cash Flow deposited

into the CapEx Reserve Account during such Room/Corridor Period shall equal the Rooms/Corridor Space CapEx Cap. Notwithstanding anything herein to the contrary, it is acknowledged and agreed that both a Public Space Period and a Room/Corridor Period may occur simultaneously (in whole or in part), consecutively or non-consecutively, as the case may be.

"**CapEx Excess Cash Flow**" shall have the meaning set forth in the Cash Management Agreement.

"**CapEx Reserve Account**" shall have the meaning set forth in Section 7.4.1 hereof.

"**CapEx Reserve Fund**" shall have the meaning set forth in Section 7.4.1 hereof.

"**Capital Expenditures**" shall mean, for any period, the amount expended during such period for items required to be capitalized under the Uniform System of Accounts and reconciled in accordance with GAAP (including expenditures for building improvements or major repairs, leasing commissions and tenant improvements**).**

"**Cash Management Account**" shall have the meaning set forth in Section 2.6.2 hereof.

"**Cash Management Agreement**" shall mean that certain Cash Management Agreement, dated as of the date hereof, by and among Borrower, Operating Lessee, Lender, Manager and Agent, as the same may be amended, restated, replaced, supplemented or otherwise modified from time to time.

"**Cash Sweep Event**" shall mean the occurrence of: (a) an Event of Default; (b) a Debt Yield Trigger Event or (c) a Bankruptcy Action of Borrower or Operating Lessee.

"**Cash Sweep Event Cure**" shall mean (a) if the Cash Sweep Event is caused solely by the occurrence of a Debt Yield Trigger Event, the achievement of a Debt Yield Cure; (b) if the Cash Sweep Event is caused by an Event of Default, the acceptance by Lender of the cure or written waiver (as applicable) of such Event of Default (which cure Lender is not obligated to accept and may reject or accept in its sole and absolute discretion); or (c) if the Cash Sweep Event is caused by the Bankruptcy Action of Borrower or Operating Lessee, if such Bankruptcy Action is involuntary and not consented to by Borrower or Operating Lessee, Borrower shall have the same discharged or dismissed within ninety (90) days, without any adverse consequences to the Loan or the Property, which shall be determined in Lender's sole discretion; provided, however, that, such Cash Sweep Event Cure set forth in this definition shall be subject to the following conditions, (i) no other Event of Default shall have occurred and be continuing under this Agreement or any of the other Loan Documents, (ii) Borrower shall have paid all of Lender's reasonable expenses incurred in connection with such Cash Sweep Event Cure including, reasonable attorney's fees and expenses and (iii) following a Cash Sweep Event Cure two (2) times in the aggregate during the term of the Loan all funds in the Excess Cash Flow Account shall be released to Borrower and the Cash Sweep Period shall immediately cease, provided that Lender, in its sole discretion, accepts such Cash Sweep Event Cure.

"**Cash Sweep Period**" shall mean each period commencing on the occurrence of a Cash Sweep Event and continuing until the earlier of (a) the date of the related Cash Sweep Event Cure, or (b) until payment in full of all principal and interest on the Loan and all other amounts payable under the Loan Documents in accordance with the terms and provisions of the Loan Documents.

"**Casualty**" shall have the meaning set forth in Section 6.2 hereof.

"**Casualty Consultant**" shall have the meaning set forth in Section 6.4(b)(iii) hereof.

"**Casualty Retainage**" shall have the meaning set forth in Section 6.4(b)(iv) hereof.

"**Cause**" shall mean, with respect to an Independent Director, (a) acts or omissions by such Independent Director that constitute willful disregard of such Independent Director's duties under the applicable agreements, (b) such Independent Director has engaged in or has been charged with, or has been convicted of, fraud or any crime or crimes of moral turpitude or dishonesty or for any violation of any Legal Requirements, (c) such Independent Director no longer satisfies the requirements set forth in the definition of "Independent Director", (d) the fees charged for the services of such Independent Director are materially in excess of the fees charged by the other providers of Independent Directors listed in the definition of "Independent Director"; (e) such Independent Director dies or is incapacitated or otherwise unable to perform its duties as an Independent Director; or (f) any other reason for which the prior written consent of Lender shall have been obtained.

"**Chatham Confidential Information**" shall mean any and all non-public financial or other information regarding, or which relates to, Guarantor or any constituent owners of Guarantor, but which excludes all financial information required to be delivered by Guarantor to Lender hereunder and under the Guaranty.

"**Chatham Lodging Trust**" shall mean Chatham Lodging Trust, a Maryland real estate investment trust.

"**Closing Date**" shall mean the date of the funding of the Loan.

"**Code**" shall mean the Internal Revenue Code of 1986, as amended, as it may be further amended from time to time, and any successor statutes thereto, and all applicable U.S. Department of Treasury regulations issued pursuant thereto in temporary or final form.

"**Completion Security**" shall have the meaning set forth in Section 5.1.21(b)(i) hereof.

"**Condemnation**" shall mean a temporary or permanent taking by any Governmental Authority as the result or in lieu or in anticipation of the exercise of the right of condemnation or eminent domain, of all or any part of any Individual Property, or any interest therein or right accruing thereto, including any right of access thereto or any change of grade affecting such Individual Property or any part thereof.

"**Condemnation Proceeds**" shall have the meaning set forth in Section 6.4(b).

"**Connection Income Taxes**" shall mean Other Connection Taxes that are imposed on or measured by net income (however denominated) or that are franchise Section 2.7 Taxes or branch profits Section 2.7 Taxes.

"**Constituent Members**" shall have the meaning set forth in Section 4.1.7 hereof.

"**Control**" shall mean the possession, directly or indirectly, of the power to direct or cause the direction of management and policies of the business and affairs of a Person, whether through the ownership of beneficial interests or voting securities in such Person, by contract or otherwise. "Controlled" and "Controlling" shall have correlative meanings.

"**Covered Rating Agency Information**" shall have the meaning set forth in Section 10.13(d) hereof.

"**Debt**" shall mean the outstanding principal amount set forth in, and evidenced by, this Agreement and the Note, together with all interest accrued and unpaid thereon and all other sums (including, but not limited to, the Defeasance Payment Amount and any Yield Maintenance Premium) due to Lender in respect of the Loan under the Note, this Agreement, the Mortgages or any other Loan Document.

"**Debt Service**" shall mean, with respect to any particular period of time, the scheduled principal (if any) and interest payments due under this Agreement and the Note for such period.

"**Debt Service Coverage Ratio**" shall mean a ratio for the applicable period in which:

(a) the numerator is the Net Operating Income (excluding interest on credit accounts) for the immediately preceding twelve (12) full calendar month period for the Property as of the date of determination as set forth in the statements required hereunder, without deduction for (i) actual management fees incurred in connection with the operation of the Property, or (ii) amounts paid to the Reserve Funds, less (A) management fees equal to the greater of (1) assumed management fees of 3% of Gross Income from Operations and (2) the actual management fees incurred, and (B) Replacement Reserve Fund contributions equal to four percent (4%) of Gross Income from Operations; and

(b) the denominator is the actual amount of Debt Service due and payable on the Loan for such period.

"**Debt Yield**" shall mean, as of any date of determination, the percentage obtained by dividing:

(a) the actual Net Operating Income (excluding interest on credit accounts) for the immediately preceding twelve (12) full calendar month period for the Property as of the date of determination as set forth in the statements required hereunder,

without deduction for (i) actual management fees incurred in connection with the operation of the Property, or (ii) amounts paid to the Reserve Funds, less (A) management fees equal to the greater of (1) assumed management fees of 3% of Gross Income from Operations and (2) the actual management fees incurred, and (B) Replacement Reserve Fund contributions equal to four percent (4%) of Gross Income from Operations; and

(b) the outstanding principal balance of the Loan (after taking into account any prepayments made by Borrower as of such date of determination).

"**Debt Yield Cure**" shall mean no Event of Default shall be continuing and the achievement of a Debt Yield for the two (2) consecutive calendar quarters immediately preceding the date of determination based upon the trailing twelve (12) month period immediately preceding such date of determination of 8.25%, provided, that Borrower may achieve the required Debt Yield and the resulting Debt Yield Cure immediately upon making a prepayment of the Loan in accordance with Section 2.4.1(c) hereunder.

"**Debt Yield Trigger Event**" shall mean a Debt Yield on any date of determination for the calendar quarter immediately preceding the date of such determination, based upon the trailing twelve (12) month period immediately preceding such date of determination, of less than 8.00%.

"**Debt Yield Trigger Period**" shall mean the period commencing on the occurrence of a Debt Yield Trigger Event and continuing until the occurrence of a Debt Yield Cure.

"**Default**" shall mean the occurrence of any event hereunder or under any other Loan Document which, but for the giving of notice or passage of time, or both, would be an Event of Default.

"**Default Rate**" shall mean, with respect to the Loan, a rate per annum equal to the lesser of (a) the Maximum Legal Rate or (b) four percent (4%) above the Interest Rate.

"**Defeasance Date**" shall have the meaning set forth in Section 2.9.1(a)(i) hereof.

"**Defeasance Deposit**" shall mean an amount equal to the remaining principal amount of the Note, the Defeasance Payment Amount, any costs and expenses incurred or to be incurred in the purchase of U.S. Obligations necessary to meet the Scheduled Defeasance Payments and any revenue, documentary stamp or intangible taxes or any other tax or charge due in connection with the transfer of the Note or otherwise required to accomplish the agreements of Section 2.4 and Section 2.8 hereof (including, without limitation, any fees and expenses of accountants, attorneys and the Approved Rating Agencies incurred in connection therewith).

"**Defeasance Event**" shall have the meaning set forth in Section 2.9.1(a) hereof.

"**Defeasance Payment Amount**" shall mean the amount which, when added to the remaining principal amount of the Note, will be sufficient to purchase U.S. Obligations providing the required Scheduled Defeasance Payments.

"**Disclosure Documents**" shall mean, collectively, any written materials used or provided to any prospective investors and/or the Rating Agencies in connection with any public offering or private placement in connection with a Securitization (including, without limitation, a prospectus, prospectus supplement, private placement memorandum, offering memorandum, offering circular, term sheet, road show presentation materials or other offering documents, marketing materials or information provided to prospective investors), in each case in preliminary or final form and including any amendments, supplements, exhibits, annexes and other attachments thereto.

"**Eligible Account**" shall mean a separate and identifiable account from all other funds held by the holding institution that is either (a) an account or accounts maintained with a federal or State-chartered depository institution or trust company which complies with the definition of Eligible Institution or (b) a segregated trust account or accounts maintained with a federal or State-chartered depository institution or trust company acting in its fiduciary capacity that has a Moody's rating of at least "Baa3" and which, in the case of a State-chartered depository institution or trust company, is subject to regulations substantially similar to 12 C.F.R. § 9.10(b), having in either case a combined capital and surplus of at least $50,000,000.00 and subject to supervision or examination by federal and State authority. An Eligible Account will not be evidenced by a certificate of deposit, passbook or other instrument.

"**Eligible Institution**" shall mean either (a) a depository institution or trust company insured by the Federal Deposit Insurance Corporation, (i) the short-term unsecured debt obligations or commercial paper of which are rated at least "A-1+" by S&P and "P-1" by Moody's in the case of accounts in which funds are held for thirty (30) days or less (or, in the case of Letters of Credit and accounts in which funds are held for more than thirty (30) days, and (ii) the long-term unsecured debt obligations of which are rated at least "A+" by S&P and "Aa3" by Moody's), or each of Wells Fargo Bank, N.A., Bank of America, N.A., SunTrust, Regions Bank, M&T Bank, and Fifth Third Bank, provided that the rating by S&P and the other Approved Rating Agencies for the short term unsecured debt obligations or commercial paper and long term unsecured debt obligations of the same does not decrease below the ratings in effect as of the Closing Date.

"**Embargoed Person**" shall mean any person, entity or government subject to trade restrictions under U.S. law, including, but not limited to, The USA PATRIOT Act (including the anti-terrorism provisions thereof), the International Emergency Economic Powers Act, 50 U.S.C. §§ 1701, *et seq.*, The Trading with the Enemy Act, 50 U.S.C. App. 1 *et seq.*, and any Executive Orders or regulations promulgated thereunder including those related to Specially Designated Nationals and Specially Designated Global Terrorists, with the result that the investment in any Loan Party or Guarantor, as applicable (whether directly or indirectly), is prohibited by law or the Loan made by the Lender is in violation of law.

"**Environmental Indemnity**" shall mean that certain Environmental Indemnity Agreement, dated as of the date hereof, made by Borrower and Guarantor in favor of Lender, as the same may be amended, restated, replaced, supplemented or otherwise modified from time to time.

"**Environmental Law**" means any applicable federal, state and local laws, statutes, ordinances, rules, regulations, standards, policies and other government directives or requirements, as well as common law, relating to Hazardous Substances, relating to liability for or costs of Remediation or prevention of Releases of Hazardous Substances or relating to liability for or costs of other actual or threatened danger to human health (relating from exposure to Hazardous Substances) or the environment. "Environmental Law" includes, but is not limited to, the following statutes, as amended, any successor thereto, and any regulations promulgated pursuant thereto, and any state or local statutes, ordinances, rules, regulations and the like addressing similar issues: the Comprehensive Environmental Response, Compensation and Liability Act; the Emergency Planning and Community Right-to-Know Act; the Hazardous Substances Transportation Act; the Resource Conservation and Recovery Act (including, but not limited to, Subtitle I relating to underground storage tanks); the Solid Waste Disposal Act; the Clean Water Act; the Clean Air Act; the Toxic Substances Control Act; the Safe Drinking Water Act; the Occupational Safety and Health Act; the Federal Water Pollution Control Act; the Federal Insecticide, Fungicide and Rodenticide Act; the Endangered Species Act; the National Environmental Policy Act; and the River and Harbors Appropriation Act. "Environmental Law" also includes, but is not limited to, any applicable federal, state and local laws, statutes, ordinances, rules, regulations and the like, as well as common law: (a) conditioning transfer of property upon a negative declaration or other approval of a Governmental Authority of the environmental condition of the Property; (b) requiring notification or disclosure of Releases of Hazardous Substances or other environmental condition of the Property to any Governmental Authority or other Person, whether or not in connection with transfer of title to or interest in property; (c) imposing conditions or requirements in connection with permits or other authorization for lawful activity; (d) relating to wrongful death, personal injury, or property or other damage in connection with any presence or use at or Release from, the Property of any Hazardous Substances or (e) property or other damage in connection with the presence, Release of or use of Hazardous Substances at the Property.

"**Environmental Liens**" shall have the meaning set forth in the Environmental Indemnity.

"**Environmental Report**" shall have the meaning set forth in the Environmental Indemnity.

"**Equipment**" shall mean, with respect to the Property, any equipment now owned or hereafter acquired by Borrower and/or Operating Lessee, which is used at or in connection with the Improvements or the Property or is located thereon or therein, including (without limitation) all machinery, equipment, furnishings, and electronic data-processing and other office equipment now owned or hereafter acquired by Borrower and/or Operating Lessee and any and all additions, substitutions and replacements of any of the foregoing), together with all attachments, components, parts, equipment and accessories installed thereon or affixed thereto.

"**ERISA**" shall mean the Employee Retirement Income Security Act of 1974, as amended and as the same may hereafter be further amended from time to time, and the regulations promulgated and the rulings issued thereunder.

"**Event of Default**" shall have the meaning set forth in Section 8.1(a) hereof.

"**Excess Cash Flow**" shall have the meaning set forth in the Cash Management Agreement.

"**Excess Cash Flow Reserve Account**" shall have the meaning set forth in Section 7.6 hereof.

"**Excess Cash Flow Reserve Fund**" shall have the meaning set forth in Section 7.6 hereof.

"**Exchange Act**" shall have the meaning set forth in Section 9.2(a) hereof.

"**Exchange Act Filing**" shall mean a filing pursuant to the Exchange Act in connection with or relating to a Securitization.

"**Excluded Taxes**" shall mean any of the following Section 2.7 Taxes imposed on or with respect to Lender or required to be withheld or deducted from a payment to Lender: (a) Section 2.7 Taxes imposed on or measured by net income (however denominated), franchise Section 2.7 Taxes, and branch profits Section 2.7 Taxes, in each case, (i) imposed as a result of Lender being organized under the laws of, or having its principal office or its applicable lending office located in, the jurisdiction imposing such Section 2.7 Tax (or any political subdivision thereof) or (ii) that are Other Connection Taxes, (b) U.S. federal withholding Section 2.7 Taxes imposed on amounts payable to or for the account of such Lender with respect to an applicable interest in the Loan pursuant to a law in effect on the date on which (i) such Lender acquires such interest in the Loan or (ii) such Lender changes its lending office, except in each case to the extent that, pursuant to Section 2.7, amounts with respect to such Section 2.7 Taxes were payable either to such Lender's assignor immediately before such Lender became a party hereto or to such Lender immediately before it changed its lending office, (c) Section 2.7 Taxes attributable to such Lender's failure to comply with Section 2.7(e) and (d) any U.S. federal withholding Section 2.7 Taxes imposed under FATCA.

"**Exculpated Party**" shall have the meaning set forth in Section 9.3(a) hereof.

"**Expansion Alterations**" shall have the meaning set forth in Section 5.1.21(b) hereof.

"**Extraordinary Expense**" shall have the meaning set forth in Section 5.1.11(e) hereof.

"**FATCA**" shall mean Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof and any agreements entered into pursuant to Section 1471(b)(i) of the Code.

"**FF&E**" shall mean, with respect to the Property, collectively, furnishings, Fixtures and Equipment located in the guest rooms, hallways, lobbies, restaurants, lounges, meeting and banquet rooms, parking facilities, public areas or otherwise in any portion of the Property, including

(without limitation) all beds, chairs, bookcases, tables, carpeting, drapes, couches, luggage carts, luggage racks, bars, bar fixtures, radios, television sets, telephones and telephone equipment, intercom and paging equipment, electric and electronic equipment, heating, lighting and plumbing fixtures, fire prevention and extinguishing apparatus, cooling and air-conditioning systems, elevators, escalators, stoves, ranges, refrigerators, laundry machines, tools, machinery, boilers, incinerators, switchboards, conduits, compressors, vacuum cleaning systems, floor cleaning, waxing and polishing equipment, cabinets, lockers, shelving, dishwashers, garbage disposals, washer and dryers, and all other customary hotel equipment and other tangible property owned by Borrower or Operating Lessee, or in which Borrower or Operating Lessee has or shall have an interest, now or hereafter located at the Property and useable in connection with the present or future operation and occupancy of the Property; provided, however, that FF&E shall not include (a) fixed asset supplies, including, but not limited to, linen, china, glassware, tableware, uniforms, other hotel inventory and similar items, whether used in connection with public space or guest rooms, or (b) items owned by tenants or by third party operators (other than Operating Lessee).

"**FF&E Expenditures**" shall mean all renovations, refurbishing, replacements of, or additions to, FF&E, and any special projects designed to maintain the Improvements in a condition consistent with the condition thereof as of the Closing Date, including, without limitation, renovation of the guest room areas, public space, food and beverage facilities, spa or recreational facilities, which projects will generally comprise replacements of, or additions to, FF&E, but may include revisions and alterations in the Improvements. The term "FF&E Expenditures" shall not include any Capital Expenditures, and any program of capital improvements involving an addition to the Improvements, or designed to substantially upgrade or change the nature or image of the Improvements (as opposed to a renovation or refurbishing which might take place as part of the normal or cyclical upkeep of the Improvements).

"**Fiscal Year**" shall mean each twelve (12) month period commencing on January 1 and ending on December 31 during each year of the term of the Loan.

"**Fitch**" shall mean Fitch, Inc.

"**Fixtures**" shall mean, with respect to the Property, all Equipment now owned, or the ownership of which is hereafter acquired, by Borrower or Operating Lessee which is so related to the Land and the Improvements forming part of the Property in question that it is deemed fixtures or real property under applicable Legal Requirements, including, without limitation, all building or construction materials intended for construction, reconstruction, alteration, decoration or repair of or installation on the Property, construction equipment, appliances, machinery, plant equipment, fittings, apparatuses, fixtures and other items now or hereafter attached to, installed in or used in connection with (temporarily or permanently) any of the Improvements or the Land, including, but not limited to, engines, devices for the operation of pumps, pipes, plumbing, call and sprinkler systems, fire extinguishing apparatuses and equipment, heating, ventilating, incinerating, electrical, air conditioning and air cooling equipment and systems, gas and electric machinery, appurtenances and equipment, pollution control equipment, security systems, disposals, dishwashers, refrigerators and ranges, recreational equipment and facilities of all kinds, and water, electrical, storm and sanitary sewer facilities, utility lines and equipment (whether owned individually or jointly with others, and,

if owned jointly, to the extent of Borrower's or Operating Lessee's interest therein) and all other utilities whether or not situated in easements, all water tanks, water supply, water power sites, fuel stations, fuel tanks, fuel supply, and all other structures, together with all accessions, appurtenances, additions, replacements, betterments and substitutions or any of the foregoing and the proceeds thereof.

"**Force Majeure**" shall mean the delay of Borrower or Operating Lessee, as the case may be, to timely perform or cause to be performed any non-monetary obligation hereunder or under any of the other Loan Documents by reason of any act of God, enemy or hostile government action, terrorist attacks, civil commotion, insurrection, sabotage, strikes or lockouts or other similar causes, provided, that in each case, such cause or causes were beyond the reasonable control of Borrower, Operating Lessee or any Affiliate of Borrower or Operating Lessee as the case may be and Borrower gives notice of such event to Lender within ten (10) days of the occurrence thereof.

"**Foreign Lender**" shall mean a Lender that is not a U.S. Person.

"**Franchise Agreement**" shall mean that certain Relicensing Franchise Agreement dated as of June __, 2014, between the Operating Lessee and Franchisor, as the same may be amended or modified from time to time in accordance with the terms and provisions of this Agreement, or, if the context requires, the Replacement Franchise Agreement executed in accordance with the terms and provisions of this Agreement.

"**Franchisor**" shall mean MIF, L.L.C., or, if the context requires, a Qualified Franchisor.

"**GAAP**" shall mean generally accepted accounting principles in the United States of America as of the date of the applicable financial report.

"**Governmental Authority**" shall mean any court, board, agency, commission, office or other authority of any nature whatsoever for any governmental unit (foreign, federal, State, county, district, municipal, city or otherwise) whether now or hereafter in existence.

"**Grantor Trust**" shall mean a grantor trust as defined in Subpart E, Part I of Subchapter J of the Code.

"**Gross Income from Operations**" shall mean all income and proceeds for any period, without duplication (whether in cash or on credit, and computed in accordance with GAAP and the Uniform System of Accounts, and the Management Agreement), received by Borrower, Operating Lessee or Manager from the use, occupancy or enjoyment of the Property, or any part thereof, or received by Borrower, Operating Lessee or Manager for the sale of any goods, services or other items sold on or provided from the Property in the ordinary course of the Property operation, during such period, including, without limitation: (a) all income and proceeds received from rental of rooms, Leases, the Operating Lease and rental of rooms, exhibits, sales, commercial, meeting, conference and/or banquet space within the Property, including net parking revenue, if any; (b) all income and proceeds received from food and beverage operations and from catering services conducted from the Property even though rendered outside of the Property; (c) all income and

proceeds from business interruption, rental interruption and use and occupancy insurance with respect to the operation of the Property (after deducting therefrom all necessary costs and expenses incurred in the adjustment or collection thereof); (d) all Awards for temporary use (after deducting therefrom all necessary costs and expenses incurred in the adjustment or collection thereof and in the Restoration of the Property); and (e) all income and proceeds from judgments, settlements and other resolutions of disputes with respect to matters which would be includable in this definition of "Gross Income from Operations" if received in the ordinary course of the Property operation (after deducting therefrom all necessary costs and expenses incurred in the adjustment or collection thereof); **but *excluding,*** (1) gross receipts received by lessees, licensees or concessionaires of the Property, other than Operating Lessee; (2) consideration received at the Property for hotel accommodations, goods and services to be provided at other hotels, although arranged by, for or on behalf of Borrower, Operating Lessee or Manager; (3) income and proceeds from the sale or other disposition of furniture, fixtures and equipment not in the ordinary course of the Property operation; (4) federal, state and municipal excise, Sales and Occupancy Taxes collected directly from patrons or guests of the Property as a part of or based on the sales price of any goods, services or other items, such as gross receipts, room, admission, cabaret or equivalent taxes; (5) Awards (except to the extent provided in clause (d) above); (6) refunds and uncollectible accounts; (7) gratuities collected by the Property employees; (8) the proceeds of any financing; (9) non-recurring income or proceeds resulting other than from the use or occupancy of the Property, or any part thereof, or other than from the sale of goods, services or other items sold on or provided from the Property in the ordinary course of business; (10) any credits or refunds made to customers, guests or patrons in the form of allowances or adjustments to previously recorded revenues; (11) intentionally omitted; (12) Insurance Proceeds (other than business interruption or other loss of income insurance); (13) interest on credit accounts, rent concessions or credits, and other required pass-throughs and interest on Reserve Funds; (14) any disbursements to Borrower from the Reserve Funds; (15) unforfeited security deposits; and (16) rental income attributable to any Person leasing, subleasing or otherwise occupying any portion of the Property under a Lease with Borrower or Operating Lessee that is (A) in bankruptcy and has not affirmed its Lease in the applicable bankruptcy proceeding pursuant to a final, non-appealable order of a court of competent jurisdiction, (B) in default under its Lease beyond any applicable notice and cure periods, (C) that has expressed its intention in writing to not renew, terminate, cancel and/or reject its applicable Lease, (D) whose tenancy at the Property is month-to-month and/or (E) under a Lease which expires within sixty (60) days or less of the applicable date of calculation hereunder.

"**Guarantor**" shall mean Chatham Lodging, L.P., a Delaware limited partnership.

"**Guaranty**" shall mean that certain Guaranty Agreement, dated as of the date hereof, made by Guarantor in favor of Lender, as the same may be amended, restated, replaced, supplemented or otherwise modified from time to time.

"**Hazardous Substances**" shall include, but are not limited to, any and all substances (whether solid, liquid or gas) defined, listed, or otherwise classified as pollutants, hazardous wastes, hazardous substances, hazardous materials, extremely hazardous wastes, or words of similar meaning or regulatory effect under any applicable Environmental Laws, including, but not limited to, petroleum and petroleum products, asbestos and asbestos-containing materials, polychlorinated

biphenyls, lead, radon, radioactive materials, flammables, explosives, mold, mycotoxins, microbial matter and airborne pathogens (naturally occurring or otherwise), but excluding substances of kinds and in amounts ordinarily and customarily used or stored in similar properties for the purpose of cleaning or other maintenance or operations and otherwise in compliance with all Environmental Laws.

"**Holdco**" shall mean, individually or collectively, as the context may require, INK Acquisition LLC, INK Acquisition IV LLC, INK Acquisition V LLC, INK Acquisition VI LLC and INK Acquisition VII LLC, each a Delaware limited liability company.

"**Improvements**" shall have the meaning set forth in the granting clause of the related Mortgage with respect to the Property.

"**Indebtedness**" of a Person, on a particular date, shall mean the sum (without duplication) on such date of (a) all indebtedness or liability of such Person (including, without limitation, amounts for borrowed money and indebtedness in the form of mezzanine debt); (b) obligations evidenced by bonds, debentures, notes, or other similar instruments; (c) obligations for the deferred purchase price of property or services (including trade obligations); (d) obligations under letters of credit; (e) obligations under acceptance facilities; (f) all guaranties, endorsements (other than for collection or deposit in the ordinary course of business) and other contingent obligations to purchase, to provide funds for payment, to supply funds, to invest in any Person or entity, or otherwise to assure a creditor against loss; and (g) obligations secured by any Liens, whether or not the obligations have been assumed (other than the Permitted Encumbrances).

"**Indemnified Liabilities**" shall have the meaning set forth in Section 10.13(b) hereof.

"**Indemnified Parties**" shall mean, collectively, (a) Lender and its designee (whether or not such designee is the Lender), (b) any Affiliate of Lender that has filed any registration statement relating to the Securitization or has acted as the sponsor or depositor in connection with the Securitization, (c) any Affiliate of Lender that acts as an underwriter, placement agent or initial purchaser of Securities issued in the Securitization, and any other co-underwriters, co-placement agents or co-initial purchasers of Securities issued in the Securitization, and each of their respective officers, directors, partners, employees, representatives, agents and Affiliates and each Person or entity who Controls any such Person within the meaning of Section 15 of the Securities Act or Section 20 of the Security Exchange Act, (d) any Person who is or will have been involved in the origination of the Loan on behalf of Lender, (e) any Person who is or will have been involved in the servicing of the Loan secured hereby, (f) any Person in whose name the encumbrance created by each Mortgage is or will have been recorded, and (g) any Person who may hold or acquire or will have held a full or partial interest in the Loan secured hereby, including, but not limited to, investors in the Securities, custodians, trustees and other fiduciaries who hold or have held a full or partial interest in the Loan secured hereby for the benefit of third parties, any other Person who holds or acquires or will have held a participation or other full or partial interest in the Loan, and any successors by merger, consolidation or acquisition of all or a substantial portion of Lender's assets and business, as well as the respective directors, officers, shareholders, partners, employees, representatives, agents and Affiliates of any and all of the foregoing.

"**Indemnified Persons**" shall have the meaning set forth in Section 9.2(b) hereof.

"**Indemnified Taxes**" shall mean (a) Section 2.7 Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any obligation of the Borrower under any Loan Document and (b) to the extent not otherwise described in (a), Other Taxes.

"**Indemnifying Person**" shall mean Borrower.

"**Independent Director**" shall mean an individual who has prior experience as an independent director, independent manager or independent member with at least three years of employment experience and who is provided by CT Corporation, Corporation Service Company, National Registered Agents, Inc., Wilmington Trust Company, Stewart Management Company, Lord Securities Corporation or, if none of those companies is then providing professional Independent Directors, another nationally-recognized company reasonably approved by Lender, in each case that is not an Affiliate of Borrower and that provides professional Independent Directors and other corporate services in the ordinary course of its business, and which individual is duly appointed as an Independent Director and is not, and has not in the last five years been, and will not while serving as Independent Director be, any of the following:

(a) a member, partner, equity holder, manager, director, officer or employee of Borrower or any of its equity holders or Affiliates (other than serving as an Independent Director of Borrower or Operating Lessee, or an Affiliate of Borrower or Operating Lessee that is not in the direct chain of ownership of Borrower or Operating Lessee and that is required by a creditor to be a single purpose bankruptcy remote entity, provided that such Independent Director is employed by a company that routinely provides professional Independent Directors or managers in the ordinary course of its business);

(b) a creditor, supplier or service provider (including provider of professional services) to Borrower or any of its equity holders or Affiliates (other than a nationally-recognized company that routinely provides professional Independent Directors or managers and other corporate services to Borrower or any of its Affiliates in the ordinary course of its business);

(c) a family member of any such member, partner, equity holder, manager, director, officer, employee, creditor, supplier or service provider; or

(d) a Person that controls (whether directly, indirectly or otherwise) any of (a), (b) or (c) above.

A natural person who otherwise satisfies the foregoing definition and satisfies subparagraph (a) by reason of being the Independent Director of a "special purpose entity" affiliated with Borrower or Operating Lessee shall be qualified to serve as an Independent Director of Borrower or Operating Lessee, provided that the fees that such individual earns from serving as an Independent Director of affiliates of Borrower or Operating Lessee in any given year constitute in the aggregate less than five percent (5%) of such individual's annual income for that year. For purposes of this paragraph, a "special purpose entity" is an entity, whose organizational documents

contain restrictions on its activities and impose requirements intended to preserve such entity's separateness that are substantially similar to those contained in the definition of Special Purpose Entity in this Agreement.

"**Insolvency Opinion**" shall mean that certain bankruptcy non-consolidation opinion letter, dated the date hereof, delivered by Hunton & Williams LLP to Lender in connection with the Loan.

"**Insurance Premiums**" shall have the meaning set forth in Section 6.1(b) hereof.

"**Insurance Proceeds**" shall have the meaning set forth in Section 6.4(b) hereof.

"**Interest Rate**" shall mean a rate of four and sixty-four one-hundredths percent (4.64%) per annum.

"**Lease**" shall mean any lease (other than the Operating Lease), sublease or subsublease, letting, license, concession or other agreement (whether written or oral and whether now or hereafter in effect) pursuant to which any Person is granted a possessory interest in, or right to use or occupy all or any portion of any space in the Property, including and (a) every modification, amendment or other agreement relating to such lease, sublease, subsublease, or other agreement entered into in connection with such lease, sublease, subsublease, or other agreement, and (b) every guarantee of the performance and observance of the covenants, conditions and agreements to be performed and observed by the other party thereto.

"**Legal Requirements**" shall mean, with respect to the Property, all federal, State, county, municipal and other governmental statutes, laws, rules, orders, regulations, ordinances, judgments, decrees and injunctions of Governmental Authorities affecting the Property or any part thereof, or the construction, use, alteration or operation thereof, or any part thereof, whether now or hereafter enacted and in force, and all permits, licenses and authorizations and regulations relating thereto (including, without limitation, all licenses), and all covenants, agreements, restrictions and encumbrances contained in any instruments, either of record or known to Borrower, at any time in force affecting Borrower or the Operating Lessee, the Property or any part thereof, including, without limitation, any which may (a) require repairs, modifications or alterations in or to the Property or any part thereof, or (b) in any material way limit the use and enjoyment thereof.

"**Lender**" shall have the meaning set forth in the introductory paragraph hereto, together with its successors and assigns.

"**Letter of Credit**" shall mean an irrevocable, unconditional, transferable, clean sight draft letter of credit in favor of Lender and entitling Lender to draw thereon based solely on a statement executed by an officer of Lender stating that it has the right to draw thereon under this Agreement, and issued by a domestic Eligible Institution or the U.S. agency or branch of a foreign Eligible Institution, and upon which letter of credit Lender shall have the right to draw in full: (a) if Lender has not received at least thirty (30) days prior to the date on which the then outstanding letter of credit is scheduled to expire, a notice from the issuing financial institution that it has renewed the applicable letter of credit; (b) thirty (30) days prior to the date of termination following receipt

of notice from the issuing financial institution that the applicable letter of credit will be terminated; and (c) thirty (30) days after Lender has given notice to Borrower that the financial institution issuing the applicable letter of credit ceases to either be an Eligible Institution or meet the rating requirement set forth above.

"**Licenses**" shall have the meaning set forth in Section 4.1.22 hereof.

"**Lien**" shall mean, with respect to the Property, any mortgage, deed of trust, deed to secure debt, indemnity deed of trust, lien, pledge, hypothecation, assignment, security interest, or any other encumbrance or charge of, on or affecting Borrower, Operating Lessee or the Property, any portion thereof or any interest therein, including, without limitation, any conditional sale or other title retention agreement, any financing lease having substantially the same economic effect as any of the foregoing, the filing of any financing statement, and mechanic's, materialmen's and other similar liens and encumbrances.

"**Loan**" shall mean the loan made by Lender to Borrower pursuant to this Agreement and the other Loan Documents as the same may be amended or split pursuant to the terms hereof.

"**Loan Documents**" shall mean, collectively, this Agreement, the Note, the Mortgage, the Environmental Indemnity, the Assignment of Management Agreement, the Guaranty, the Lockbox Agreement, the Cash Management Agreement, and all other documents executed and/or delivered by any Loan Party or Guarantor, as applicable, in connection with the Loan.

"**Loan Party**" shall mean, individually or collectively, as the context requires, Borrower, and Operating Lessee.

"**Loan-to-Value Ratio**" shall mean, as of the date of its calculation, the ratio of (a) the outstanding principal amount of the Loan as of the date of such calculation to (b) the fair market value of the Property (for purposes of the REMIC provisions, counting only real property and excluding any personal property or going-concern value), as determined, in Lender's reasonable discretion, by any commercially reasonable method permitted to a REMIC Trust.

"**Lockbox Account**" shall have the meaning set forth in Section 2.5.1 hereof.

"**Lockbox Agreement**" shall mean, individually or collectively as the context requires, each of (i) that certain Deposit Account Control Agreement by and among Borrower, Lender and Wells Fargo Bank, National Association dated as of the date hereof and (ii) that certain Control Agreement by and among Borrower, Lender and with Regions Bank, dated as of the date hereof, as each of the same may be amended, supplemented, replaced or otherwise modified from time to time in accordance with the provisions hereof.

"**Lockbox Bank**" shall mean, individually or collectively as the context requires each of Wells Fargo Bank, National Association, Regions Bank or another Eligible Institution reasonably acceptable to Lender.

"**Major Lease**" shall mean any Lease (a) that, together with all other Leases to the same Tenant or its Affiliates, demises in excess of 5,000 net rentable square feet of total space in the Improvements, at the Property, or (b) made with a Tenant that is paying base rent in an amount equal to or exceeding five percent (5%) of the Gross Income from Operations with respect to the Property.

"**Management Agreement**" shall mean the management agreement entered into by and between the Operating Lessee and Manager, pursuant to which Manager provides management and other services with respect to the Property, or, if the context requires, a Qualified Manager who is managing the Property pursuant to a Replacement Management Agreement entered into in accordance with this Agreement, in each case as the same may be amended, restated, replaced or otherwise modified from time to time in accordance with the terms hereof.

"**Manager**" shall mean Island Hospitality Management, Inc., a Florida corporation, or, if the context requires, a Qualified Manager who is managing the Property pursuant to a Replacement Management Agreement entered into in accordance with this Agreement.

"**Material Adverse Effect**" shall mean (i) any material adverse effect on (a) the business, profits, operations or financial condition of Borrower or Operating Lessee (including, without limitation, Net Operating Income), (b) the ability of Borrower to repay the principal and interest of the Loan as it becomes due or to satisfy any of Borrower's other obligations under the Loan Documents, or (c) the enforceability or validity of any Loan Document or the perfection or priority of any Lien created under any Loan Document or (ii) any events, conditions or set of facts which result in a diminution in the value of the Property by an amount equal $5,000,000.00.

"**Maturity Date**" shall mean July 1, 2024, or such other date on which the final payment of principal of the Note becomes due and payable as therein or herein provided, whether at such stated maturity date, by declaration of acceleration or otherwise.

"**Maximum Legal Rate**" shall mean the maximum nonusurious interest rate, if any, that at any time or from time to time may be contracted for, taken, reserved, charged or received on the indebtedness evidenced by the Note and as provided for herein or the other Loan Documents, under federal law or the laws of such State or States whose laws are held by any court of competent jurisdiction to govern the interest rate provisions of the Loan.

"**Monthly Debt Service Payment Amount**" shall mean a constant monthly payment of $364,131.61.

"**Moody's**" shall mean Moody's Investors Service, Inc.

"**Morningstar**" shall mean Morningstar Credit Ratings, LLC, or any of its successors in interest, assigns, and/or changed entity name or designation resulting from any acquisition by Morningstar, Inc. or other similar entity of Morningstar Credit Ratings, LLC.

"**Mortgage**" shall mean that certain first priority Fee and Leasehold Deed of Trust, Assignment of Leases and Rents and Security Agreement, dated the date hereof, made by Borrower

and Operating Lessee to or for the benefit of Lender as security for the Loan and encumbering the Property, as the same may be amended, restated, replaced, supplemented or otherwise modified from time to time.

"**Net Operating Income**" shall mean the amount obtained by subtracting Operating Expenses from Gross Income from Operations.

"**Net Proceeds**" shall have the meaning set forth in Section 6.4(b) hereof.

"**Net Proceeds Deficiency**" shall have the meaning set forth in Section 6.4(b)(vi) hereof.

"**Note**" shall mean that certain Promissory Note, dated the date hereof, in the principal amount of $70,700,000.00, made by Borrower in favor of Lender, as the same may be amended, restated, replaced, supplemented or otherwise modified from time to time.

"**O&M Program**" shall have the meaning set forth in Section 5.1.19 hereof.

"**Obligations**" shall mean Borrower's obligation to pay the Debt and perform its obligations under the Note, this Agreement and the other Loan Documents.

"**Officer's Certificate**" shall mean a certificate delivered to Lender by Borrower or Operating Lessee, as applicable, which is signed by an authorized officer of Borrower or Operating Lessee or of the general partner, managing member or sole member of Borrower or Operating Lessee, as applicable.

"**Operating Expenses**" shall mean the sum of all costs and expenses of operating, maintaining, directing, managing and supervising the Property (excluding, (i) depreciation and amortization, (ii) any Debt Service in connection with the Loan, (iii) any Capital Expenditures in connection with the Property, (iv) contributions to the Reserve Funds, (iv) the costs of any other things specified to be done or provided at Borrower's or Manager's sole expense, (v) non-recurring expenses and other extraordinary expenses not expected to be incurred on an annual basis, and (vi) deposits to the Reserve Funds), incurred by Borrower or Operating Lessee or Manager pursuant to the Management Agreement to the extent subject to payment or reimbursement by Operating Lessee thereunder, which are properly attributable to the period under consideration under Borrower's system of accounting, including, without limitation: (a) the cost of all food and beverages sold or consumed and of all necessary chinaware, glassware, linens, flatware, uniforms, utensils and other items of a similar nature, including such items bearing the name or identifying characteristics of the hotel as Operating Lessee and/or Manager shall reasonably consider appropriate ("**Operating Equipment**") and paper supplies, cleaning materials and similar consumable items ("**Operating Supplies**") placed in use (other than reserve stocks thereof in storerooms), Operating Equipment and Operating Supplies shall be considered to have been placed in use when they are transferred from the storerooms of the Property to the appropriate operating departments; (b) salaries and wages of personnel of the Property, including costs of payroll taxes and employee benefits, in the case of personnel Manager, to the extent subject to payment or reimbursement by Operating Lessee under the Management Agreement; (c) the cost of all other

goods and services obtained by Borrower or Operating Lessee or, to the extent subject to payment or reimbursement by Operating Lessee under the Management Agreement, by Manager, in connection with the operation of the Property, including, without limitation, heat and utilities, office supplies and all services performed by third parties, including leasing expenses in connection with telephone and data processing equipment, and all existing and any future installations necessary for the operation of the Improvements for hotel purposes (including, without limitation, heating, lighting, sanitary equipment, air conditioning, laundry, refrigerating, built-in kitchen equipment, telephone equipment, communications systems, computer equipment and elevators), Operating Equipment and existing and any future furniture, furnishings, wall coverings, fixtures and hotel equipment necessary for the operation of the building for hotel purposes which shall include all equipment required for the operation of kitchens, bars, laundries, (if any) and dry cleaning facilities (if any), office equipment, cleaning and engineering equipment and vehicles; (d) the cost of repairs to and maintenance of the Property other than of a capital nature; (e) insurance premiums for general liability insurance, workers' compensation insurance or insurance required by similar employee benefits acts and such business interruption or other insurance as may be provided for protection against claims, liabilities and losses arising from the operation of the Property (as distinguished from any property damage insurance on the Property building or its contents) and losses incurred on any self-insured risks of the foregoing types, provided that Borrower or Operating Lessee and, to the extent provided in the Management Agreement, Manager have specifically approved in advance such self-insurance or insurance is unavailable to cover such risks; (f) all Taxes and Other Charges (other than federal, state or local income taxes and franchise taxes or the equivalent) payable by or assessed against Borrower or Operating Lessee with respect to the operation of the Property; (g) legal fees and fees of any firm of independent certified public accounts designated from time to time by Borrower, Operating Lessee or the Manager (the "**Independent CPA**") for services directly related to the operation of the Property; (h) the costs and expenses of technical consultants and specialized operational experts for specialized services in connection with non-recurring work on operational, legal, functional, decorating, design or construction problems and activities; (i) all expenses for advertising the Property and all expenses of sales promotion, marketing and public relations activities; (j) the cost of any reservations system, any accounting services or other group benefits, programs or services from time to time made available to properties in the Borrower's or Operating Lessee's system; (k) the cost associated with any retail Leases; (l) any management fees, basic and incentive fees or other fees and reimbursables paid or payable to Manager under the Management Agreement; (m) any franchise fees or other fees and reimbursables paid or payable to Franchisor under the Franchise Agreement; and (n) all costs and expenses of owning, maintaining, conducting and supervising the operation of the Property to the extent such costs and expenses are not included above.

"**Operating Lease**" shall mean, that certain Lease Agreement between Operating Lessee and Borrower, dated as of the date hereof, as the same may be amended, supplemented, replaced or otherwise modified from time to time in accordance with the provisions hereof.

"**Operating Lessee**" shall mean, Chatham SILI II Leaseco LLC, a Delaware limited liability company, together with its permitted successors and permitted assigns.

"**Operating Rent**" shall mean all rent and other amounts due to Borrower under the Operating Lease.

"**Operations Security**" shall have the meaning set forth in Section 5.1.21(b)(ii) hereof.

"**Other Charges**" shall mean, to the extent applicable, all ground lease rents, impositions other than Taxes, and any other charges, including, without limitation, vault charges and license fees for the use of vaults, chutes and similar areas adjoining the Property, now or hereafter levied or assessed or imposed against the Property or any part thereof.

"**Other Connection Taxes**" shall mean Section 2.7 Taxes imposed as a result of a present or former connection between Lender and the jurisdiction imposing such Section 2.7 Tax (other than connections arising from such Lender having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Loan Document, or sold or assigned an interest in the Loan or any Loan Document).

"**Other Obligations**" shall have the meaning as set forth in the Mortgage.

"**Other Taxes**" shall mean all present or future stamp, court or documentary, intangible, recording, filing or similar Section 2.7 Taxes that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, any Loan Document, except any such Section 2.7 Taxes that are Other Connection Taxes imposed with respect to an assignment.

"**Participant Register**" shall have the meaning set forth in Section 9.1.1(g) hereof.

"**Payment Date**" shall mean the first (1st) day of each calendar month during the term of the Loan, or, if such day is not a Business Day, the immediately preceding Business Day.

"**Permitted Defeasance Date**" shall mean the date that is two (2) years from the "startup day" within the meaning of Section 860G(a)(9) of the Code for the REMIC Trust which holds the portion of the Note last to be securitized.

"**Permitted Encumbrances**" shall mean, collectively, (a) the Liens and security interests created by the Loan Documents, (b) all Liens, encumbrances and other matters disclosed in the Title Insurance Policy, (c) Liens, if any, for Taxes imposed by any Governmental Authority not yet delinquent, (d) Liens that are being contested in good faith and by appropriate proceedings in accordance with the applicable provisions of this Agreement and the other Loan Documents, (e) Liens securing Permitted Equipment Leases, (f) all easements, encroachments, rights-of-way, restrictions and other similar non-monetary encumbrances recorded against and affecting the Property, that are, in each case, necessary for the use and operation of the Property and do not or would not have a Material Adverse Effect, and (g) such other title and survey exceptions as are covered in the Title Insurance Policy or that Lender has approved or may approve in writing in Lender's reasonable discretion.

"**Permitted Equipment Leases**" means equipment or personal property financing that is (a) entered into on commercially reasonable terms and conditions in the ordinary course of Borrower's or Operating Lessee's business, (b) relate to Personal Property which is (i) used in connection with the operation and maintenance of the Property in the ordinary course of Borrower's or Operating Lessee's business and (ii) readily replaceable without material interference or interruption to the operation of the Property and (c) which is secured only by the financed equipment or Personal Property.

"**Permitted Investments**" shall mean any one or more of the following obligations or securities acquired at a purchase price of not greater than par, including those issued by Servicer, the trustee under any Securitization or any of their respective Affiliates, payable on demand or having a maturity date not later than the Business Day immediately prior to the first Payment Date following the date of acquiring such investment and meeting one of the appropriate standards set forth below:

(i) obligations of, or obligations fully guaranteed as to payment of principal and interest by, the United States or any agency or instrumentality thereof provided such obligations are backed by the full faith and credit of the United States of America including, without limitation, obligations of: the U.S. Treasury (all direct or fully guaranteed obligations), the Farmers Home Administration (certificates of beneficial ownership), the General Services Administration (participation certificates), the U.S. Maritime Administration (guaranteed Title XI financing), the Small Business Administration (guaranteed participation certificates and guaranteed pool certificates), the U.S. Department of Housing and Urban Development (local authority bonds) and the Washington Metropolitan Area Transit Authority (guaranteed transit bonds); provided, however, that the investments described in this clause (A) must have a predetermined fixed dollar of principal due at maturity that cannot vary or change, (B) if rated by S&P, must not have an "r" highlighter affixed to their rating, (C) if such investments have a variable rate of interest, such interest rate must be tied to a single interest rate index plus a fixed spread (if any) and must move proportionately with that index, (D) must not be subject to liquidation prior to their maturity and (E) must have maturities of not more than 365 days;

(ii) Federal Housing Administration debentures having maturities of not more than 365 days;

(iii) obligations of the following United States government sponsored agencies: Federal Home Loan Mortgage Corp. (debt obligations), the Farm Credit System (consolidated system wide bonds and notes), the Federal Home Loan Banks (consolidated debt obligations), the Federal National Mortgage Association (debt obligations), the Financing Corp. (debt obligations), and the Resolution Funding Corp. (debt obligations); provided, however, that the investments described in this clause (A) must have a predetermined fixed dollar of principal due at maturity that cannot vary or change, (B) if rated by S&P, must not have an "r" highlighter affixed to their rating, (C) if such investments have a variable

rate of interest, such interest rate must be tied to a single interest rate index plus a fixed spread (if any) and must move proportionately with that index, (D) must not be subject to liquidation prior to their maturity and (E) must have maturities of not more than 365 days;

(iv) federal funds, unsecured certificates of deposit, time deposits, bankers' acceptances and repurchase agreements or obligations with maturities of not more than 365 days issued or held by any depository institution or trust company incorporated or organized under the laws of the United States of America or any state thereof and subject to supervision and examination by federal or state banking authorities, so long as the commercial paper or other short term obligations of which at all times are rated in the highest short term rating category by each Rating Agency (or, if not rated by all Rating Agencies, rated by at least one Rating Agency in the highest short term rating category and otherwise acceptable to each other Rating Agency, as confirmed in writing that such investment would not, in and of itself, result in a downgrade, qualification or withdrawal of the initial, or, if higher, then current ratings assigned to the Securities); provided, however, that the investments described in this clause (A) must have a predetermined fixed dollar of principal due at maturity that cannot vary or change, (B) if rated by S&P, must not have an "r" highlighter affixed to their rating, (C) if such investments have a variable rate of interest, such interest rate must be tied to a single interest rate index plus a fixed spread (if any) and must move proportionately with that index, (D) must not be subject to liquidation prior to their maturity and (E) must have maturities of not more than 365 days;

(v) fully Federal Deposit Insurance Corporation-insured demand and time deposits in, or certificates of deposit of, or bankers' acceptances issued by, any bank or trust company, savings and loan association or savings bank, the short term obligations of which at all times are rated in the highest short term rating category by each Rating Agency (or, if not rated by all Rating Agencies, rated by at least one Rating Agency in the highest short term rating category and otherwise acceptable to each other Rating Agency, as confirmed in writing that such investment would not, in and of itself, result in a downgrade, qualification or withdrawal of the initial, or, if higher, then current ratings assigned to the Securities); provided, however, that the investments described in this clause must (A) have a predetermined fixed dollar of principal due at maturity that cannot vary or change, (B) if rated by S&P, must not have an "r" highlighter affixed to their rating, (C) if such investments have a variable rate of interest, such interest rate must be tied to a single interest rate index plus a fixed spread (if any) and must move proportionately with that index, and (D) such investments must not be subject to liquidation prior to their maturity;

(vi) debt obligations with maturities of not more than 365 days and at all times rated by each Rating Agency (or, if not rated by all Rating Agencies, rated by at least one Rating Agency and otherwise acceptable to each other Rating Agency, as confirmed in writing that such investment would not, in and of itself,

result in a downgrade, qualification or withdrawal of the initial, or, if higher, then current ratings assigned to the Securities) in its highest long-term unsecured rating category; provided, however, that the investments described in this clause must (A) have a predetermined fixed dollar of principal due at maturity that cannot vary or change, (B) if rated by S&P, must not have an "r" highlighter affixed to their rating, (C) if such investments have a variable rate of interest, such interest rate must be tied to a single interest rate index plus a fixed spread (if any) and must move proportionately with that index, and (D) such investments must not be subject to liquidation prior to their maturity;

(vii) commercial paper (including both non-interest-bearing discount obligations and interest-bearing obligations payable on demand or on a specified date not more than one year after the date of issuance thereof) with maturities of not more than 365 days and that at all times is rated by each Rating Agency (or, if not rated by all Rating Agencies, rated by at least one Rating Agency and otherwise acceptable to each other Rating Agency, as confirmed in writing that such investment would not, in and of itself, result in a downgrade, qualification or withdrawal of the initial, or, if higher, then current ratings assigned to the Securities) in its highest short-term unsecured debt rating; provided, however, that the investments described in this clause must (A) have a predetermined fixed dollar of principal due at maturity that cannot vary or change, (B) if rated by S&P, must not have an "r" highlighter affixed to their rating, (C) if such investments have a variable rate of interest, such interest rate must be tied to a single interest rate index plus a fixed spread (if any) and must move proportionately with that index, and (D) such investments must not be subject to liquidation prior to their maturity;

(viii) units of taxable money market funds, which funds are regulated investment companies, seek to maintain a constant net asset value per share and invest solely in obligations backed by the full faith and credit of the United States, which funds have the highest rating available from each Rating Agency (or, if not rated by all Rating Agencies, rated by at least one Rating Agency and otherwise acceptable to each other Rating Agency, as confirmed in writing that such investment would not, in and of itself, result in a downgrade, qualification or withdrawal of the initial, or, if higher, then current ratings assigned to the Securities) for money market funds; and

(ix) any other security, obligation or investment which has been approved as a Permitted Investment in writing by (a) Lender and (b) each Rating Agency, as evidenced by a written confirmation that the designation of such security, obligation or investment as a Permitted Investment will not, in and of itself, result in a downgrade, qualification or withdrawal of the initial, or, if higher, then current ratings assigned to the Securities by such Rating Agency;

provided, however, that no obligation or security shall be a Permitted Investment if (A) such obligation or security evidences a right to receive only interest payments or (B) the right to receive

principal and interest payments on such obligation or security are derived from an underlying investment that provides a yield to maturity in excess of 120% of the yield to maturity at par of such underlying investment.

"**Permitted Par Prepayment Date**" shall mean April 1, 2024.

"**Permitted Release Date**" shall mean the date that is the earlier of (a) two (2) years from the "startup day" within the meaning of Section 860G(a)(9) of the Code for the REMIC Trust which holds the portion of the Note last to be securitized, and (b) August 1, 2017.

"**Person**" shall mean any individual, corporation, partnership, joint venture, limited liability company, estate, trust, unincorporated association, any federal, state, county or municipal government or any bureau, department or agency thereof and any fiduciary acting in such capacity on behalf of any of the foregoing.

"**Personal Property**" shall have the meaning set forth in the granting clause of the Mortgage.

"**Physical Conditions Report**" shall mean a structural engineering report prepared by a company reasonably satisfactory to Lender regarding the physical condition of the Property, satisfactory in form and substance to Lender in its reasonable discretion, which report shall, among other things, (a) confirm that the Property and its use complies, in all material respects, with all applicable Legal Requirements (including, without limitation, zoning, subdivision and building laws) and (b) include a copy of a final certificate of occupancy with respect to all Improvements on the Property (or, if a final certificate of occupancy is not available in the applicable jurisdiction, a temporary certificate of occupancy), unless such information and/or certificate of occupancy are included in any separate zoning report obtained by Lender with respect to the Property and satisfactory in form and substance to Lender in its reasonable discretion.

"**PIPs**" shall mean, collectively, (a) the Public Space PIP, (b) the Room/Corridor PIP, (c) each other Property Improvement Plan, in effect as of the Closing Date with respect to the Property, and (d) any other Property Improvement Plans to which the Property shall become subject after the Closing Date in accordance with the terms of the Franchise Agreement and this Agreement. Each Property Improvement Plan is referred to herein as a "**PIP**", a copy of which is attached hereto as Schedule XI.

"**PIP Expenses**" shall have the meaning set forth in Section 7.4.2 hereof.

"**Policies**" shall have the meaning set forth in Section 6.1(b) hereof.

"**Policy**" shall have the meaning set forth in Section 6.1(b) hereof.

"**Prepayment Rate**" shall mean the bond equivalent yield (in the secondary market) on the United States Treasury Security that as of the Prepayment Rate Determination Date has a remaining term to maturity closest to, but not exceeding, the remaining term to the Maturity Date as most recently published in "Statistical Release H.15 (519), Selected Interest Rates," or any

successor publication, published by the Board of Governors of the Federal Reserve System, or on the basis of such other publication or statistical guide as Lender may reasonably select.

"**Prepayment Rate Determination Date**" shall mean the date which is five (5) Business Days prior to the date that such prepayment shall be applied in accordance with the terms and provisions of Section 2.4.3 hereof.

"**Property**" shall mean the parcel of real property, the Improvements thereon and all personal property owned by Borrower and encumbered by the Mortgage, together with all rights pertaining to such property and Improvements, as more particularly described in the granting clauses of the Mortgage and referred to therein as the "**Property**".

"**Provided Information**" shall mean any and all financial and other information provided at any time prepared by, or on behalf of, Borrower, Operating Lessee, Guarantor and/or any Affiliated Manager.

"**Public Space CapEx Cap**" shall mean One Million Two Hundred Twenty-Four Thousand Four Hundred and No/100 Dollars ($1,224,400.00).

"**Public Space PIP**" shall have the meaning set forth on Schedule X hereto.

"**Public Vehicle**" shall mean a Person whose securities are listed and traded on a nationally recognized securities exchange or quoted on a nationally recognized automated quotation system and shall include a majority owned subsidiary of any such Person or any operating partnership through which such Person conducts all or substantially all of its business.

"**Qualified Franchisor**" shall mean either (a) Franchisor; or (b) in the reasonable judgment of Lender, a reputable and experienced franchisor (which may be an Affiliate of Borrower) possessing experience in flagging hotel properties similar in size, scope, use and value as the Property, provided, that if a Securitization has occurred, Borrower shall have obtained (i) a Rating Agency Confirmation from the Approved Rating Agencies that licensing of the Property by such Person will not cause a downgrade, withdrawal or qualification of the then current ratings of the Securities or any class thereof and (ii) if such Person is an Affiliate of Borrower, an Additional Insolvency Opinion.

"Qualified Guarantor" shall mean a Person that (a) satisfies the covenants set forth in Section 5.2 of the Guaranty; (ii) is not a Prohibited Person or been subject to any Bankruptcy Action or of a material governmental or regulatory investigation which resulted in a final, nonappealable conviction for criminal activity involving moral turpitude, within seven (7) years prior to the date of such replacement, (iii) delivers customary searches with respect to such Person reasonably requested by Lender in writing (including without limitation credit, judgment, lien, litigation, bankruptcy, criminal and watch list) the results of which searches are reasonably acceptable to Lender, (iv) delivers an Additional Insolvency Opinion covering such replacement Person, (v) shall (or together with Guarantor shall) Control each Loan Party and own at least fifty-one percent (51%) (directly or indirectly) of the interests in each Loan Party.

"**Qualified Manager**" shall mean either (a) Manager; or (b) in the reasonable judgment of Lender, a reputable and experienced management organization (which may be an Affiliate of Borrower) possessing experience in managing properties similar in size, scope, use and value as the Property, provided, that if a Securitization has occurred, Borrower shall have obtained (i) a Rating Agency Confirmation from the Approved Rating Agencies with respect to such Manager and its management of the Property and (ii) if such entity is an Affiliate of Borrower, an Additional Insolvency Opinion in form acceptable to Lender and each Approved Rating Agency.

"**Rating Agencies**" shall mean each of S&P, Moody's, Fitch and Morningstar or any other nationally recognized statistical rating agency, which has assigned a rating to the Securities.

"**Rating Agency Confirmation**" shall mean, collectively, a written affirmation from each of the Approved Rating Agencies that the credit rating of the Securities given by such Approved Rating Agency of such Securities immediately prior to the occurrence of the event with respect to which such Rating Agency Confirmation is sought will not be qualified, downgraded or withdrawn as a result of the occurrence of such event, which affirmation may be granted or withheld in such Approved Rating Agency's sole and absolute discretion. In the event that, at any given time, no Approved Rating Agency has elected to consider whether to grant or withhold such an affirmation and Lender does not otherwise have an approval right with respect to such event, then the term Rating Agency Confirmation shall be deemed instead to require the written reasonable approval of Lender based on its good faith determination of whether the Approved Rating Agencies would issue a Rating Agency Confirmation, provided that the foregoing shall be inapplicable in any case in which Lender has an independent approval right in respect of the matter at issue pursuant to the terms of this Agreement.

"**Register**" shall have the meaning set forth in Section 9.1.1(f) hereof.

"**Related Entities**" shall have the meaning set forth in Section 5.2.10(e) hereof.

"**Release**" shall mean any release, deposit, discharge, emission, leaking, spilling, seeping, migrating, injecting, pumping, pouring, emptying, escaping, dumping, disposing or other movement of Hazardous Substances.

"**Remediation**" shall mean (a) any response, remedial, removal or corrective action or any activity to cleanup, detoxify, decontaminate, contain or otherwise remediate any Hazardous Substance in accordance with Environmental Laws, (b) any actions required to prevent, cure or mitigate any Release of any Hazardous Substance to comply with any applicable Environmental Laws, (c) any action to comply with any applicable Environmental Laws or with any permits issued pursuant thereto, and (d) any inspection, investigation, study, monitoring, assessment, audit, sampling and testing, laboratory or other analysis, or evaluation relating to any Hazardous Substances.

"**REMIC Opinion**" shall have the meaning set forth in Section 2.5.4 hereof.

"**REMIC Trust**" shall mean a "real estate mortgage investment conduit" within the meaning of Section 860D of the Code that holds the Note or a portion thereof.

"**Rents**" shall mean all rents, rent equivalents, moneys payable as damages or in lieu of rent or rent equivalents, royalties (including, without limitation, all oil and gas or other mineral royalties and bonuses), income, receivables, receipts, revenues, deposits (including, without limitation, security, utility and other deposits), accounts, cash, issues, profits, charges for services rendered, and other consideration of whatever form or nature received by or paid to or for the account of or benefit of Borrower or Operating Lessee or their respective agents or employees from any and all sources arising from or attributable to the Property, and proceeds, if any, from business interruption or other loss of income or insurance, including, without limitation, all hotel receipts, revenues and credit card receipts collected from guest rooms, restaurants, bars, meeting rooms, banquet rooms and recreational facilities, all receivables, customer obligations, installment payment obligations and other obligations now existing or hereafter arising or created out of the sale, lease, sublease, license, concession or other grant of the right of the use and occupancy of property or rendering of services by Borrower or any operator or manager of the hotel or the commercial space located in the Improvements or acquired from others (including, without limitation, from the rental of any office space, retail space, guest rooms or other space, halls, stores, and offices, and deposits securing reservations of such space), license, lease, sublease and concession fees and rentals, health club membership fees, food and beverage wholesale and retail sales, service charges, vending machine sales and proceeds, if any, from business interruption or other loss of income insurance.

"**Replacement Franchise Agreement**" shall mean either (a) a franchise, trademark and license agreement with a Qualified Franchisor in substantially the same form and substance as the Franchise Agreement, or (b) a franchise, trademark and license agreement with a Qualified Franchisor which is reasonably acceptable to Lender in form and substance, provided that, with respect to this subclause (b), if a Securitization shall have occurred, Lender, at its option, may require that Borrower shall have obtained prior written confirmation from the applicable Rating Agencies that such franchise, trademark and license agreement will not cause a downgrade, withdrawal or qualification of the then current rating of the Securities or any class thereof.

"**Replacement Management Agreement**" shall mean, collectively, (a) either (i) a management agreement with a Qualified Manager in substantially the same form and substance as the Management Agreement, or (ii) a management agreement with a Qualified Manager which is reasonably acceptable to Lender in form and substance, provided that, with respect to this subclause (ii), if a Securitization shall have occurred, Lender, at its option, may require that Borrower shall have obtained a Rating Agency Confirmation from the Approved Rating Agencies with respect to such Qualified Manager and its management of the Property, and (b) a conditional assignment of management agreement substantially in the form of the Assignment of Management Agreement (or of such other form and substance reasonably acceptable to Lender, each applicable Loan Party, and such replacement manager), executed and delivered to Lender by each such applicable Loan Party and such Qualified Manager at Borrower's expense, provided, that in the event such Qualified Manager is an Affiliated Manager, any replacement assignment of management agreement shall include a subordination of management fees in form and substance reasonably acceptable to Lender.

"**Replacement Reserve Account**" shall have the meaning set forth in Section 7.3.1 hereof.

"**Replacement Reserve Fund**" shall have the meaning set forth in Section 7.3.1 hereof.

"**Replacement Reserve Monthly Deposit**" shall mean an amount equal to four percent (4%) of Gross Income from Operations, in each case for the calendar month two (2) calendar months prior to the calendar month of the Payment Date on which such deposit is required and subject to adjustment in accordance with Section 7.3.1 hereof.

"**Replacements**" shall have the meaning set forth in Section 7.3.1 hereof.

"**Required Repairs**" shall have the meaning set forth in Section 7.1.1 hereof.

"**Reserve Funds**" shall mean, collectively, the Tax and Insurance Escrow Fund, the Replacement Reserve Fund, the Excess Cash Flow Reserve Fund, the CapEx Reserve Fund, and any other escrow fund established by the Loan Documents.

"**Responsible Officer**" shall mean with respect to a Person, the chairman of the board, president, chief operating officer, chief financial officer, treasurer, vice president or such other authorized representative of such Person.

"**Restoration**" shall mean the repair and restoration of the Property after a Casualty or Condemnation as nearly as possible to the condition the Property was in immediately prior to such Casualty or Condemnation, with such alterations as may be reasonably approved by Lender.

"**Restricted Party**" shall mean collectively, (a) Borrower, Operating Lessee or any Affiliated Manager and (b) any shareholder, partner, member, non-member manager, any direct or indirect legal or beneficial owner of, Borrower, Operating Lessee or any Affiliated Manager or any non-member manager; and with respect to clause (b), excluding (i) any shareholders or owners of stock or equity interest that are publicly traded on any nationally or internationally recognized stock exchange that are not Affiliates of Borrower or any Affiliated Manager, and (ii) Guarantor and any shareholder, partner, member, non-member manager or any other Person owning a direct or indirect legal or beneficial interest in Guarantor.

"**RevPAR**" shall mean an amount equal to the Property's average daily room rate multiplied by its occupancy rate.

"**Room License Agreement**" shall mean each license agreement for the use of hotel rooms entered into with a hotel guest or guests in the ordinary course of operation of the Property.

"**Room/Corridor CapEx Cap**" shall mean Two Million Eight Hundred Seventeen Thousand Seven Hundred Ten and No/100 Dollars ($2,817,710.00).

"**Room/Corridor PIP**" shall have the meaning set forth on Schedule X hereto.

"**S&P**" shall mean Standard & Poor's Ratings Services.

"**Sale or Pledge**" shall mean a voluntary or involuntary sale, conveyance, assignment, transfer, pledge, grant of option or other transfer or disposal of a legal or beneficial interest, whether direct or indirect.

"**Sales and Occupancy Taxes**" shall mean any sales, use or occupancy or other taxes or charges for the use of guest rooms at the Property required to be paid by any Governmental Authority.

"**Scheduled Defeasance Payments**" shall have the meaning set forth in Section 2.9.1(b) hereof.

"**Section 2.7 Taxes**" shall mean all applicable taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

"**Securities**" shall have the meaning set forth in Section 9.1 hereof.

"**Securities Act**" shall have the meaning set forth in Section 9.2(a) hereof.

"**Securitization**" shall have the meaning set forth in Section 9.1 hereof.

"**Security Agreement**" shall have the meaning set forth in Section 2.9.1(a)(v) hereof.

"**Servicer**" shall have the meaning set forth in Section 9.5 hereof.

"**Severed Loan Documents**" shall have the meaning set forth in Section 8.2(c) hereof.

"**Shortfall**" shall mean, with respect to each amount required to be applied by Agent to each applicable Subaccount (as defined in the Cash Management Agreement) pursuant to clauses (a) through (h) (inclusive) of Section 3.4(A) of the Cash Management Agreement as of any Payment Date, the positive difference, if any, between (i) the amounts required to be so applied on such Payment Date and (ii) the amount of funds that Borrower estimates in good faith will be available in the Cash Management Account on such Payment Date to be so applied.]

"**Special Purpose Entity**" shall mean a corporation, limited partnership or limited liability company that has complied with, and at all times while any of the Obligations are outstanding, will comply with the following requirements unless it has received prior consent to do otherwise from Lender or a permitted administrative agent thereof, and, while the Loan is securitized, (a) a Rating Agency Confirmation from each of the Approved Rating Agencies and (b) an Additional Insolvency Opinion, in each case:

(i) is and shall be organized solely for the purpose of acquiring and owning a fee or leasehold interest in, developing, holding, selling, leasing, transferring, exchanging, managing, operating, and financing the Property, entering into and performing its obligations under the Loan Documents with Lender,

refinancing its interest in the Property in connection with a repayment of the Loan, and transacting all lawful business that is incident, necessary and appropriate to accomplish the foregoing;

(ii) has not engaged and shall not engage in any business unrelated to the applicable purposes set forth in clause (i) above,

(iii) has not owned and shall not own any real property other than the Property;

(iv) has not had, does not have, shall not have, any assets other than its interests in the Property and personal property necessary or incidental to its ownership and operation of the Property;

(v) has not engaged, sought or consented to, and will, to the fullest extent permitted by law, not engage in, seek or consent to, unless otherwise permitted in accordance with the Loan Documents (A) any dissolution, winding up, liquidation, consolidation or merger, or (B) any sale or other transfer of all or substantially all of its assets or any sale of assets outside the ordinary course of its business, except as permitted by the Loan Documents;

(vi) shall not cause, consent to or permit any amendment of its limited partnership agreement, articles of incorporation, articles of organization, certificate of formation, operating agreement or other formation document or organizational document (as applicable) with respect to the matters set forth in this definition without the consent of Lender;

(vii) if such entity is a limited partnership, has and shall have at least one general partner and has and shall have, as its only general partners, Special Purpose Entities each of which (A) is a corporation or single-member Delaware limited liability company, (B) has two (2) Independent Directors, and (C) holds a direct interest as general partner in the limited partnership of not less than 0.5%;

(viii) if such entity is a corporation, has and shall have at least two (2) Independent Directors, and shall not cause or permit the board of directors of such entity to take any Bankruptcy Action either with respect to itself;

(ix) if such entity is a limited liability company (other than a limited liability company meeting all of the requirements applicable to a single-member limited liability company set forth in this definition of "Special Purpose Entity"), has and shall have at least one (1) member that is a Special Purpose Entity, that is a corporation or a single-member limited liability company, that has at least two (2) Independent Directors and that directly owns at least one-half-of-one percent (0.5%) of the equity of the limited liability company;

(x) if such entity is a single-member limited liability company, (A) is and shall be a Delaware limited liability company, (B) has and shall have at least two (2) Independent Directors serving as managers of such company, (C) shall not take any action requiring the unanimous affirmative vote of the member and the Independent Directors and shall not cause or permit the member of such entity to take any action requiring the unanimous affirmative vote of the member and the Independent Directors unless two (2) Independent Directors then serving as managers of the company shall have participated consented in writing to such action, and (D) has and shall have either (1) a member which owns no economic interest in the company, has signed the company's limited liability company agreement and has no obligation to make capital contributions to the company, or (2) two natural persons or one entity that is not a member of the company, that has signed its limited liability company agreement and that, under the terms of such limited liability company agreement becomes a member of the company immediately prior to the withdrawal or dissolution of the last remaining member of the company;

(xi) shall not (and, if such entity is (a) a limited liability company, has and shall have a limited liability agreement or an operating agreement, as applicable, (b) a limited partnership, has a limited partnership agreement, or (c) a corporation, has a certificate of incorporation or articles that, in each case, provide that such entity shall not) (1) dissolve, merge, liquidate, consolidate; (2) sell all or substantially all of its assets; (3) amend its organizational documents with respect to the matters set forth in this definition without the consent of Lender; or (4) without the affirmative vote of two (2) Independent Directors, take any Bankruptcy Action;

(xii) is and intends to remain solvent and intends to pay its debts and liabilities (including, a fairly-allocated portion of any personnel and overhead expenses that it shares with any Affiliate) from its assets to the extent of available cash as the same shall become due, and is currently maintaining and intends to maintain adequate capital for the normal obligations reasonably foreseeable in a business of its size and character and in light of its contemplated business operations; provided, however, that in no event shall the foregoing create liability of Borrower or Operating Lessee or any direct or indirect member of Borrower or Operating Lessee, or any other Person on account of Borrower's or Operating Lessee's insolvency due to insufficiency of capital or require any direct or indirect member of Borrower or Operating Lessee or any other Person to make any additional capital contribution, advance, loan or any other type of financing to Borrower or Operating Lessee or any other Person;

(xiii) has not failed and shall not fail to correct any known misunderstanding regarding the separate identity of such entity and has not identified and shall not identify itself as a division of any other Person;

(xiv) has maintained and shall maintain its bank accounts, books of account, books and records separate from those of any other Person and, to the

extent that it is required to file tax returns under applicable law, has filed and shall file its own tax returns, except to the extent that it is required by law to file consolidated tax returns;

(xv) has maintained and shall maintain its own records, books, resolutions and agreements;

(xvi) has not commingled and shall not commingle its funds or assets with those of any other Person and has not participated and shall not participate in any cash management system with any other Person other than as provided in this Agreement and the Cash Management Agreement with respect to other Special Purpose Entities;

(xvii) has held and shall hold its assets in its own name;

(xviii) has conducted and shall conduct its business in its name or in a name franchised or licensed to it by an entity other than any of its Affiliates, except for business conducted on behalf of itself by another Person under a business management services agreement that is on commercially-reasonable terms, so long as the manager, or equivalent thereof, under such business management services agreement holds itself out as an agent of Borrower or Operating Lessee, as applicable;

(xix) (A) has maintained and shall maintain its financial statements, accounting records and other entity documents separate from those of any other Person; (B) has shown and shall show, in its financial statements, its asset and liabilities separate and apart from those of any other Person; and (C) has not permitted and shall not permit its assets to be listed as assets on the financial statement of any of its Affiliates except as required by GAAP or the Uniform System of Accounts; provided, however, that any such consolidated financial statement contains a note indicating that the Special Purpose Entity's separate assets and credit are not available to pay the debts of such Affiliate and that the Special Purpose Entity's liabilities do not constitute obligations of the consolidated entity;

(xx) has paid and shall pay, to the extent of available cash, its own liabilities and expenses, including the salaries of its own employees (if any), out of its own funds and assets, and has maintained and shall maintain a sufficient number of employees (if any) in light of its contemplated business operations; provided, however, that in no event shall the foregoing create liability of Borrower or Operating Lessee or any direct or indirect member of Borrower or Operating Lessee or any other Person on account of Borrower's or Operating Lessee's insolvency due to insufficiency of capital or require any direct or indirect member of Borrower or any other Person to make any additional capital contribution, advance, loan or any other type of financing to Borrower or Operating Lessee or any other Person;

(xxi) has observed and shall observe all partnership, corporate or limited liability company formalities, as applicable;

(xxii) has not incurred any Indebtedness other than (i) acquisition financing with respect to the Property; construction financing with respect to the Improvements and certain off-site improvements required by municipal and other authorities as conditions to the construction of the Improvements, and first mortgage financings secured by the Property; and Indebtedness pursuant to letters of credit, guaranties, interest rate protection agreements and other similar instruments executed and delivered in connection with such financings, (ii) unsecured trade payables and operational debt not evidenced by a note, and (iii) Indebtedness incurred in the financing of equipment and other personal property used on the Property;

(xxiii) shall have no Indebtedness other than (i) in the case of Borrower, the Loan, (ii) liabilities incurred in the ordinary course of business relating to the ownership, leasing, management and/or operation of the Property and the routine administration of Borrower or Operating Lessee, as applicable, in amounts not to exceed 3% of the amount of the Loan which liabilities are not more than sixty (60) days past the date incurred, are not evidenced by a note and are paid when due, and which amounts are normal and reasonable under the circumstances, and (iii) such other liabilities that are permitted pursuant to this Agreement;

(xxiv) has not assumed, guaranteed or become obligated, and shall not assume or guarantee or become obligated for the debts of any other Person, has not held out and shall not hold out its credit as being available to satisfy the obligations of any other Person or has not pledged and shall not pledge its assets to secure the obligations of any other Person except in each case as provided in this Agreement and the Cash Management Agreement with respect to other Special Purpose Entities;

(xxv) has not acquired and shall not acquire obligations or securities of its partners, members or shareholders or any other owner or Affiliate;

(xxvi) has allocated and shall allocate fairly and reasonably any overhead expenses that are shared with any of its Affiliates, including, but not limited to, paying for shared office space and for services performed by any employee of an Affiliate; provided, however, that in no event shall the foregoing create liability of Borrower or Operating Lessee on account of Borrower's or Operating Lessee's insolvency due to insufficiency of capital or require any member of Borrower or any other Person to make any additional capital contribution, advance, loan or any other type of financing to Borrower or Operating Lessee or any other Person;

(xxvii) has maintained and used and shall maintain and use separate stationery, invoices and checks bearing its name and not bearing the name of any other entity unless such entity is clearly designated as being the Special Purpose Entity's agent;

(xxviii) [intentionally omitted];

(xxix) has held itself out and identified itself and shall hold itself out and identify itself as a separate and distinct entity under its own name or in a name franchised or licensed to it by an entity other than any of its Affiliates and not as a division or part of any other Person, except for business conducted on behalf of itself by another Person under a business management services agreement that is on commercially-reasonable terms, so long as the manager, or equivalent thereof, under such business management services agreement holds itself out as an agent of Borrower or Operating Lessee, as applicable;

(xxx) has maintained and shall maintain its assets in such a manner that it shall not be costly or difficult to segregate, ascertain or identify its individual assets from those of any other Person;

(xxxi) has not made and shall not make loans to any Person and has not held and shall not hold evidence of indebtedness issued by any other Person or entity (other than cash and investment-grade securities issued by an entity that is not an Affiliate of or subject to common ownership with such entity), except as expressly set forth in this Agreement with respect to another Special Purpose Entity and that Individual Borrower or Operating Lessee may from time to time in the ordinary course of business agree with tenants under Leases of all or any portion of the Property to make certain tenant improvement allowances available to such tenants;

(xxxii) has not identified and shall not identify its partners, members or shareholders, or any Affiliate of any of them, as a division or part of it, and has not identified itself and shall not identify itself as a division of any other Person;

(xxxiii) other than capital contributions and distributions permitted under the terms of its organizational documents, has not entered into or been a party to, and shall not enter into or be a party to, any transaction with any of its partners, members, shareholders or Affiliates except in the ordinary course of its business and on terms which are commercially reasonable terms comparable to those of an arm's-length transaction with an unrelated third party;

(xxxiv) has not had and shall not have any obligation to, and has not indemnified and shall not indemnify its partners, officers, directors or members, as the case may be, in each case unless such an obligation or indemnification is fully subordinated to the Debt and shall not constitute a claim against it in the event that its cash flow is insufficient to pay the Debt;

(xxxv) if such entity is a corporation, has considered and shall consider the interests of its creditors in connection with all corporate actions;

(xxxvi) has not had and shall not have any of its obligations guaranteed by any Affiliate except as provided by the Loan Documents with respect to other Special Purpose Entities, the Guaranty, the Environmental Indemnity and the guaranties delivered in connection with the Franchise Agreement;

(xxxvii) has not formed, acquired or held and shall not form, acquire or hold any subsidiary;

(xxxviii) has complied and shall comply with all of the terms and provisions contained in its organizational documents.

(xxxix) reserved;

(xl) has not permitted and shall not permit any Affiliate independent access to its bank accounts;

(xli) is, has always been and shall continue to be duly formed, validly existing, and in good standing in the state of its incorporation or formation and in all other jurisdictions where it is qualified to do business (except with respect to the Bankruptcy Proceeding);

(xlii) has paid all taxes which it owes prior to delinquency and is not currently involved in any dispute with any taxing authority;

(xliii) is not now, nor has ever been, party to any lawsuit, arbitration, summons, or legal proceeding that resulted in a judgment against it that has not been paid in full; it being acknowledged and agreed that the Bankruptcy Proceeding occurred and such Bankruptcy Proceeding has been resolved pursuant to a final non-appealable order of the United States Bankruptcy Court for the Southern District of New York;

(xliv) has no judgments or Liens of any nature against it except for Permitted Encumbrances;

(xlv) has provided Lender with complete financial statements that reflect a fair and accurate view of the entity's financial condition; and

(xlvi) has no material contingent or actual obligations not related to the Property.

"**State**" shall mean the State of California.

"**Successor Borrower**" shall have the meaning set forth in Section 2.9.3.

"**Survey**" shall mean a survey prepared by a surveyor licensed in the State and reasonably satisfactory to Lender and the company or companies issuing the Title Insurance Policy, and containing a certification of such surveyor reasonably satisfactory to Lender.

"**Tax and Insurance Escrow Fund**" shall have the meaning set forth in Section 7.2 hereof.

"**Taxes**" shall mean all real estate and personal property taxes, assessments, water rates or sewer rents, now or hereafter levied or assessed or imposed against the Property or part thereof by any Governmental Authority.

"**Tenant**" shall mean the lessee of all or a portion of the Property under a Lease.

"**Tenant Direction Letter**" shall have the meaning set forth in the Cash Management Agreement.

"**Threshold Amount**" shall have the meaning set forth in Section 5.1.21 hereof.

"**Title Insurance Policy**" shall mean the mortgagee title insurance policy issued with respect to the Property and insuring the lien of the Mortgage.

"**Transfer**" shall have the meaning set forth in Section 5.2.10(b) hereof.

"**Transferee**" shall have the meaning set forth in Section 5.2.10(e)(iii) hereof.

"**Transferee's Principals**" shall mean collectively, (a) Transferee's managing members, general partners or principal shareholders and (b) such other members, partners or shareholders which directly or indirectly shall own a fifty-one percent (51%) or greater economic and voting interest in Transferee.

"**UCC**" or "**Uniform Commercial Code**" shall mean the Uniform Commercial Code as in effect in the applicable State in which an Individual Property is located.

"**Uniform System of Accounts**" shall mean the most recent edition of the Uniform System of Accounts for Hotels as adopted by the American Hotel and Motel Association.

"**U.S. Borrower**" shall mean a Borrower that is a "United States Person" as defined in Section 7701(a)(30) of the Code.

"**U.S. Obligations**" shall mean non-redeemable securities evidencing an obligation to timely pay principal and/or interest in a full and timely manner that are (a) direct obligations of the United States of America for the payment of which its full faith and credit is pledged, or (b) other "government securities" within the meaning of Section 2(a)(16) of the Investment Company Act of 1940, as amended, to the extent acceptable to the Approved Rating Agencies if a Securitization has occurred.

"**U.S. Person**" shall mean any Person that is a "United States Person" as defined in Section 7701(a)(30) of the Code.

"**U.S. Tax Compliance Certificate**" shall have the meaning set forth in Section 2.7(e).

"**Yield Maintenance Premium**" shall mean an amount equal to the greater of (a) one percent (1%) of the outstanding principal of the Loan to be prepaid or satisfied and (b) the

excess, if any, of (i) the sum of the present values of all then-scheduled payments of principal and interest under the Note assuming that all scheduled payments are made timely and that the remaining outstanding principal and interest on the Loan is paid on the Permitted Par Prepayment Date (with each such payment and assumed payment discounted to its present value at the date of prepayment at the rate which, when compounded monthly, is equivalent to the Prepayment Rate when compounded semi-annually and deducting from the sum of such present values any short-term interest paid from the date of prepayment to the next succeeding Payment Date in the event such payment is not made on a Payment Date), over (ii) the principal amount being prepaid.

Section 1.2 Principles of Construction. All references to sections and schedules are to sections and schedules in or to this Agreement unless otherwise specified. All uses of the word "including" shall mean "including, without limitation" unless the context shall indicate otherwise. Unless otherwise specified, the words "hereof," "herein" and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement. Unless otherwise specified, all meanings attributed to defined terms herein shall be equally applicable to both the singular and plural forms of the terms so defined.

ARTICLE II – GENERAL TERMS

Section 2.1 Loan Commitment; Disbursement to Borrower.

2.1.1 Agreement to Lend and Borrow. Subject to and upon the terms and conditions set forth herein, Lender hereby agrees to make and Borrower hereby agrees to accept the Loan on the Closing Date.

2.1.2 Single Disbursement to Borrower. Borrower may request and receive only one (1) borrowing hereunder in respect of the Loan and any amount borrowed and repaid hereunder in respect of the Loan may not be reborrowed.

2.1.3 The Note, Mortgage and Loan Documents. The Loan shall be evidenced by the Note and secured by the Mortgage and the other Loan Documents.

2.1.4 Use of Proceeds. Borrower shall use the proceeds of the Loan to (a) acquire the Property or repay and discharge any existing loans relating to the Property, (b) pay all past-due Basic Carrying Costs, if any, with respect to the Property, (c) make deposits into the Reserve Funds on the Closing Date in the amounts provided herein, (d) pay costs and expenses incurred in connection with the closing of the Loan, as reasonably approved by Lender, (e) fund any working capital requirements of the Property and (f) distribute the balance, if any, to Borrower.

Section 2.2 Interest Rate.

2.2.1 Interest Rate. Subject to the provisions of this Section 2.2, interest on the outstanding principal balance of the Loan shall accrue at the Interest Rate or as otherwise set forth in this Agreement from (and including) the Closing Date to but excluding the Maturity Date.

2.2.2 Interest Calculation. Interest on the outstanding principal balance of the Loan shall be calculated by multiplying (a) the actual number of days elapsed in the relevant Accrual Period by (b) a daily rate based on a three hundred sixty (360) day year by (c) the outstanding principal balance of the Loan.

2.2.3 [Intentionally Omitted].

2.2.4 [Intentionally Omitted].

2.2.5 Default Rate. In the event that, and for so long as, any Event of Default shall have occurred and be continuing, the outstanding principal balance of the Loan and, to the extent permitted by law, all accrued and unpaid interest in respect of the Loan and any other amounts due pursuant to the Loan Documents, shall accrue interest at the Default Rate, calculated from the date such payment was due without regard to any grace or cure periods contained herein.

2.2.6 Usury Savings. This Agreement, the Note and the other Loan Documents are subject to the express condition that at no time shall Borrower be obligated or required to pay interest on the principal balance of the Loan at a rate which could subject Lender to either civil or criminal liability as a result of being in excess of the Maximum Legal Rate. If, by the terms of this Agreement or the other Loan Documents, Borrower is at any time required or obligated to pay interest on the principal balance due hereunder at a rate in excess of the Maximum Legal Rate, the Interest Rate or the Default Rate, as the case may be, shall be deemed to be immediately reduced to the Maximum Legal Rate and all previous payments in excess of the Maximum Legal Rate shall be deemed to have been payments in reduction of principal and not on account of the interest due hereunder. All sums paid or agreed to be paid to Lender for the use, forbearance, or detention of the sums due under the Loan, shall, to the extent permitted by applicable law, be amortized, prorated, allocated, and spread throughout the full stated term of the Loan until payment in full so that the rate or amount of interest on account of the Loan does not exceed the Maximum Legal Rate of interest from time to time in effect and applicable to the Loan for so long as the Loan is outstanding.

Section 2.3 Loan Payment.

2.3.1 Monthly Debt Service Payments. Borrower shall pay to Lender (a) on the Closing Date and on each Payment Date through and including the Payment Date occurring on July 1, 2019, an amount equal to interest only in arrears on the outstanding principal balance of the Loan for the related Accrual Period and (b) on the Payment Date occurring on August 1, 2019 and on each Payment Date thereafter up to and including the Maturity Date, Borrower shall make a payment to Lender equal to the Monthly Debt Service Payment Amount, which payments shall be applied first to accrued and unpaid interest and the balance to principal.

2.3.2 Payments Generally. For purposes of making payments hereunder, but not for purposes of calculating Accrual Periods, if the day on which such payment is due is not a Business Day, then amounts due on such date shall be due on the immediately preceding Business Day and with respect to payments of principal due on the Maturity Date, interest shall be payable at the Interest Rate or the Default Rate, as the case may be, through and including the day immediately

preceding such Maturity Date. All amounts due under this Agreement and the other Loan Documents shall be payable without setoff, counterclaim, defense or any other deduction whatsoever.

2.3.3 Payment on Maturity Date. Borrower shall pay to Lender on the Maturity Date the outstanding principal balance of the Loan, all accrued and unpaid interest and all other amounts due hereunder and under the Note, the Mortgage and the other Loan Documents.

2.3.4 Late Payment Charge. If any principal, interest or any other sum due under the Loan Documents (other than the principal amount due on the Maturity Date) is not paid by Borrower on or prior to the date on which it is due, Borrower shall pay to Lender upon demand an amount equal to the lesser of five percent (5%) of such unpaid sum or the Maximum Legal Rate in order to defray the expense incurred by Lender in handling and processing such delinquent payment and to compensate Lender for the loss of the use of such delinquent payment. Any such amount shall be secured by the Mortgage and the other Loan Documents to the extent permitted by applicable law.

2.3.5 Method and Place of Payment. Except as otherwise specifically provided herein, all payments and prepayments under this Agreement and the Note shall be made to Lender not later than 2:00 p.m. New York City time, on the date when due for all payments, including the payment due on the Maturity Date and shall be made in lawful money of the United States of America in immediately available funds at Lender's office or as otherwise directed by Lender, and any funds received by Lender after such time shall, for all purposes hereof, be deemed to have been paid on the next succeeding Business Day.

Section 2.4 Prepayments.

2.4.1 Voluntary Prepayments. (a) Except as otherwise expressly provided in this Section 2.4 and 6.3, Borrower shall not have the right to prepay the Loan.

(b) Provided no Event of Default has occurred and is continuing on the Permitted Par Prepayment Date, and on any Business Day thereafter through the date the Debt is paid in full, Borrower may, at its option, prepay the Debt in full (but not in part) without payment of any Yield Maintenance Premium or other premium; provided, however, if for any reason such prepayment is not paid on a regularly scheduled Payment Date, the Debt shall include interest for the full Accrual Period during which the prepayment occurs. Borrower's right to prepay the principal balance of the Loan in full pursuant to this subsection shall be subject to (i) Borrower's submission of a notice to Lender setting forth the projected date of prepayment, which date shall be no less than ten (10) Business Days from the date of such notice, and (ii) subject to Section 2.4.1(d) hereof, Borrower's actual payment to Lender of the full amount of the Debt, including interest for the full Accrual Period during which the prepayment occurs.

(c) Borrower may prepay a portion of the outstanding principal balance of the Loan from time to time in an amount necessary to cause the Debt Yield to equal or exceed the Debt Yield required to (i) effect a Debt Yield Cure (each such Debt Yield, the "**Required Trigger Cure Debt Yield**", and each such prepayment, a "**Debt Yield Cure Payment**"),

provided, that no other Cash Sweep Event is then continuing, and (ii) satisfy the condition set forth in Section 6.4(b)(i)(J) in connection with a Restoration, and further provided that, in each case, Borrower pays to Lender, in addition to the outstanding principal amount of the Loan to be prepaid (A) all interest which would have accrued on the principal amount of the Loan to be prepaid through and including the last day of the Accrual Period during which such prepayment is made or, if such prepayment occurs on a Payment Date, through and including the last calendar day of the Accrual Period prior to such Payment Date (for the avoidance of doubt, if such prepayment is made on a day other than a Payment Date, then in connection with such prepayment Borrower shall pay to Lender, simultaneously with such prepayment, all interest on the principal balance of the Note then being prepaid which would have accrued through the end of the Accrual Period then in effect notwithstanding that such Accrual Period extends beyond the date of such prepayment); (B) all other sums due and payable under this Agreement, the Note and the other Loan Documents, without duplication of any sums paid pursuant to the preceding clause (A), and all actual reasonable out-of-pocket costs and administrative expenses (including reasonable attorneys' fees and disbursements) incurred by Lender in connection with such prepayment; and (C) if such prepayment is made prior to the Permitted Par Prepayment Date, the applicable Yield Maintenance Premium. Notwithstanding anything to the contrary contained in this Agreement or any of the other Loan Documents, the payment of a Debt Yield Cure Payment in accordance with the terms and conditions of this Agreement which shall cause the Debt Yield to equal or exceed the Required Trigger Cure Debt Yield shall constitute an immediate Debt Yield Cure. For the avoidance of doubt, the failure to achieve the Debt Yield necessary to (i) effect a Debt Yield Cure or (ii) satisfy the condition set forth in Section 6.4(b)(i)(J) in connection with a Restoration shall not in and of itself constitute a Default hereunder.

(d) If a notice of prepayment is given by Borrower to Lender pursuant to Section 2.4.1(c), Section 2.4.1(c) or Section 2.4.6, as applicable the amount designated for prepayment and all other sums required under Section 2.4.1(c), or Section 2.4.6, as applicable shall be due and payable on the proposed prepayment date unless such prepayment is revoked or modified by written notice given by Borrower to Lender not less than one (1) Business Day prior to such specified prepayment date, provided that Borrower shall pay all of Lender's reasonable actual out-of-pocket costs and administrative expenses incurred in connection with such revocation or modification, within ten (10) days of Lender's demand therefor.

(e) If following any Casualty or Condemnation, the Net Proceeds are not required to be made available to Borrower for a Restoration of the Property pursuant to Section 6.4 hereof, and in addition to any other rights granted to Borrower hereunder, Borrower shall have the right to prepay the Loan in whole but not in part in accordance with the provisions of Section 2.4.1(c) hereof to obtain the release of the Property from the Lien of the Mortgage thereon and related Loan Documents in accordance with Section 2.5 hereof, provided, however, that no Yield Maintenance Premium shall be due in connection with any such prepayment.

2.4.2 Mandatory Prepayments. On the next occurring Payment Date following the date on which Lender actually receives any Net Proceeds, if and to the extent Lender is not obligated to and does not make such Net Proceeds available to Borrower for the Restoration of the Property or otherwise remit such Net Proceeds to Borrower pursuant to Section 6.4 hereof, Borrower shall authorize Lender to retain and apply such Net Proceeds as a prepayment of all or a portion of the outstanding principal balance of the Loan together with accrued interest and any other sums due hereunder in an amount equal to one hundred percent (100%) of such Net Proceeds; provided, however, that if an Event of Default has occurred and is continuing, Lender may apply such Net Proceeds to the Debt (until paid in full) in any order or priority in its sole discretion. No Yield Maintenance Premium or other premium shall be due in connection with any prepayment made pursuant to this Section 2.4.2. Any prepayment received by Lender pursuant to this Section 2.4.2 on a date other than a Payment Date shall be held by Lender as collateral security for the Loan (and if held in an interest bearing account, with such interest accruing to the benefit of Borrower) and shall be applied by Lender on the next Payment Date.

2.4.3 Prepayments After Default. If, following an Event of Default, payment of all or any part of the Debt is tendered by Borrower or otherwise recovered by Lender (including, without limitation, through application of any Reserve Funds), such tender or recovery shall (a) include interest at the Default Rate on the outstanding principal amount of the Loan through the last calendar day of the Accrual Period within which such tender or recovery occurs and (b) be deemed a voluntary prepayment by Borrower and Borrower shall pay, together with the remainder of the Debt, an amount equal to the Yield Maintenance Premium which can be applied by Lender in such order and priority as Lender shall determine in is sole and absolute discretion.

2.4.4 [Reserved].

2.4.5 Application of Prepayments. All prepayments received pursuant to this Section 2.4 shall be applied first, to interest on the outstanding principal balance being prepaid that accrued through and including the last day of the applicable Accrual Period, and then, to the payments of outstanding principal due under the Loan.

2.4.6 Prepayment Prior to Permitted Defeasance Date. If the Permitted Release Date has occurred but the Permitted Defeasance Date has not occurred, and provided no Event of Default exists, the Debt may be prepaid in whole (but not in part) prior to the Permitted Defeasance Date upon not less than fifteen (15) Business Days' prior written notice to Lender specifying the projected date of prepayment and, if such prepayment is made prior to the Permitted Par Prepayment Date, upon payment of an amount equal to the Yield Maintenance Premium. Lender shall notify Borrower of the amount and the basis of determination of the required prepayment consideration. If any notice of prepayment is given, the Debt shall be due and payable on the projected date of prepayment. Lender shall not be obligated to accept any prepayment of the Debt unless it is accompanied by the prepayment consideration due in connection therewith. If for any reason Borrower prepays the Loan on a date other than a Payment Date, Borrower shall pay Lender, in addition to the Debt, interest for the full Accrual Period during which the prepayment occurs.

Section 2.5 Release of Property. Except as set forth in Section 2.9 and this Section 2.5, no repayment or prepayment of all or any portion of the Loan shall cause, give rise to a right to require, or otherwise result in, the release of any Lien of any Mortgage on the Property.

2.5.1 Release of Property. (a) If Borrower has elected to prepay or defease the Loan in accordance with this Agreement, upon satisfaction of the requirements of Section 2.4 or Section 2.9, as applicable, and this Section 2.5.1, the Property shall be released from the Lien of Mortgage.

(b) In connection with the release of the Mortgage pursuant to a defeasance, Borrower shall submit to Lender, not less than thirty (30) days prior to the Defeasance Date, a release of Lien (and related Loan Documents) for the Property for execution by Lender. Such release shall be in a form appropriate in the jurisdiction in which the Property is located and that would be satisfactory to a prudent lender and contains standard provisions, if any, protecting the rights of the releasing lender. In addition, Borrower shall provide all other documentation Lender reasonably requires to be delivered by Borrower in connection with such release, together with an Officer's Certificate certifying that such documentation (i) is in compliance with all Legal Requirements, and (ii) will effect such releases in accordance with the terms of this Agreement. Borrower shall reimburse Lender and Servicer for any actual out-of-pocket costs and expenses incurred by Lender and Servicer in connection with such release (including reasonable attorneys' fees and expenses) and Borrower shall have paid or cause to be paid, in connection with such release, (i) all recording charges, filing fees, taxes or other expenses payable in connection therewith, (ii) if a Securitization has occurred, all costs and expenses of the Rating Agencies incurred in connection with Rating Agencies' confirming that such release will not affect the ratings of the Securities or any class thereof, and (iii) to any Servicer, the customary and reasonable fee being assessed by such Servicer to effect such release;

2.5.2 [Intentionally Omitted].

2.5.3 [Intentionally Omitted].

2.5.4 Assignments of Mortgage. Upon the satisfaction of all conditions to release of the Property from the Lien of the Mortgage in accordance with Section 2.5.1, at Borrower's sole cost and expense, Lender shall reasonably cooperate with Borrower to assign the Lien of the Mortgage encumbering the Property; provided, that any such assignment shall be conditioned on the following: (a) payment by Borrower of (i) the reasonable out-of-pocket expenses of Lender incurred in connection therewith; (ii) Lender's reasonable attorney's fees for the preparation and delivery of such an assignment and (iii) the current fee being assessed by the Servicer to effect such assignment, so long as such fee is reasonable and is not calculated by reference to the amount of the Loan or the amount of the applicable Mortgage; (b) such an assignment is not then prohibited by any federal, state or local law, rule, regulation, order or by any other governmental authority; (c) such assignment and the actions contemplated thereby will neither cause any trust formed as a REMIC pursuant to a Securitization to fail to qualify as a "real estate mortgage investment conduit" within the meaning of Section 860D of the Code at any time that any "regular interests" in the REMIC are outstanding or cause a "prohibited transaction" tax (within the meaning of Section 860F

(a)(2) of the Code), and, if reasonably requested by Lender, an opinion of counsel to Borrower to that effect is delivered to Lender in form and substance that would be reasonably satisfactory to a prudent lender (a "**REMIC Opinion**"); (d) such assignment shall be made without recourse, representation or warranty by Lender, except that it has not assigned or encumbered such Mortgage or Note, (e) Borrower shall provide such other items, information, and documents which a prudent lender would reasonably require to effectuate such assignment and (f) Borrower shall be responsible for all mortgage recording taxes, recording fees and any other title or third party charges payable in connection with any such assignment.

Section 2.6 Lockbox Account/Cash Management.

2.6.1 Lockbox Account. (a) During the term of the Loan, Borrower shall on or prior to the date hereof establish and maintain an account (the "**Lockbox Account**") with a Lockbox Bank in trust for the benefit of Lender, which Lockbox Account shall be under the sole dominion and control of Lender. The Lockbox Account shall be entitled "Grand Prix SILI II LLC, for the benefit of JPMorgan Chase Bank, National Association, as Lender, pursuant to Loan Agreement dated as of June 9, 2014 – Lockbox Account" or such other title as may be acceptable to Lender in its discretion. Borrower hereby grants to Lender a first-priority security interest in the Lockbox Account and all deposits at any time contained therein and the proceeds thereof and will take all actions necessary to maintain in favor of Lender a perfected first priority security interest in the Lockbox Account, including, without limitation, filing UCC-1 Financing Statements and continuations thereof to the extent applicable. Lender and Servicer shall have the sole right to make withdrawals from the Lockbox Account, provided, that so long as no Cash Sweep Period is in effect, all amounts in the Lockbox Account shall be disbursed to Borrower in accordance with the Lockbox Agreements, and upon the occurrence of any Cash Sweep Event, all amounts shall be disbursed to the Cash Management Account. All reasonable costs and expenses for establishing and maintaining the Lockbox Account shall be paid by Borrower. All monies now or hereafter deposited into the Lockbox Account shall be deemed additional security for the Debt. The Lockbox Agreement and Lockbox Account shall remain in effect until the Loan has been repaid in full. The Lockbox Account shall at all times be an Eligible Account.

(b) Borrower and Operating Lessee shall, or shall cause Manager to, immediately deposit all Gross Income from Operations, all revenues and receipts from sales of furniture, fixtures and equipment and forfeited security deposits received with respect to the Property from and after the date hereof into the Lockbox Account. Borrower, or Operating Lessee, as lessor under the applicable Lease, shall deliver Tenant Direction Letters to all Tenants under Leases directing them to deliver all Rents payable thereunder directly to the Lockbox Account. Borrower, Operating Lessee or Manager shall deliver a notice to each of the credit card companies or credit card clearing banks with which Borrower or Manager has entered into merchant's agreements to deliver all receipts payable with respect to the Property directly to the Lockbox Account. Borrower and Operating Lessee shall, and shall cause Manager to, deposit all amounts received by Borrower or Manager constituting Rents into the Lockbox Account within three (3) Business Days after receipt thereof.

(c) Borrower, shall enter into Lockbox Agreements, pursuant to which each Lockbox Bank shall agree to transfer to the Cash Management Account, in immediately available funds by federal wire transfer, all amounts on deposit in the applicable Lockbox Account once every Business Day during the continuance of a Cash Sweep Period. At any time other than during a Cash Sweep Period, all amounts on deposit in each Lockbox Account shall be disbursed to Borrower or at its direction.

(d) Upon the occurrence and during the continuance of an Event of Default, Lender may, in addition to any and all other rights and remedies available to Lender, apply any sums then present in the Lockbox Account to the payment of the Debt in any order in its sole discretion.

(e) The Lockbox Account shall not be commingled with other monies held by Borrower, Manager or Lockbox Bank.

(f) Borrower shall not further pledge, assign or grant any security interest in the Lockbox Account or the monies deposited therein or permit any lien or encumbrance to attach thereto, or any levy to be made thereon, or any UCC-1 Financing Statements, except those naming Lender as the secured party, to be filed with respect thereto.

(g) Borrower shall indemnify Lender and hold Lender harmless from and against any and all actual actions, suits, claims, demands, liabilities, losses, damages, obligations and costs and expenses (including litigation costs and reasonable attorneys' fees and expenses) arising from or in any way connected with the Lockbox Account and/or the Lockbox Agreement (unless arising from the gross negligence, illegal acts, fraud or willful misconduct of Lender) or the payment and performance of the obligations of Borrower for which the Lockbox Account was established.

(h) Borrower shall have the right to replace the Lockbox Account and the Lockbox Agreement and enter into a replacement Lockbox Agreement with respect to the Lockbox Account, provided, that, the following conditions shall be satisfied: (i) Borrower shall have obtained the prior written consent of Lender, not to be unreasonably withheld, conditioned or delayed, (ii) such replacement Lockbox Account shall at all times be an Eligible Account and be maintained with an Eligible Institution; (iii) Borrower and the replacement Lockbox Bank shall enter into a replacement Lockbox Agreement, in form and substance reasonably acceptable to Lender, (iv) all Tenant Direction Letters and Payment Direction Letters (as such terms are defined in the Cash Management Agreement) with respect to the Lockbox Account that is to be terminated, shall be revoked and Borrower shall send Tenant Direction Letters to the applicable Tenants and Payment Direction Letters to the applicable Credit Card Company, which direct payments to be made to the replacement Lockbox Account, and (v) Borrower shall deliver to Lender, an opinion of counsel, in form and substance reasonably acceptable to Lender that Lender shall have a perfected security interest in the replacement Lockbox Account.

2.6.2 Cash Management Account. (a) During the term of the Loan, Borrower shall establish and maintain a segregated Eligible Account (the "**Cash Management Account**") to

be held by Agent in trust and for the benefit of Lender, which Cash Management Account shall be under the sole dominion and control of Lender. The Cash Management Account shall be entitled "Grand Prix SILI II LLC as Borrower fbo JPMorgan Chase Bank, National Association, as Lender, pursuant to Loan Agreement dated as of June 9, 2014 – Cash Management Account". Borrower hereby grants to Lender a first priority security interest in the Cash Management Account and all deposits at any time contained therein and the proceeds thereof and, upon request from Lender, will take all actions reasonably necessary to maintain in favor of Lender a perfected first priority security interest in the Cash Management Account, including, without limitation, filing UCC-1 Financing Statements and continuations thereof. Borrower will not in any way alter or modify the Cash Management Account and will notify Lender of the account number thereof. Lender and Servicer shall have the sole right to make withdrawals from the Cash Management Account and all reasonable out-of-pocket costs and expenses for establishing and maintaining the Cash Management Account shall be paid by Borrower.

(b) The insufficiency of funds on deposit in the Cash Management Account shall not relieve Borrower from the obligation to make any payments, as and when due pursuant to this Agreement and the other Loan Documents, and such obligations shall be separate and independent, and not conditioned on any event or circumstance whatsoever.

(c) All funds on deposit in the Cash Management Account following the occurrence and during the continuance of an Event of Default may be applied by Lender in such order and priority as Lender shall determine. Provided no Event of Default shall have occurred and be continuing all funds on deposit in the Cash Management Account shall be applied by Lender in accordance with the Cash Management Agreement and this Agreement.

(d) Borrower hereby agrees that Lender may modify the Cash Management Agreement for the purpose of establishing additional sub-accounts in connection with any payments otherwise required under this Agreement and the other Loan Documents and Lender shall provide notice thereof to Borrower.

2.6.3 Payments Received under the Cash Management Agreement. Notwithstanding anything to the contrary contained in this Agreement or the other Loan Documents, and provided no Event of Default has occurred and is continuing, (a) all funds on deposit in the Cash Management Account shall be applied in accordance with the terms of the Cash Management Agreement, and (b) Borrower's obligations with respect to the payment of the Monthly Debt Service Payment Amount and amounts required to be deposited into the Reserve Funds, if any, shall be deemed satisfied to the extent sufficient amounts are deposited in the Cash Management Account to satisfy such obligations pursuant to this Agreement on the date each such payment is required, regardless of whether any of such amounts are so applied by Lender.

Section 2.7 Withholding Taxes.

(e) Payments Free of Taxes. Any and all payments by or on account of any obligation of the Borrower under any Loan Document shall be made without deduction or withholding for any Section 2.7 Taxes, except as required by applicable law. If any applicable law (as determined in the good faith discretion of the Borrower) requires the deduction or

withholding of any Section 2.7 Tax from any such payment by the Borrower, then the Borrower shall be entitled to make such deduction or withholding and shall timely pay the full amount deducted or withheld to the relevant Governmental Authority in accordance with applicable law and, if such Section 2.7 Tax is an Indemnified Tax, then the sum payable by the Borrower shall be increased as necessary so that after such deduction or withholding has been made (including such deductions and withholdings applicable to additional sums payable under this Section 2.7) the Lender receives an amount equal to the sum it would have received had no such deduction or withholding been made.

(f) Payment of Other Taxes by the Borrower. The Borrower shall timely pay to the relevant Governmental Authority in accordance with applicable law any Other Taxes.

(g) Indemnification by the Borrower. The Borrower shall indemnify Lender, within ten (10) days after demand therefor, for the full amount of any Indemnified Taxes (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under this Section) payable or paid by such Lender or required to be withheld or deducted from a payment to such Lender under the Loan Documents and any reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to the Borrower by a Lender shall be conclusive absent manifest error.

(h) Evidence of Payments. As soon as practicable after any payment of Section 2.7 Taxes by the Borrower to a Governmental Authority pursuant to this Section 2.7, the Borrower shall deliver to the Lender the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Lender.

(i) Status of Lenders. (i) Any Lender that is entitled to an exemption from or reduction of withholding Section 2.7 Tax with respect to payments made under any Loan Document shall deliver to the Borrower, at the time or times reasonably requested by the Borrower, such properly completed and executed documentation reasonably requested by the Borrower as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Lender, if reasonably requested by the Borrower, shall deliver such other documentation prescribed by applicable law or reasonably requested by the Borrower as will enable the Borrower to determine whether or not such Lender is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation (other than such documentation set forth in Section 2.7(e)(ii)(A), (ii)(B) and (ii)(D) below) shall not be required if in the Lender's reasonable judgment such completion, execution or submission would subject such Lender to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Lender.

(ii) Without limiting the generality of the foregoing, in the event that the Borrower is a U.S. Borrower,

(A) any Lender that is a U.S. Person shall deliver to the Borrower on or prior to the date on which such Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower), executed originals of IRS Form W-9 certifying that such Lender is exempt from U.S. federal backup withholding tax;

(B) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Borrower (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower), whichever of the following is applicable:

(1) in the case of a Foreign Lender claiming the benefits of an income tax treaty to which the United States is a party (x) with respect to payments of interest under any Loan Document, executed originals of IRS Form W-8BEN establishing an exemption from, or reduction of, U.S. federal withholding Section 2.7 Tax pursuant to the "interest" article of such tax treaty and (y) with respect to any other applicable payments under any Loan Document, IRS Form W-8BEN establishing an exemption from, or reduction of, U.S. federal withholding Section 2.7 Tax pursuant to the "business profits" or "other income" article of such tax treaty;

(2) in the case of a Foreign Lender for whom payments under this Agreement constitute income that is effectively connected with such Lender's conduct of a trade or business in the United States, executed originals of IRS Form W-8ECI;

(3) in the case of a Foreign Lender claiming the benefits of the exemption for portfolio interest under Section 881(c) of the Code, (x) a certificate to the effect that such Foreign Lender is not a "bank" within the meaning of Section 881(c)(3)(A) of the Code, a "10 percent shareholder" of the Borrower within the meaning of Section 881(c)(3)(B) of the Code, or a "controlled foreign corporation" described in Section 881(c)(3)(C) of the Code (a "**U.S. Tax Compliance Certificate**") and (y) executed originals of IRS Form W-8BEN; or

(4) to the extent a Foreign Lender is a partnership or is not the beneficial owner, executed originals of IRS Form W-8IMY, accompanied by IRS Form W-8ECI, IRS Form W-8BEN, a U.S. Tax Compliance Certificate, IRS Form W-9, and/or other certification documents from each beneficial owner, as applicable; provided that if the Foreign Lender is a partnership and one or more direct or indirect partners of such Foreign Lender are claiming

the portfolio interest exemption, such Foreign Lender may provide a U.S. Tax Compliance Certificate on behalf of each such direct and indirect partner;

(C) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Borrower (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower), executed originals of any other form prescribed by applicable law as a basis for claiming exemption from or a reduction in U.S. federal withholding tax, duly completed, together with such supplementary documentation as may be prescribed by applicable law to permit the Borrower to determine the withholding or deduction required to be made; and

(D) if a payment made to a Lender under any Loan Document would be subject to U.S. federal withholding tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Lender shall deliver to the Borrower at the time or times prescribed by law and at such time or times reasonably requested by the Borrower such documentation prescribed by applicable law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the Borrower as may be necessary for the Borrower to comply with their obligations under FATCA and to determine that such Lender has complied with such Lender's obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this clause (D), "FATCA" shall include any amendments made to FATCA after the date of this Agreement.

Each Lender agrees that if any form or certification it previously delivered expires or becomes obsolete or inaccurate in any respect, it shall update such form or certification or promptly notify the Borrower in writing of its legal inability to do so.

(j) Treatment of Certain Refunds. If any party determines, in its sole discretion exercised in good faith, that it has received a refund of any Section 2.7 Taxes as to which it has been indemnified pursuant to this Section 2.7 (including by the payment of additional amounts pursuant to this Section 2.7), it shall pay to the indemnifying party an amount equal to such refund (but only to the extent of indemnity payments made under this Section with respect to the Section 2.7 Taxes giving rise to such refund), net of all out-of-pocket expenses (including Section 2.7 Taxes) of such indemnified party with respect to such refund and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund). Such indemnifying party, upon the request of such indemnified party, shall repay to such indemnified party the amount paid over pursuant to this paragraph (f) (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) in the event that such indemnified party is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this paragraph (f), in no event will the indemnified party be required to pay any amount to an

indemnifying party pursuant to this paragraph (f) the payment of which would place the indemnified party in a less favorable net after-tax position than the indemnified party would have been in if the Section 2.7 Tax subject to indemnification and giving rise to such refund had not been deducted, withheld or otherwise imposed and the indemnification payments or additional amounts with respect to such Section 2.7 Tax had never been paid. This paragraph (f) shall not be construed to require any indemnified party to make available its tax returns (or any other information relating to its Section 2.7 Taxes that it deems confidential) to the indemnifying party or any other Person.

(k) Survival. Each party's obligations under this Section 2.7 shall survive any assignment of rights by, or the replacement of, a Lender and the repayment, satisfaction or discharge of all obligations under any Loan Document.

Section 2.8 Intentionally Omitted.

Section 2.9 Defeasance.

2.9.1 Voluntary Defeasance. (a) Provided no Event of Default shall then exist, Borrower shall have the right at any time after the Permitted Defeasance Date to voluntarily defease all, but not part, of the Loan by and upon satisfaction of the following conditions (such event being a "**Defeasance Event**"):

(i) Borrower shall provide not less than fifteen (15) Business Days' prior written notice to Lender specifying the Business Day (the "**Defeasance Date**") on which the Defeasance Event is to occur;

(ii) Borrower shall pay to Lender all accrued and unpaid interest on the principal balance of the Loan to and including the Defeasance Date. If the Defeasance Date is not a Payment Date, the Borrower shall also pay interest that would have accrued on the Note through and including the next Payment Date, provided, however, if the Defeasance Deposit shall include (or if the U.S. Obligations purchased with such Defeasance Deposit shall provide for payment of) all principal and interest computed from the Payment Date prior to the Defeasance Date through the next succeeding Payment Date, Borrower shall not be required to pay such short term interest pursuant to this sentence;

(iii) Borrower shall pay to Lender all other sums, not including scheduled interest or principal payments, then due under the Note, this Agreement, the Mortgage and the other Loan Documents;

(iv) Borrower shall pay to Lender the required Defeasance Deposit for the Defeasance Event;

(v) Borrower shall execute and deliver a pledge and security agreement, in form and substance that would be reasonably satisfactory to a prudent lender, creating a first priority lien on the Defeasance Deposit and the U.S. Obligations purchased with the

Defeasance Deposit in accordance with the provisions of this Section 2.9 (the "**Security Agreement**");

(vi) Borrower shall deliver an opinion from counsel satisfactory to Lender that is standard in commercial lending transactions and subject only to customary qualifications, assumptions and exceptions opining, among other things, that Borrower has legally and validly transferred and assigned the U.S. Obligations and all obligations, rights and duties under and to the Note to the Successor Borrower, that Lender has a perfected first priority security interest in the Defeasance Deposit and the U.S. Obligations delivered by Borrower and that any REMIC Trust formed pursuant to a Securitization will not fail to maintain its status as a "real estate mortgage investment conduit" within the meaning of Section 860D of the Code as a result of such Defeasance Event;

(vii) Borrower shall deliver a Rating Agency Confirmation from each of the applicable Approved Rating Agencies to the effect that such release will not result in a downgrade, withdrawal or qualification of the respective ratings in effect immediately prior to such Defeasance Event for the Securities issued in connection with the Securitization which are then outstanding. If required by the applicable Approved Rating Agencies, Borrower shall also deliver or cause to be delivered an Additional Insolvency Opinion with respect to the Successor Borrower from Hunton & Williams LLP or other counsel satisfactory to Lender in form and substance satisfactory to Lender and the applicable Approved Rating Agencies;

(viii) Borrower shall deliver an Officer's Certificate certifying that the requirements set forth in this Section 2.9.1(a) have been satisfied;

(ix) Borrower shall deliver a certificate of Borrower's independent certified public accountant certifying that the U.S. Obligations purchased with the Defeasance Deposit generate monthly amounts equal to or greater than the Scheduled Defeasance Payments;

(x) Borrower shall deliver such other certificates, documents or instruments as Lender may reasonably request; and

(xi) Borrower shall pay all reasonable costs and expenses of Lender incurred in connection with the Defeasance Event, including (A) any costs and expenses associated with a release of the Lien of the Mortgage as provided in Section 2.5 hereof, (B) reasonable attorneys' fees and expenses incurred in connection with the Defeasance Event, (C) the costs and expenses of the Approved Rating Agencies, (D) any revenue, documentary stamp or intangible taxes or any other tax or charge due in connection with the transfer of the Note, or otherwise required to accomplish the defeasance and (E) the costs and expenses of Servicer and any trustee, including reasonable attorneys' fees and expenses.

(b) In connection with the Defeasance Event, Borrower shall use the Defeasance Deposit to purchase U.S. Obligations which provide payments on or prior to, but as close as possible to, all successive scheduled Payment Dates after the Defeasance Date upon which

interest and/or principal payments are required under this Agreement and the Note, and in amounts equal to or more than the scheduled payments due on such Payment Dates under this Agreement and the Note (including, without limitation, scheduled payments of principal, interest, servicing fees (if any), and any other amounts due under the Loan Documents on such Payment Dates) and assuming the Note is prepaid in full on the Permitted Par Prepayment Date (the "**Scheduled Defeasance Payments**"). Borrower, pursuant to the Security Agreement or other appropriate document, shall authorize and direct that the payments received from the U.S. Obligations may be made directly to the Lockbox Account (unless otherwise directed by Lender) and applied to satisfy the Debt Service obligations of Borrower under this Agreement and the Note. Any portion of the Defeasance Deposit in excess of the amount necessary to purchase the U.S. Obligations required by this Section 2.9 and satisfy Borrower's other obligations under this Section 2.9 and Section 2.5 shall be remitted to Borrower.

(c) If a notice of defeasance is given by Borrower to Lender pursuant to this Section 2.9.1, the Defeasance Deposit and all other sums required under this Section 2.9.1 shall be due and payable on the proposed Defeasance Date unless such prepayment is revoked or modified by written notice given by Borrower to Lender not less than one (1) Business Day prior to such specified Defeasance Date, provided that Borrower shall pay all of Lender's reasonable actual out-of-pocket costs and administrative expenses incurred in connection with such revocation or modification, within ten (10) days of Lender's demand therefor.

2.9.2 Collateral. Each of the U.S. Obligations that are part of the defeasance collateral shall be duly endorsed by the holder thereof as directed by Lender or accompanied by a written instrument of transfer in form and substance that would be reasonably satisfactory to a prudent lender (including, without limitation, such instruments as may be required by the depository institution holding such securities or by the issuer thereof, as the case may be, to effectuate book-entry transfers and pledges through the book-entry facilities of such institution) in order to perfect upon the delivery of the defeasance collateral a first-priority security interest therein in favor of Lender in conformity with all applicable state and federal laws governing the granting of such security interests.

2.9.3 Successor Borrower. In connection with any Defeasance Event, Borrower shall establish or designate a successor entity (the "**Successor Borrower**") acceptable to Lender in its reasonable discretion, which shall be a Special Purpose Entity, which shall not own any other assets or have any other liabilities or operate other property (except in connection with other defeased loans held in the same securitized loan pool with the Loan). Borrower shall transfer and assign all obligations, rights and duties under and to the Note, together with the pledged U.S. Obligations to such Successor Borrower. Such Successor Borrower shall assume the obligations under the Note and the Security Agreement and Borrower shall be relieved of its obligations under such documents. Borrower shall pay $1,000 to any such Successor Borrower as consideration for assuming the obligations under the Note and the Security Agreement. Notwithstanding anything in this Agreement to the contrary, no other assumption fee shall be payable upon a transfer of the Note in accordance with this Section 2.9.3, but Borrower shall pay all reasonable costs and expenses incurred by Lender,

including Lender's attorneys' fees and expenses and any fees and expenses of any Approved Rating Agencies, incurred in connection therewith.

ARTICLE III – CONDITIONS PRECEDENT

Section 3.1 Conditions Precedent to Closing. The obligation of Lender to make the Loan hereunder is subject to the fulfillment by Borrower or waiver by Lender of all of the conditions precedent to closing set forth in the term sheet for the Loan executed by Borrower and Lender.

ARTICLE IV – REPRESENTATIONS AND WARRANTIES

Section 4.1 Borrower Representations. Each of Borrower and Operating Lessee, solely as to itself and to the Property, represents and warrants, as of the date hereof that:

4.1.6 Organization. It is duly organized and is validly existing and in good standing in the jurisdiction in which it is organized, with requisite power and authority (i) to, in the case of Borrower, own the Property or, in the case of Operating Lessee, to operate and lease the Property and (ii) to transact the businesses in which it is now engaged, and is duly qualified to do business and is in good standing in each jurisdiction where it is required by law to be so qualified in connection with the Property, its businesses and operations. Borrower possesses all rights, licenses, permits and authorizations, governmental or otherwise, necessary to entitle it to own or lease the Property and to transact the businesses in which it is now engaged. The sole business of Borrower is the ownership, leasing, management and operation of the Property. The ownership interests in each Loan Party are set forth on the organizational chart attached hereto as Schedule V.

4.1.7 Proceedings. It has taken all necessary action to authorize the execution, delivery and performance of this Agreement and the other Loan Documents to which it is a party. This Agreement and such other Loan Documents to which it is a party have been duly executed and delivered by or on behalf of Borrower or Operating Lessee, as applicable, and constitute legal, valid and binding obligations of Borrower and Operating Lessee, as applicable, enforceable against Borrower and Operating Lessee, as applicable, in accordance with their respective terms, subject only to applicable bankruptcy, insolvency and similar laws affecting rights of creditors generally, and subject, as to enforceability, to general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law).

4.1.8 No Conflicts. The execution, delivery and performance by each Loan Party of this Agreement and the other Loan Documents to which it is a party will not conflict with or result in a breach of any of the terms or provisions of, or constitute a default under, or result in the creation or imposition of any Lien, charge or encumbrance (other than pursuant to the Loan Documents) upon any of the property or assets of such Loan Party pursuant to the terms of any indenture, mortgage, deed of trust, loan agreement, partnership agreement, management agreement, Franchise Agreement or other agreement or instrument to which such Loan Party is a party or by which any of its property or assets is subject, nor will such action result in any violation of the provisions of any statute or any order, rule or regulation of any Governmental Authority having

jurisdiction over such Loan Party or the Property or any of such Loan Party's other assets, or any license or other approval required to operate the Property, and any consent, approval, authorization, order, registration or qualification of or with any Governmental Authority required for the execution, delivery and performance by such Loan Party of this Agreement or any other Loan Documents to which it is a party have been obtained and is in full force and effect.

4.1.9 Litigation. There are no actions, suits or proceedings at law or in equity by or before any Governmental Authority or other agency now pending or, to the Actual Knowledge of Borrower or Operating Lessee, threatened against or affecting Borrower or Operating Lessee or the Property, which actions, suits or proceedings, if determined against Borrower or Operating Lessee or the Property, could reasonably be expected to have a Material Adverse Effect.

4.1.10 Agreements. Neither Borrower nor Operating Lessee is a party to any agreement or instrument or subject to any restriction which could reasonably be expected to have a Material Adverse Effect. Neither Borrower nor Operating Lessee is in default in any material respect in the performance, observance or fulfillment of any of the obligations, covenants or conditions on its part to be observed or performed in any agreement or instrument to which it is a party or by which Borrower, Operating Lessee or the Property is bound. Neither Borrower nor Operating Lessee has any material financial obligation under any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which Borrower or Operating Lessee is a party or by which Borrower or Operating Lessee or the Property is otherwise bound, other than (a) obligations incurred in the ordinary course of the operation of the Property as permitted pursuant to clause (xxiii) of the definition of "Special Purpose Entity" set forth in Section 1.1 hereof and (b) obligations under the Loan Documents, and (c) obligations under the Permitted Encumbrances.

4.1.11 Title. Borrower has good, marketable and insurable fee simple title to the real property comprising part of the Property and good title to the balance of the Property, free and clear of all Liens whatsoever except the Permitted Encumbrances, such other Liens as are permitted pursuant to the Loan Documents and the Liens created by the Loan Documents. The Permitted Encumbrances in the aggregate do not have a Material Adverse Effect. The Mortgage, when properly recorded in the appropriate records, together with any Uniform Commercial Code financing statements required to be filed in connection therewith, will create (a) a valid, perfected first priority lien on the Property and (b) perfected security interests in and to, and perfected collateral assignments of, all personalty (including the Leases), all in accordance with the terms thereof, in each case subject only to any applicable Permitted Encumbrances, such other Liens as are permitted pursuant to the Loan Documents and the Liens created by the Loan Documents. There are no claims for payment for work, labor or materials affecting the Property which are or may become a Lien prior to, or of equal priority with, the Liens created by the Loan Documents.

4.1.12 Solvency. Each Loan Party has (a) not entered into this transaction or executed the Note, this Agreement or any other Loan Documents to which it is a party with the actual intent to hinder, delay or defraud any creditor and (b) received reasonably equivalent value in exchange for its obligations under such Loan Documents. Giving effect to the Loan and the applicable Loan Documents, the fair saleable value of each Loan Party's respective assets exceeds and will, immediately following the making of the Loan, exceed each Loan Party's respective total

liabilities, including, without limitation, subordinated, unliquidated, disputed and contingent liabilities. The fair saleable value of each Loan Party's respective assets is and will, immediately following the making of the Loan and the entering into of the applicable Loan Documents, be greater than each Loan Party's respective probable liabilities, including the maximum amount of its respective contingent liabilities on its respective debts as such debts become absolute and matured. Each Loan Party's respective assets do not and, immediately following the making of the Loan and the entering into of the applicable Loan Documents will not, constitute unreasonably small capital to carry out its respective business as conducted or as proposed to be conducted. No Loan Party intends to, and does not believe that it will, incur debt and liabilities (including contingent liabilities and other commitments) beyond its respective ability to pay such debt and liabilities as they mature (taking into account the timing and amounts of cash to be received by it and the amounts to be payable on or in respect of its obligations). Except for the Bankruptcy Proceeding, (i) no petition under the Bankruptcy Code or similar state bankruptcy or insolvency law has been filed against Borrower or Operating Lessee or any of the constituent equity owners of Borrower or Operating Lessee (such constituent equity owners (excluding any person that owns indirect interests in Borrower, provided such interests consist solely of shares or units in Borrower or Operating Lessee (or other applicable Restricted Party) that are listed on the New York Stock Exchange or another nationally recognized stock exchange) respectively, the "**Constituent Members**") in the last seven (7) years, and (ii) neither Borrower nor Operating Lessee nor any of their respective Constituent Members has in the last seven (7) years made an assignment for the benefit of creditors or taken advantage of any insolvency act for the benefit of debtors. Neither Borrower nor Operating Lessee nor any of their respective Constituent Members are contemplating either the filing of a petition by it under the Bankruptcy Code or similar state bankruptcy or insolvency law or the liquidation of all or a major portion of Borrower's or Operating Lessee's assets or property, as applicable, and none of Borrower or Operating Lessee has any Actual Knowledge of any Person contemplating the filing of any such petition against it or any of its Constituent Members.

4.1.13 Full and Accurate Disclosure. To each Loan Party's Actual Knowledge, no statement of fact made by any Loan Party in this Agreement or in any of the other Loan Documents contains any untrue statement of a material fact or omits to state any material fact necessary to make statements contained herein or therein not misleading in light of the circumstances in which such statements were made. There is no material fact presently known to any Loan Party which has not been disclosed to Lender which adversely affects, nor as far as any Loan Party can foresee, could reasonably be expected to have a Material Adverse Effect.

4.1.14 No Plan Assets. No Loan Party is a sponsor of, is obligated to contribute to, or is itself an "employee benefit plan," as defined in Section 3(3) of ERISA, subject to Title I of ERISA or Section 4975 of the Code, and none of the assets of any Loan Party constitute or will constitute "plan assets" of one or more such plans within the meaning of 29 C.F.R. Section 2510.3-101. In addition, (a) no Loan Party is a "governmental plan" within the meaning of Section 3(32) of ERISA and (b) transactions by or with any Loan Party are not subject to any state or other statute, regulation or other restriction regulating investments of, or fiduciary obligations with respect to, governmental plans within the meaning of Section 3(32) of ERISA which is similar to the provisions of Section 406 of ERISA or Section 4975 of the Code and which prohibit or otherwise restrict the transactions contemplated by this Agreement, including but not

limited to the exercise by Lender of any of its rights under and in accordance with the Loan Documents.

4.1.15 Compliance. To Borrower's and Operating Lessee's Actual Knowledge, Borrower, Operating Lessee, and the Property and the use thereof and the Improvements thereon, comply in all material respects with all applicable Legal Requirements, including, without limitation, building and zoning ordinances and codes, except where such non-compliance would not have a Material Adverse Effect. Neither Borrower nor Operating Lessee is in default or violation of any order, writ, injunction, decree or demand of any Governmental Authority. There has not been committed by Borrower or Operating Lessee or, to the Actual Knowledge of Borrower and Operating Lessee, Manager, any act or omission affording the federal government or any other Governmental Authority the right of forfeiture as against the Property or any part thereof, or any monies paid in performance of Borrower's or Operating Lessee's obligations under any of the Loan Documents. To the Actual Knowledge of Borrower and Operating Lessee, there has not been committed by Manager or any other Person involved with the operation or management of the Property any act or omission affording the federal government or any other Governmental Authority the right of forfeiture as against the Property it owns or leases, or any part thereof, or any monies paid in performance of Borrower's or Operating Lessee's obligations under any of the Loan Documents.

4.1.16 Financial Information. All financial data, including, without limitation, the statements of cash flow and income and operating expense, that has been delivered to Lender in respect of Borrower and Operating Lessee and the Property in connection with the Loan, (a) are true, complete and correct in all material respects, (b) to Borrower's and Operating Lessee's Actual Knowledge, accurately represents the financial condition of Borrower and Operating Lessee and the Property, as applicable, as of the date of such reports, and (c) to the extent prepared or audited by an independent certified public accounting firm, have been prepared in accordance with GAAP or the Uniform System of Accounts throughout the periods covered, except as disclosed therein. Except for Permitted Encumbrances, neither Borrower, nor Operating Lessee has any contingent liabilities, liabilities for taxes, unusual forward or long-term commitments or unrealized or anticipated losses from any unfavorable commitments that are known to Borrower or Operating Lessee, as applicable, and are reasonably likely to have a Material Adverse Effect, except as referred to or reflected in said financial statements or with respect to obligations under the PIPs. Since the date of such financial statements, there has been no material adverse change in the financial condition, operations or business of Borrower or Operating Lessee, as applicable, from that set forth in such financial statements.

4.1.17 Condemnation. Except as disclosed to Lender in writing prior to the date hereof, no Condemnation or other similar proceeding has been commenced or, to the Actual Knowledge of Borrower and Operating Lessee, is threatened or contemplated with respect to all or any portion of the Property or for the relocation of roadways providing access to the Property.

4.1.18 Federal Reserve Regulations. No part of the proceeds of the Loan will be used for the purpose of purchasing or acquiring any "margin stock" within the meaning of Regulation U of the Board of Governors of the Federal Reserve System or for any other purpose which would be inconsistent with such Regulation U or any other Regulations of such Board of Governors, or

for any purposes prohibited by Legal Requirements or by the terms and conditions of this Agreement or the other Loan Documents.

4.1.19 Utilities and Public Access. Except as set forth in the applicable Title Insurance Policy or as otherwise disclosed to Lender in writing prior to the Closing Date, the Property has rights of access to public ways and is served by water, sewer, sanitary sewer and storm drain facilities adequate to service the Property for its respective current uses. All public utilities necessary or convenient to the full use and enjoyment of the Property are located either in the public right of way abutting the Property (which are connected so as to serve the Property without passing over other property) or in recorded easements serving the Property and such easements are set forth in and insured by the Title Insurance Policy. All roads necessary for the use of the Property for its current purposes have been completed and dedicated to public use and accepted by all Governmental Authorities.

4.1.20 Not a Foreign Person. Neither Borrower nor any other Loan Party is a "foreign person" within the meaning of § 1445(f)(3) of the Code.

4.1.21 Separate Lots. The Property is comprised of one (1) or more parcels which constitute a separate tax lot or lots and does not constitute a portion of any other tax lot not a part of the Property.

4.1.22 Assessments. Except as set forth in the Title Insurance Policy or as otherwise disclosed to Lender in writing prior to the Closing Date, there are no pending or, to the Actual Knowledge of Borrower or Operating Lessee, proposed special or other assessments for public improvements or otherwise affecting the Property or, to the Actual Knowledge of Borrower or Operating Lessee, as applicable, any contemplated improvements to the Property that may result in such special or other assessments.

4.1.23 Enforceability. The Loan Documents are not subject to any right of rescission, set-off, counterclaim or defense by any Loan Party or Guarantor, as applicable, including the defense of usury, nor would the operation of any of the terms of the Loan Documents, or the exercise of any right thereunder, render the Loan Documents unenforceable (subject to principles of equity and bankruptcy, insolvency and other laws generally affecting creditors' rights and the enforcement of debtors' obligations), and no Loan Party or Guarantor has asserted any right of rescission, set-off, counterclaim or defense with respect thereto.

4.1.24 No Prior Assignment. There are no prior assignments by Borrower or Operating Lessee of any Leases or Room License Agreements to which it is a party or any portion of the Rents due and payable or to become due and payable with respect to the Property which are presently outstanding, other than to the Operating Lessee pursuant to the Operating Lease and except in accordance with the Loan Documents.

4.1.25 Insurance. Borrower has delivered to Lender a certificate of insurance for the Policies reflecting the insurance coverages, amounts and other requirements set forth in this Agreement and will deliver to Lender certified copies of the Policies within sixty (60) days after the Closing Date. No material claims are currently pending, outstanding or otherwise remain

unsatisfied under the Policies which would reasonably be expected to have a Material Adverse Effect, and neither Borrower nor Operating Lessee nor, to the Borrower's and Operating Lessee's Actual Knowledge, any other Person has done, by act or omission, anything which would impair the coverage of the Policies.

4.1.26 Use of Property. The Property is used exclusively for hotel purposes and other appurtenant and related uses, including, but not limited to, restaurants and lounges.

4.1.27 Certificate of Occupancy; Licenses. All certifications, permits, licenses and approvals, including, without limitation, certificates of completion and occupancy permits, hospitality licenses and liquor licenses required for the legal use, occupancy and operation by Borrower or Operating Lessee of the Property as a hotel (collectively, the "**Licenses**"), have been obtained and are in full force and effect and are not subject to revocation, suspension or forfeiture, except for where the failure to obtain such Licenses or the failure of such Licenses to not be in full force and effect shall not have a Material Adverse Effect. Borrower and Operating Lessee shall keep and maintain, or cause to be kept and maintained, all Licenses necessary for the operation of the Property as a hotel. The use being made of the Property is in conformity in all material respects with the Licenses issued for the Property.

4.1.28 Flood Zone. Except as disclosed on the Surveys, none of the Improvements on the Property owned by Borrower are located in an area as identified by the Federal Emergency Management Agency as an area having special flood hazards, or, if so located, the flood insurance required pursuant to Section 6.1(a)(i) is in full force and effect with respect to the Property.

4.1.29 Physical Condition. Except as expressly set forth in the Physical Conditions Reports, the Property, including, without limitation, all buildings, improvements, parking facilities, sidewalks, storm drainage systems, roofs, plumbing systems, HVAC systems, fire protection systems, electrical systems, equipment, elevators, exterior sidings and doors, landscaping, irrigation systems and all structural components is in good condition, order and repair in all material respects; there exists no structural or other material defects or damages in the Property, whether latent or otherwise, and neither Borrower nor Operating Lessee has received notice from any insurance company or bonding company of any defects or inadequacies in the Property, or any part thereof, which would adversely affect the insurability of the same or cause the imposition of extraordinary premiums or charges thereon or of any termination or threatened termination of any policy of insurance or bond.

4.1.30 Boundaries. Except as may be disclosed on the Survey for the Property all of the Improvements which were included in determining the appraised value of the Property lie wholly within the boundaries and building restriction lines of the Property, and no improvements on adjoining properties encroach upon the Property, and no easements or other encumbrances upon the Property encroach upon any of the Improvements, so as to materially affect the use, operation or value of the Property except those which are insured against in the Title Insurance Policy.

4.1.31 Leases. The Property is not subject to any leases other than the Operating Lease. Operating Lessee is the owner and lessor of landlord's interest in each Lease to which it is

a party. No Person other than Operating Lessee has any possessory interest in the Property, or a right to occupy the same except under and pursuant to the provisions of any Leases.

4.1.32 Survey. The Survey for the Property delivered to Lender in connection with this Agreement does not fail to reflect any material matter affecting the Property or the title thereto.

4.1.33 Inventory. Borrower or Operating Lessee owns all of the Equipment, Fixtures and Personal Property (as such terms are defined in the Mortgage) located on or at the Property, and shall not lease any Equipment, Fixtures or Personal Property other than as permitted hereunder. All of the Equipment, Fixtures and Personal Property are sufficient to operate the Property in the manner required hereunder and in the manner in which it is currently operated.

4.1.34 Filing and Recording Taxes. All transfer taxes, recordation taxes, deed stamps, intangible taxes or other amounts in the nature of transfer taxes required to be paid by any Person with respect to the transfer of the Property to Borrower under applicable Legal Requirements have been paid. All mortgage, mortgage recording, stamp, intangible or other similar tax required to be paid by any Person under applicable Legal Requirements currently in effect in connection with the execution, delivery, recordation, filing, registration, perfection or enforcement of any of the Loan Documents, including, without limitation, the Mortgage, have been paid (or will be paid at or prior to the filing or recordation of the Mortgage and the other Loan Documents) and, under current Legal Requirements, the Mortgage is enforceable in accordance with its respective terms by Lender (or any subsequent holder thereof), subject to principles of equity and bankruptcy, insolvency and other laws generally applicable to creditors' rights and the enforcement of debtors' obligations.

4.1.35 Special Purpose Entity/Separateness. (a) Until the Debt has been paid in full, each Loan Party hereby represents, warrants and covenants that it is and shall continue to be a Special Purpose Entity.

(b) The representations, warranties and covenants set forth in Section 4.1.30 shall survive for so long as any amount remains payable to Lender under this Agreement or any other Loan Document.

(c) Any and all of the stated facts and assumptions made in any Insolvency Opinion, including, but not limited to, any exhibits attached thereto, will have been and shall be true and correct in all respects, and each Loan Party will have complied and will comply with all of the stated facts and assumptions made with respect to it in any Insolvency Opinion. Each entity other than any Loan Party with respect to which an assumption is made or a fact stated in any Insolvency Opinion will have complied and will comply with all of the assumptions made and facts stated with respect to it in any such Insolvency Opinion. Each Loan Party covenants that in connection with any Additional Insolvency Opinion delivered in connection with this Agreement it shall provide an updated certification regarding compliance with the facts and assumptions made therein.

(d) Each Loan Party covenants and agrees that (i) it shall provide Lender with five (5) Business Days' written notice prior to the removal of an Independent Director of

Borrower or such Loan Party, as applicable, and (ii) no Independent Director shall be removed other than for Cause.

(e) Each Loan Party hereby represents with respect to itself that any amendment or restatement of any organizational document has been accomplished in accordance with, and was permitted by, the relevant provisions of such document prior to its amendment or restatement from time to time.

(f) Each Loan Party hereby represents that any assignment of limited liability company interests in such Loan Party, and the admission of the assignee as a member of such Loan Party, made pursuant to or in connection with the Bankruptcy Proceeding or at any time thereafter, was accomplished in accordance with, and was permitted by, the limited liability company agreement of such Loan Party as in effect at such time.

(g) Each Loan Party hereby represents with respect to Borrower that, from the date on which Borrower was acquired by a Holdco pursuant to the Bankruptcy Proceeding, until the date hereof:

(i) its business has been limited solely to (A) acquiring, owning, holding, leasing, financing, operating and managing the Property, (B) entering into financings and refinancings of the Property and (C) transacting any and all lawful business that was incident, necessary and appropriate to accomplish the foregoing;

(ii) it has not engaged in any business other than as set forth in clause (i) above;

(iii) it has not entered into any contract or agreement with any of its Affiliates, except upon terms and conditions that are commercially reasonable and substantially similar to those available in an arm's-length transaction with an unrelated party, except as may have been expressly permitted pursuant to the terms of any prior financings;

(iv) it has not (a) made any loans or other extensions of credit to any Person or (b) acquired or held evidence of indebtedness issued by any other Person or entity, in either of the case of (a) or (b), other than (1) extensions of credit such as security deposits made in the ordinary course of business relating to the ownership and operation of the Property made to an entity that is not an Affiliate of or subject to common ownership with such entity or (2) cash and investment-grade securities issued by an entity that is not an Affiliate of or subject to common ownership with such entity;

(v) it has paid its debts and liabilities from its assets as the same have become due or such debts and liabilities have been repaid or discharged as of the date hereof;

(vi) it has done or caused to be done all things necessary to observe organizational formalities and preserve and keep in full force and effect its existence, rights (charter and statutory) and franchises (except with respect to the Bankruptcy Proceeding);

(vii) it has maintained all of its books, records, financial statements and bank accounts separate from those of any other Person, and its assets and the assets of Operating Lessee have not been listed as assets on the financial statement of any other Person. Borrower and Operating Lessee, to the extent applicable, has filed its own tax returns (except to the extent that it has been a tax-disregarded entity not required to file tax returns under applicable law). Borrower and Operating Lessee has maintained its books, records, resolutions and agreements as official records;

(viii) it has been, and has held itself out to the public as, a legal entity separate and distinct from any other Person (including any Affiliate), has corrected any known misunderstanding regarding its status as a separate entity, has conducted its business in its own name, has not identified itself or any of its Affiliates as a division or part of the other and has maintained and utilized separate stationery, invoices and checks;

(ix) it has not commingled its assets with those of any other Person and has held all of its assets in its own name, except with respect to co-borrowers under the prior financings secured by the Property, which have been repaid in full as of the date hereof;

(x) it has not guaranteed or become obligated for the debts of any other Person and has not held itself out as being responsible for the debts or obligations of any other Person except with respect to co-borrowers under the prior financings secured by the Property, which have been repaid in full as of the date hereof;

(xi) it has allocated fairly and reasonably any overhead expenses that have been shared with an Affiliate, including paying for office space and services performed by any employee of an Affiliate;

(xii) it has not granted a security interest or lien in, to or upon, or pledged or otherwise encumbered any of its assets to secure the obligations for the benefit of any other Person other than with respect to loans secured by the Property, and no such security interest, lien, pledge or other encumbrance remains outstanding except in connection with the Loan, and the Permitted Encumbrances;

(xiii) it has endeavored to maintain adequate capital in light of its contemplated business operations;

(xiv) it has maintained a sufficient number of employees in light of its contemplated business operations and has paid the salaries of its own employees from its own funds;

(xv) it has not owned any subsidiary or any equity interest in any other Person;

(xvi) it has not made loans to any other Person that have not been released or discharged, nor has it bought or held evidence of indebtedness issued by any other Person; and

(xvii) it has not incurred any Indebtedness that is still outstanding other than indebtedness that is permitted under the Loan Documents.

(h) Borrower hereby represents with respect to Borrower, from the date on which Borrower was acquired by a Holdco pursuant to the Bankruptcy Proceeding, until the date hereof:

(i) it is not now, nor has it been, party to any lawsuit, arbitration, summons, or legal proceeding that is still pending or that resulted in a judgment against it that has not been paid in full; it being acknowledged and agreed that Bankruptcy Proceeding occurred and has been resolved pursuant to a final non-appealable order of the United States Bankruptcy Court for the Southern District of New York;

(ii) it has no material contingent or actual obligations not related to the Property;

(iii) it is and has been duly formed, validly existing, and in good standing in the state of its formation and in all other jurisdictions where it is qualified to do business;

(iv) it has not had any of its obligations guaranteed by an Affiliate, except in connection with prior loans made to Borrower and secured by the Property;

(v) other than Operating Lessee, none of the Tenants holding leasehold interests with respect to the Property is Affiliated with Borrower;

(vi) has no judgments or liens of any nature against it except for tax liens not yet delinquent as set forth in the Title Insurance Policy or as otherwise disclosed to Lender prior to the date hereof;

(vii) is in compliance in all material respects with all laws, regulations, and orders applicable to it and, except as otherwise disclosed in this Agreement, has received all material permits necessary for it to operate the Property;

(viii) is not involved in any material dispute with any taxing authority with respect to the Property, other than with respect to tax contests;

(ix) has paid all taxes which it are due and payable, except for taxes being contested or as otherwise permitted pursuant to this Agreement;

(x) has no material contingent or actual obligations not related to the Property; and

(xi) Borrower has had at least one member at all times.

(i) Each of Borrower, Operating Lessee and Lender acknowledges and agrees that the Bankruptcy Proceeding occurred and such Bankruptcy Proceeding has been resolved pursuant to a final non-appealable order of the United States Bankruptcy Court for the Southern District of New York.

4.1.36 Management Agreement. The Management Agreement is in full force and effect, and there is no default thereunder by Operating Lessee or Manager and no event has occurred that, with the passage of time and/or the giving of notice would constitute a default by Operating Lessee or Manager thereunder. The Management Agreement was entered into on commercially reasonable terms.

4.1.37 Illegal Activity. No portion of the Property has been or will be purchased by Borrower with proceeds of any illegal activity.

4.1.38 No Change in Facts or Circumstances; Disclosure. All information submitted by each Loan Party to Lender and contained in all financial statements, rent rolls, reports, certificates and other documents submitted by each Loan Party in connection with the Loan or in satisfaction of the terms thereof, and all statements of fact made by each Loan Party in this Agreement or in any other Loan Document, are accurate, complete and correct in all material respects. There has been no material adverse change in any condition, fact, circumstance or event that would make any such information inaccurate, incomplete or otherwise misleading in any material respect or that otherwise materially and adversely affects or might materially and adversely affect the use, operation or value of the Property or the business operations or the financial condition of such Loan Party. Each Loan Party has disclosed to Lender all material facts known to it and has not failed to disclose any material fact known to it that could cause any Provided Information or any representation or warranty made herein to be materially misleading.

4.1.39 Investment Company Act. Neither Borrower nor Operating Lessee is (a) an "investment company" or a company "controlled" by an "investment company," within the meaning of the Investment Company Act of 1940, as amended; (b) a "holding company" or a "subsidiary company" of a "holding company" or an "affiliate" of either a "holding company" or a "subsidiary company" within the meaning of the Public Utility Holding Company Act of 2005, as amended; or (c) subject to any other federal or state law or regulation which purports to restrict or regulate its ability to borrow money.

4.1.40 Embargoed Person. As of the date hereof, (a) none of the funds or other assets of any Loan Party or Guarantor constitute property of, or are beneficially owned, directly or indirectly, by any Embargoed Person; (b) no Embargoed Person has any interest of any nature whatsoever in any Loan Party or Guarantor, as applicable, with the result that the investment in such Loan Party or Guarantor, as applicable (whether directly or indirectly), is prohibited by law or the Loan is in violation of law; and (c) to Borrower's Actual Knowledge, none of the funds of any Loan Party or Guarantor, as applicable, have been derived from any unlawful activity with the result that the investment in such Loan Party or Guarantor, as applicable (whether directly or indirectly), is prohibited by law or the Loan is in violation of law.

4.1.41 Principal Place of Business; State of Organization. Each Loan Party's principal place of business as of the date hereof is the address set forth in the introductory paragraph of this Agreement. Each Loan Party is organized under the laws of the State of Delaware and its organizational identification number is set forth on Schedule I.

4.1.42 Reserved.

4.1.43 Cash Management Account. Each Loan Party hereby represents and warrants to Lender that:

(a) This Agreement, together with the other Loan Documents, create a valid and continuing security interest (as defined in the Uniform Commercial Code of the State of New York) in the Lockbox Account and the Cash Management Account in favor of Lender, which security interest is prior to all other Liens, other than Permitted Encumbrances, and is enforceable as such against creditors of and purchasers from Borrower or any other Loan Party. Other than in connection with the Loan Documents and except for Permitted Encumbrances, Borrower has not sold, pledged, transferred or otherwise conveyed the Lockbox Account and the Cash Management Account;

(b) The Lockbox Account and the Cash Management Account shall be and shall be treated as "deposit accounts" and/or "securities accounts" within the meaning of the Uniform Commercial Code of the State of New York);

(c) Pursuant and subject to the terms hereof and the other applicable Loan Documents, the Lockbox Bank and Agent have agreed to comply with all instructions originated by Lender, without further consent by Borrower or any other Loan Party, directing disposition of the Lockbox Account and the Cash Management Account and all sums at any time held, deposited or invested therein, together with any interest or other earnings thereon, and all proceeds thereof (including proceeds of sales and other dispositions), whether accounts, general intangibles, chattel paper, deposit accounts, instruments, documents or securities;

(d) The Lockbox Account and Cash Management Account are not in the name of any Person other than Borrower or another Loan Party, as pledgor, or Lender, as pledgee. Borrower and each other Loan Party has not consented to the Lockbox Bank and Agent complying with instructions with respect to the Lockbox Account and the Cash Management Account from any Person other than Lender; and

(e) The Property is not subject to any cash management system (other than pursuant to Cash Management Agreement and the other Loan Documents), and any and all existing tenant instruction letters and other payment direction letters issued in connection with any previous financing have been duly terminated prior to the date hereof.

4.1.44 Taxes. No Loan Party is subject to U.S. federal income tax on a net income basis. Each Loan Party has timely filed or caused to be filed all U.S. federal and other material tax returns and reports required to have been filed by it and has timely paid or caused to be paid all U.S. federal and other material Section 2.7 Taxes required to have been paid by it, except for (a) any such Section 2.7 Taxes that are being contested in good faith by appropriate proceedings and for which the applicable Loan Party has set aside on its books adequate reserves in accordance with GAAP, and (b) Taxes and Other Charges, the payment of which shall be governed by Section 5.1.2 and Section 7.2 hereof.

4.1.45 Reserved.

4.1.46 Franchise Agreement. The Franchise Agreement is in full force and effect and there is no default thereunder by Operating Lessee and to each Loan Party's Actual Knowledge, no default thereunder by any Franchisor party thereto. No event has occurred that, with the passage of time and/or giving of notice, would constitute a default under the Franchise Agreement by Operating Lessee and to each Loan Party's knowledge, would constitute a default thereunder by the Franchisor thereto.

4.1.47 PIPs. There are no PIPs outstanding with respect to the Property other than the PIPs set forth on Schedule IX hereto. No Loan Party is in default under any PIP and to each Loan Party's Actual Knowledge, no event has occurred that, with the passage of time and/or giving of notice, would constitute a breach of the PIP requirements under the Franchise Agreement.

4.1.48 Operating Lease. Borrower is the owner and lessor of landlord's interest in the Operating Lease. The Operating Lease is in full force and effect and there are no material defaults thereunder by either party and to each Loan Party's Actual Knowledge, there are no conditions that, with the passage of time or the giving of notice, or both, would constitute defaults thereunder. No Operating Rent has been paid more than one (1) month in advance of its due date. All security deposits (if any) under the Operating Lease are held by Borrower in accordance with applicable Legal Requirements. All work (if any) to be performed by Borrower under the Operating Lease has been performed as required, and if required to be completed under the Operating Lease as of the date hereof, has been completed, and has been accepted by Operating Lessee, and any payments, free rent, partial rent, rebate of rent or other payments, credits, allowances or abatements required to be given by Borrower to Operating Lessee has already been received by Operating Lessee. There has been no prior sale, transfer or assignment, hypothecation or pledge of the Operating Lease or of the Operating Rents received thereunder which is still in effect. Except pursuant to the Loan Documents, Operating Lessee has not assigned the Operating Lease or sublet all or any portion of the premises demised thereby other than pursuant to a Lease. Operating Lessee has no right or option pursuant to the Operating Lease or otherwise to purchase all or any part of the leased premises or the building of which the leased premises are a part.

Section 4.2 Survival of Representations. Each Loan Party agrees that all of its representations and warranties set forth in Section 4.1 hereof and elsewhere in this Agreement and in the other Loan Documents shall survive for so long as any amount remains owing to Lender under this Agreement or any of the other Loan Documents by any Loan Party. All representations, warranties, covenants and agreements made in this Agreement or in the other Loan Documents by any Loan Party shall be deemed to have been relied upon by Lender notwithstanding any investigation heretofore or hereafter made by Lender or on its behalf.

Section 4.3 Lender ERISA Representation. Lender represents and warrants, as of the date hereof and for so long as any amount remains owing to Lender under this Agreement or any of the other Loan Documents by any Loan Party, that either (a) (i) it is not an "employee benefit plan," as defined in Section 3(3) of ERISA, subject to Title I of ERISA or Section 4975 of the Code, (ii) none of the assets of Lender constitute or will constitute "plan assets" of one or more such plans within the meaning of 29 C.F.R. Section 2510.3-101, as modified by Section 3(42) of

ERISA, (iii) it is not a "governmental plan" within the meaning of Section 3(32) of ERISA and transactions by or with any Loan Party are not subject to any state or other statute, regulation or other restriction regulating investments of, or fiduciary obligations with respect to, governmental plans within the meaning of Section 3(32) of ERISA which is similar to the provisions of Section 406 of ERISA or Section 4975 of the Code and which prohibit or otherwise restrict the transactions contemplated by this Agreement, and (iv) it is not an entity that otherwise constitutes a "benefit plan investor" a defined in Section 3(42) of ERISA and 29 C.F.R. Section 2510.3-101; or (b) if Lender or its assets are described in any of the foregoing, the transactions contemplated by this Agreement do not and will not constitute or result in a prohibited transaction under Section 406 of ERISA or Section 4975 of the Code, or other similar rule of law, for which an applicable exemption is not available, provided, that (c) in the event of a Securitization, Lender's representation in this Section 4.3 shall be conditioned upon the accuracy of representations regarding Section 406 of ERISA, Section 4975 of the Code, or other similar law by purchasers in such Securitization.

ARTICLE V – BORROWER COVENANTS

Section 5.1 Affirmative Covenants. From the date hereof and until payment and performance in full of the Debt or the earlier release of the Lien of the Mortgage encumbering the Property in accordance with the terms of this Agreement and the other Loan Documents, each of Borrower and Operating Lessee, as to itself and Borrower and Operating Lessee as to the Property, covenants and agrees with Lender that:

5.1.7 Existence; Compliance with Legal Requirements. Borrower and Operating Lessee shall do or cause to be done all things necessary to preserve, renew and keep in full force and effect its existence, rights, licenses, permits and franchises and comply, in all material respects, with all Legal Requirements applicable to it and the Property, including, without limitation, building and zoning codes and certificates of occupancy and the procurement of all necessary and required hospitality, liquor, gaming or innkeeper's licenses. There shall never be committed by Borrower or Operating Lessee, and Borrower and Operating Lessee shall never permit any other Person in occupancy of or involved with the operation or use of the Property to commit any act or omission affording the federal government or any state or local government the right of forfeiture against the Property or any part thereof or any monies paid in performance of Borrower's and Operating Lessee's obligations under any of the Loan Documents. Borrower and Operating Lessee each hereby covenants and agrees not to commit, permit or suffer to exist any act or omission affording such right of forfeiture with respect to the Property. Borrower and Operating Lessee each shall at all times maintain, preserve and protect all of its franchises and trade names and preserve all the remainder of its property used or useful in the conduct of its business and shall keep the Property in good working order and repair, and from time to time make, or cause to be made, all reasonably necessary repairs, renewals, replacements, betterments and improvements thereto, all as more fully provided in the Mortgage and the other Loan Documents. Borrower or Operating Lessee each shall keep or cause to be kept the Property insured at all times by financially sound and reputable insurers, to such extent and against such risks, and maintain liability and such other insurance, as is more fully provided in this Agreement. After prior written notice to Lender, Borrower or Operating Lessee may, at its own expense, contest by appropriate legal proceeding promptly initiated and conducted in good faith and with due diligence, the validity of any Legal Requirement,

the applicability of any Legal Requirement to Borrower or Operating Lessee or the Property, or any alleged violation of any Legal Requirement by Borrower or Operating Lessee with respect to the Property, provided that (i) no Event of Default has occurred and is continuing; (ii) such proceeding shall be permitted under and be conducted in accordance with the provisions of any applicable or governing instrument to which Borrower or Operating Lessee is subject and shall not constitute a default thereunder and such proceeding shall be conducted in accordance with all applicable statutes, laws and ordinances; (iii) neither the Property nor any part thereof or interest therein will be in danger of being sold, forfeited, terminated, cancelled or lost; (iv) Borrower or Operating Lessee, as applicable, shall promptly upon final non-appealable determination thereof comply with any such Legal Requirement determined to be valid or applicable or cure any violation of any Legal Requirement; (v) such proceeding shall suspend the enforcement of the contested Legal Requirement against Borrower or any other Loan Party or the Property; and (vi) Borrower shall furnish such security as may be required in the proceeding or if none, if requested by Lender, in an amount reasonably required to insure compliance with such Legal Requirement and payment of all interest and penalties, if any, payable in connection therewith. Lender may apply any such security or part thereof, as necessary to cause compliance with such Legal Requirement at any time when, in the reasonable judgment of Lender, the validity, applicability or violation of such Legal Requirement is finally established and Borrower or any other Loan Party fails to comply therewith, or the Property (or any part thereof or interest therein) shall be in danger of being sold, forfeited, terminated, cancelled or lost.

5.1.8 Taxes and Other Charges. Subject to the provisions of this Section 5.1.2, Borrower or Operating Lessee shall pay or cause to be paid all Taxes and Other Charges now or hereafter levied or assessed or imposed against the Property or any part thereof prior to the date the same shall become delinquent; provided, however, that Borrower's and Operating Lessee's obligation to directly pay Taxes shall be suspended for so long as Borrower and Operating Lessee complies with the terms and provisions of Section 7.2 hereof. Borrower or Operating Lessee, as applicable, will furnish to Lender receipts or other evidence satisfactory to Lender of the payment of the Taxes and Other Charges have been so paid or are not then delinquent no later than five (5) Business Days prior to the date on which the Taxes and/or Other Charges would otherwise be delinquent (provided, however, that neither Borrower nor Operating Lessee is required to furnish such receipts for payment of Taxes in the event that such Taxes have been paid by Lender pursuant to Section 7.2 hereof and Lender has received receipts from the relevant taxing authority). Subject to the provisions of this Section 5.1.2, Borrower and Operating Lessee shall not suffer and shall promptly cause to be paid and discharged any Lien or charge whatsoever which may be or become a Lien against the Property, other than Permitted Encumbrances and Liens in favor of Lender, and shall promptly pay for all utility services provided to the Property. After prior written notice to Lender, Borrower or Operating Lessee, at its own expense, may contest by appropriate legal proceeding, promptly initiated and conducted in good faith and with due diligence, the amount or validity or application in whole or in part of any Taxes or Other Charges with respect to the Property, provided that (i) no Event of Default has occurred and is continuing; (ii) such proceeding shall be permitted under and be conducted in accordance with the provisions of any applicable or governing instrument to which Borrower or Operating Lessee is subject and shall not constitute a default thereunder and such proceeding shall be conducted in accordance with all applicable statutes, laws and ordinances; (iii) neither the Property nor any part thereof or interest therein will be in danger

of being sold, forfeited, terminated, cancelled or lost; (iv) Borrower or Operating Lessee shall promptly upon final determination thereof pay the amount of any such Taxes or Other Charges, together with all costs, interest and penalties which may be payable in connection therewith; (v) such proceeding shall suspend the collection of such contested Taxes or Other Charges from the Property; and (vi) Borrower shall furnish such security as may be required in the proceeding, or if none, if requested by Lender, in an amount reasonably required for the payment of any such Taxes or Other Charges, together with all interest and penalties thereon. Lender may pay over any such cash deposit or part thereof held by Lender to the claimant entitled thereto at any time when, in the reasonable judgment of Lender, the entitlement of such claimant is established or the Property (or part thereof or interest therein) shall be in danger of being sold, forfeited, terminated, cancelled or lost or it is reasonably likely that Lien of the Mortgage on the Property will be primed by any related Lien.

5.1.9 Litigation. Borrower and each other Loan Party shall give prompt written notice to Lender of any litigation or governmental proceedings pending or threatened in writing against Borrower, and any other Loan Party which if resulting in an adverse determination would reasonably be expected to result in a Material Adverse Effect.

5.1.10 Access to the Property. Borrower shall permit and shall cause each other Loan Party to permit agents, representatives and employees of Lender to inspect the Property during business hours upon reasonable advance notice.

5.1.11 Reserved.

5.1.12 Cooperate in Legal Proceedings. Borrower and each other Loan Party shall cooperate in all reasonable respects with Lender with respect to any proceedings before any court, board or other Governmental Authority which could reasonably be expected to adversely affect the rights of Lender hereunder or any rights obtained by Lender under any of the other Loan Documents and, in connection therewith, permit Lender, at its election, to participate in any such proceedings.

5.1.13 Reserved.

5.1.14 Award and Insurance Benefits. Borrower and Operating Lessee shall cooperate in all reasonable respects with Lender in obtaining for Lender the benefits of any Awards or Insurance Proceeds, subject to Section 6.4 hereof, lawfully or equitably payable in connection with the Property and Lender shall be reimbursed for any reasonable out-of-pocket expenses incurred in connection therewith (including reasonable attorneys' fees and disbursements, and the payment by Borrower of the expense of an appraisal on behalf of Lender in case of Casualty or Condemnation affecting the Property or any part thereof) out of such Award or Insurance Proceeds.

5.1.15 Further Assurances. Borrower and each other Loan Party shall each, at its sole cost and expense:

(a) furnish to Lender all instruments, documents, boundary surveys, footing or foundation surveys, certificates, plans and specifications, appraisals, title and other insurance reports and agreements relating to the Property, and each and every other document, certificate, agreement and instrument required to be furnished by Borrower or any other

Loan Party pursuant to the terms of this Agreement or any of the other Loan Documents to which it is a party or reasonably requested by Lender in connection therewith; provided, that so long as no Default or Event of Default is continuing, Borrower shall not be required to deliver (i) an updated appraisal with respect to the Property more than one (1) time during the term of the Loan and (ii) an updated Survey for the Property, unless there shall be any change to the footprint of the Improvements or there shall be any other material change, including the granting of any easement or other encumbrance that shall be able to be plotted on such Survey;

(b) execute and deliver to Lender such documents, instruments, certificates, assignments and other writings, and do such other acts reasonably necessary or desirable, to evidence, preserve and/or protect the collateral at any time securing or intended to secure the obligations of Borrower or any other Loan Party under this Agreement and any of the other Loan Documents to which it is a party, as Lender may reasonably require and the execution and delivery of all such writings necessary to transfer, to the extent permitted under applicable Legal Requirements, any hospitality, liquor or gaming licenses with respect to the Property into the name of Lender or its designee during the continuance of an Event of Default; and

(c) do and execute all and such further lawful, and reasonable acts, conveyances and assurances for the better and more effective carrying out of the intents and purposes of this Agreement and the other Loan Documents to which it is a party, as Lender shall reasonably require from time to time.

5.1.16 Principal Place of Business, State of Organization. Borrower and each other Loan Party will not cause or permit any change to be made in its name, identity (including its trade name or names), place of organization or formation (as set forth in Section 4.1.36 hereof) or Borrower's or such Loan Party's corporate, partnership, limited liability company or other organization structure unless Borrower or such other Loan Party shall have first notified Lender in writing of such change at least twenty (20) days prior to the effective date of such change, and Borrower's or such Loan Party's shall take all action reasonably required by Lender for the purpose of perfecting or protecting the lien and security interests of Lender pursuant to this Agreement and the other Loan Documents and, in the case of a change in Borrower's or any other Loan Party's structure, except as expressly permitted pursuant to Section 5.2.10 hereof, without first obtaining the prior written consent of Lender. Upon Lender's request, Borrower and each other Loan Party shall, at such Loan Party's sole cost and expense, execute and deliver additional security agreements and other instruments which may be necessary to effectively evidence or perfect Lender's security interest in the Property as a result of such change of principal place of business or place of organization. Borrower's and each other Loan Party's principal place of business and chief executive office, and the place where Borrower or such Loan Party keeps its books and records, including recorded data of any kind or nature, regardless of the medium or recording, including software, writings, plans, specifications and schematics, has been for the preceding four months (or, if less, the entire period of the existence of Borrower or such other Loan Party) and will continue to be the address of Borrower and each other Loan Party set forth at the introductory paragraph of this Agreement (unless Borrower or such other Loan Party notifies Lender in writing at least twenty (20)

days prior to the date of such change). Borrower and each other Loan Party shall promptly notify Lender of any change in its organizational identification number. If Borrower or any other Loan Party does not now have an organizational identification number and later obtains one, Borrower or such other Loan Party shall promptly notify Lender of such organizational identification number.

5.1.17 **Financial Reporting. (a)** Borrower and each other Loan Party will keep and maintain or will cause to be kept and maintained on a Fiscal Year basis, in accordance with the requirements for a Special Purpose Entity set forth herein and the Uniform System of Accounts and reconciled in accordance with GAAP (or such other accounting basis acceptable to Lender), proper and accurate books, records and accounts reflecting all of the financial affairs of Borrower and such other Loan Party and all items of income and expense in connection with the operation of the Property. Lender shall have the right from time to time at all times during normal business hours upon reasonable notice to examine such books, records and accounts at the office of Borrower or such Loan Party or any other Person maintaining such books, records and accounts and to make such copies or extracts thereof as Lender shall desire. After the occurrence and during the continuance of an Event of Default, Borrower shall pay any costs and expenses incurred by Lender to examine Borrower's or any other Loan Party's accounting records with respect to the Property, as Lender shall determine to be necessary or appropriate in the protection of Lender's interests hereunder and under the other Loan Documents.

(b) Borrower will furnish, or cause to be furnished, to Lender annually, within ninety (90) days following the end of each Fiscal Year, a complete copy of Borrower's unaudited financial statements. In addition, Borrower will provide, or cause to be provided, simultaneously to Lender the following unaudited items: (i) a comparison of the budgeted income and expenses and the actual income and expenses for Borrower for the prior Fiscal Year; (ii) a certificate executed by a Responsible Officer or other appropriate officer of Borrower, stating that each such annual financial statement presents fairly the financial condition and the results of operations of Borrower, Operating Lessee and the Property and has been prepared in accordance with GAAP; (iii) a list of tenants, if any, occupying more than twenty (20%) percent of the total floor area of the Improvements at the Property; (iv) an annual occupancy report for such year, including the average daily room rate for such year for the Property and RevPAR; and (v) a schedule certified by a Responsible Officer which includes amounts representing annual net cash flow, Net Operating Income, Gross Income from Operations and Operating Expenses, in addition to a schedule reconciling Net Operating Income to net cash flow (the "**Net Cash Flow Schedule**"), which shall itemize all adjustments made to Net Operating Income to arrive at Net Cash Flow.

(c) Borrower will furnish, or cause to be furnished, to Lender on or before the date that is forty-five (45) days after the end of each calendar quarter, the following items, accompanied by a certificate of a Responsible Officer or other appropriate officer of Borrower or the applicable Loan Party, stating that such items are true, correct, accurate, and complete and fairly present the financial condition and results of the operations of Borrower, Operating Lessee and the Property (subject to normal year-end adjustments): (i) a comparison of budgeted income and expenses and the actual income and expenses together with a detailed explanation of any variances of ten percent (10%) or more between budgeted

and actual amounts for such periods, all in form satisfactory to Lender; (ii) a Net Cash Flow Schedule; (iii) quality assurance reports and guest satisfaction reports for the Property; (iv) Smith Travel STAR Reports for the Property for the applicable calendar quarter; (vi) any other statements or reports required to be delivered to Borrower or Operating Lessee during such calendar quarter pursuant to the Management Agreement; and (v) a calculation reflecting the Debt Yield as of the last day of such calendar quarter, subject to verification by Lender. In addition, such certificate shall also be accompanied by an Officer's Certificate stating that the representations and warranties of Borrower and each other Loan Party set forth in Section 4.1.30 are true and correct as of the date of such certificate.

(d) For the partial year period commencing on the date hereof, and for each Fiscal Year thereafter, Borrower shall submit, or cause Operating Lessee to submit, to Lender an Annual Budget for the Property not later than thirty (30) days prior to the commencement of such period or Fiscal Year in form reasonably satisfactory to Lender. The Annual Budget shall be subject to Lender's written approval, which shall not be unreasonably withheld, conditioned or delayed (each such Annual Budget after it has been approved in writing by Lender shall be hereinafter referred to as an "**Approved Annual Budget**"). In the event that Lender objects to a proposed Annual Budget submitted by Borrower, Lender shall advise Borrower of such objections within fifteen (15) days after receipt thereof (and deliver to Borrower a reasonably detailed description of such objections) and Borrower shall promptly revise such Annual Budget and resubmit the same to Lender. Lender shall advise Borrower of any objections to such revised Annual Budget within ten (10) days after receipt thereof (and deliver to Borrower a reasonably detailed description of such objections) and Borrower shall promptly revise the same in accordance with the process described in this subsection until Lender approves the Annual Budget. Each request for approval of an Annual Budget shall contain the following legend in prominently displayed in bold, all caps and fourteen (14) point or larger font in the transmittal letter requesting approval: "THIS IS A REQUEST FOR APPROVAL OF AN ANNUAL BUDGET. LENDER'S RESPONSE IS REQUESTED WITHIN FIFTEEN (15) DAYS." In the event that Lender fails to grant or withhold its approval to such Annual Budget within such fifteen (15) day period, Borrower shall deliver to Lender a second request for approval containing the following legend in prominently displayed in bold, all caps and fourteen (14) point or larger font in the transmittal letter requesting approval: "THIS IS A SECOND REQUEST FOR APPROVAL OF AN ANNUAL BUDGET. LENDER'S RESPONSE IS REQUESTED WITHIN TEN (10) DAYS. LENDER'S FAILURE TO RESPOND WITHIN SUCH TIME PERIOD SHALL RESULT IN LENDER'S APPROVAL BEING DEEMED TO HAVE BEEN GRANTED." In the event that Lender fails to grant or withhold its approval to such Annual Budget within such ten (10) day period, then Lender's approval shall be deemed to have been granted. In the event that Lender timely disapproves a proposed Annual Budget in accordance with the foregoing, Borrower shall promptly revise such Annual Budget and resubmit the same to Lender (and each such resubmittal shall be subject to the provisions of this Section 5.1.11(d) as if the applicable proposed Annual Budget were being submitted to Lender for its initial review of the same). Until such time that Lender approves (or is deemed to have approved in accordance with the terms hereunder) a proposed Annual Budget, the most recently Approved Annual Budget shall apply; provided that, such Approved Annual Budget shall

be adjusted to reflect actual increases in Taxes, Insurance Premiums and Other Charges and franchise fees.

(e) In the event that Borrower or any other Loan Party must incur an extraordinary operating expense or capital expense not set forth in the Approved Annual Budget (each an "**Extraordinary Expense**"), then Borrower shall promptly deliver to Lender a reasonably detailed explanation of such proposed Extraordinary Expense for Lender's approval, which shall not be unreasonably withheld, conditioned or delayed.

(f) Borrower shall furnish or cause Operating Lessee to furnish to Lender, within ten (10) Business Days after request such further detailed information with respect to the operation of the Property and the financial affairs of Borrower and Operating Lessee as may be reasonably requested by Lender, including, without limitation, an annual operating budget for the Property.

(g) Borrower will cause Guarantor to furnish to Lender annually, within one hundred twenty (120) days following the end of each Fiscal Year of Chatham Lodging Trust, financial statements audited by an independent certified public accountant, which shall include an annual balance sheet and profit and loss statement of Chatham Lodging Trust, in the form reasonably required by Lender provided, that in no event shall Borrower or Guarantor be required to provide any or Chatham Confidential Information.

(h) Any reports, statements or other information required to be delivered under this Agreement shall be delivered (i) via email with report files in electronic form of Microsoft Word, Microsoft Excel or .pdf format, (ii) in paper form, and (iii) if requested by Lender and within the capabilities of Borrower's or Operating Lessee's data systems without change or modification thereto, in electronic form and prepared using a Microsoft Word for Windows or Excel files (which files may be prepared using a spreadsheet program and saved as word processing files). Borrower agrees that Lender may disclose information regarding the Property and Borrower and each other Person that is provided to Lender pursuant to this Section 5.1.11 in connection with the Securitization to such parties requesting such information in connection with such Securitization.

5.1.18 Business and Operations. Borrower and each other Loan Party shall continue to engage in the businesses presently conducted by it as and to the extent the same are necessary for the ownership, maintenance, management and operation of the Property. Borrower and each other Loan Party will qualify to do business and will remain in good standing under the laws of each jurisdiction of its formation as and to the extent the same are required for the ownership, maintenance, management and operation of the Property. Borrower or Operating Lessee shall at all times during the term of the Loan, continue to own all Equipment, Fixtures and Personal Property which are necessary to operate the Property in the manner required hereunder and in the manner in which it is currently operated.

5.1.19 Title to the Property. Borrower shall warrant and defend (a) the title to the Property and every part thereof, subject only to Liens permitted hereunder (including Permitted Encumbrances), and (b) the validity and priority of the liens of the Mortgage on the Property, subject

only to Liens permitted hereunder (including Permitted Encumbrances), in each case against the claims of all Persons whomsoever. Borrower shall reimburse Lender for any actual losses, costs, damages or expenses (including reasonable attorneys' fees and expenses) incurred by Lender if an interest in the Property, other than as permitted hereunder, is claimed by another Person.

5.1.20 Costs of Enforcement. In the event (a) that the Mortgage is foreclosed in whole or in part or that the Mortgage is put into the hands of an attorney for collection, suit, action or foreclosure, (b) of the foreclosure of any mortgage encumbering the Property prior to or subsequent to the Mortgage covering the Property in which proceeding Lender is made a party, or (c) of the bankruptcy, insolvency, rehabilitation or other similar proceeding in respect of Borrower, any other Loan Party or any of their Constituent Members or an assignment by Borrower, any other Loan Party or any of their Constituent Members for the benefit of its creditors, Borrower, its successors or assigns, shall be chargeable with and agrees to pay all costs of collection and defense, including reasonable attorneys' fees and expenses, incurred by Lender or any Loan Party in connection therewith and in connection with any appellate proceeding or post judgment action involved therein, together with all required service or use taxes.

5.1.21 Estoppel Statement. (a) After request by Lender, Borrower shall within fifteen (15) days furnish Lender with a statement, duly acknowledged and certified by Borrower, setting forth (i) the original principal amount of the Note, (ii) the unpaid principal amount of the Note, (iii) the Interest Rate of the Note, (iv) the date installments of interest and/or principal were last paid, (v) any offsets or defenses to the payment of the Debt, if any, of which Borrower has Actual Knowledge, and (vi) that the Note, this Agreement, the Mortgage and the other Loan Documents are in full force and effect and remain binding obligations of Borrower and each other Loan Party thereto and have not been modified or if modified, giving particulars of such modification, provided, that unless an Event of Default shall be continuing, Borrower shall not be required to deliver such certificates more frequently than two (2) times in any calendar year.

(b) After request by Borrower, Lender shall within fifteen (15) days furnish Borrower with a statement, duly acknowledged and certified by Lender, setting forth (i) the original principal amount of the Note, (ii) the unpaid principal amount of the Note, (iii) the Interest Rate of the Note, and (iv) the date installments of interest and/or principal were last paid, provided that Lender shall not be required to deliver such certificates more frequently than once in any calendar year.

(c) Operating Lessee shall use commercially reasonable efforts to deliver to Lender upon request, tenant estoppel certificates from each commercial tenant to which it leases space at the Property in form and substance reasonably satisfactory to Lender, subject to all estoppel terms (if any) contained in such Tenant's Lease, provided that unless an Event of Default shall be continuing, Borrower shall not be required to deliver such certificates more frequently than two (2) times in any calendar year.

5.1.22 Loan Proceeds. Borrower shall use the proceeds of the Loan received by it on the Closing Date only for the purposes set forth in Section 2.1.4 hereof.

5.1.23 Performance by Borrower. Each Loan Party shall in a timely manner observe, perform and fulfill each and every covenant, term and provision of each Loan Document on its part to be observed or performed under each Loan Document executed and delivered by, or applicable to, such Loan Party, and without the consent of Lender, shall not enter into or otherwise suffer or permit any amendment, waiver, supplement, termination or other modification of any Loan Document to which it is a party. Each Loan Party shall pay all costs, fees and expenses to the extent it is required to pay when due under the Loan Documents, subject to applicable notice and cure periods.

5.1.24 Confirmation of Representations. Each Loan Party shall deliver, in connection with any Securitization, (a) one (1) or more Officer's Certificates certifying to the accuracy of all representations in all material respects made by such Loan Party in the Loan Documents as of the date of the closing of such Securitization, (except (i) to the extent that any such representations and warranties are only made as of a specific date, and if the facts and circumstances upon which such representations and warranties are based are specific solely to a certain date, in which case confirmation as to truth, completeness and correctness shall be provided as of such specific date or (ii) to the extent such representations are no longer true and correct as a result of subsequent events not caused by the actions and/or omissions of a Loan Party and such events did not result in a Default or Event of Default under the Loan Documents in which case Borrower shall provide an updated representation or warranty which are reasonably acceptable to Lender and the delivery of such updated representations and warranties in accordance with the terms hereunder shall not constitute a Default or Event of Default, unless such updated representations and warranties shall disclose a Default or an Event of Default has occurred hereunder or under the other Loan Documents) and (b) certificates of the Secretary of State of Delaware and any other jurisdiction where the Property is located indicating the good standing or legal existence and qualification of such Loan Party and Guarantor as of the date of the Securitization.

5.1.25 O&M Program. (a) Each Loan Party hereby represents and warrants, for itself and the Property that the operations and maintenance plan described on Schedule IX hereto (the "**O&M Program**") is in full force and effect as of the date hereof and has not been amended as of date hereof and each Loan Party has as of the date hereof complied in all material respects with the O&M Program. Each Loan Party hereby covenants and agrees that, during the term of the Loan, including any extension or renewal thereof, such Loan Party shall comply in all material respects with the terms and conditions of the O&M Program.

(b) Lender's requirement that the applicable Loan Party comply with the O&M Program shall not be deemed to constitute a waiver or a modification of any of such Loan Party's representations, covenants or agreements with respect to environmental matters set forth in the Loan Agreement, the Mortgage or any other Loan Document.

5.1.26 Leasing Matters. (a) Any Major Leases with respect to the Property entered into after the date hereof shall be subject to the prior written approval of Lender, which approval shall not be unreasonably withheld, conditioned or delayed. Upon request, Borrower shall furnish Lender with executed copies of all Leases. All renewals of Leases and all proposed Leases shall provide for rental rates comparable to existing local market rates. All proposed Leases shall be on

commercially reasonable terms and shall not contain any terms which would have a Material Adverse Effect. All Leases executed after the date hereof shall provide that they are subordinate to the Mortgage and that the lessee agrees to attorn to Lender or any purchaser at a sale by foreclosure or power of sale; provided that Lender agrees that it shall, at the request of Operating Lessee, enter into a subordination, non-disturbance and attornment agreement with the Tenant under any Major Lease, in form and substance satisfactory Lender, Operating Lessee and such Tenant. Operating Lessee (i) shall observe and perform the obligations imposed upon the lessor under the Leases in a commercially reasonable manner; (ii) shall enforce and may amend or terminate the terms, covenants and conditions contained in the Leases upon the part of the lessee thereunder to be observed or performed in a commercially reasonable manner and in a manner not to impair in any material respect the value of the Property, except that no termination by Operating Lessee or acceptance of surrender by a Tenant of any Leases shall be permitted unless by reason of a tenant default and then only in a commercially reasonable manner to preserve and protect the Property; provided, however, that no such termination or surrender of any Major Lease will be permitted without the prior written consent of Lender; (iii) shall not collect any of the rents more than one (1) month in advance (other than security deposits); (iv) shall not execute any other assignment of lessor's interest in the Leases or the Rents (except as contemplated by the Loan Documents); (v) shall not alter, modify or change the terms of any Major Lease without the prior written consent of Lender; and (vi) shall execute and deliver at the request of Lender all such further assurances, confirmations and assignments in connection with the Leases as Lender shall from time to time reasonably require. Notwithstanding anything to the contrary contained herein, neither Borrower nor any other Loan Party shall enter into (x) a lease of all or substantially all of the Property, or (y) any new Leases or any amendment, modification, extension or renewal of existing Leases with any Affiliates of Borrower or any other Loan Party without the prior written consent of Lender, which consent shall not be unreasonably withheld, conditioned or delayed.

(b) Notwithstanding the provisions above, to the extent Lender's written approval is required pursuant to this Section 5.1.20, Borrower's or Operating Lessee's written request therefor shall be delivered together with (if applicable) a copy of the proposed Lease, modification or other instrument requiring approval, and any other information reasonably requested in writing by Lender in order to evaluate such request (it being acknowledged and agreed that no request for consent shall be effective unless and until such materials have been delivered to Lender) and shall include a notation prominently displayed in bold, all caps and fourteen (14) point or larger font in the transmittal letter requesting approval, that "**PURSUANT TO SECTION 5.1.20 OF THE LOAN AGREEMENT, THIS IS A REQUEST FOR LENDER'S CONSENT"**. In the event that Lender fails to respond within said ten (10) day period, Borrower shall deliver a second notice to Lender with a notation prominently displayed in bold, all caps and fourteen (14) point or larger font in such notice requesting approval, that "**PURSUANT TO SECTION 5.1.20 OF THE LOAN AGREEMENT, THIS IS A REQUEST FOR LENDER'S CONSENT. IMMEDIATE RESPONSE REQUIRED, FAILURE TO RESPOND TO THIS APPROVAL REQUEST WITHIN TEN (10) DAYS FROM RECEIPT SHALL BE DEEMED TO BE LENDER'S APPROVAL"**. In the event that Lender fails to respond to such second notice, such failure shall be deemed to be the consent and approval of Lender of such request. Upon Lender's request, Operating Lessee shall be required to provide Lender with such material information and documentation as may be reasonably required by Lender, in its reasonable discretion, including,

without limitation, lease comparables and other market information as reasonably required by Lender to reach a decision. For purposes of clarification, Lender request for any material information regarding a proposed Lease or the tenant thereunder from Operating Lessee, in addition to approving or denying any request (in whole or in part), shall be deemed a response by Lender for purposes of the foregoing.

(c) If pursuant to the terms of an Operating Lease which is in full force and effect with respect to the Property, Operating Lessee (and not the Borrower that owns the Property) shall be the sole party entitled to enter into Leases with Tenants for all or any portion of the Property, then the Borrower that owns the Property shall cause Operating Lessee to comply with the terms of this Section 5.1.20 with respect to the Property. In the event that an Operating Lease is not in effect with respect to the Property, then Borrower shall be the sole party entitled to lease all or any portion of the Property and in doing so shall comply with all obligations of Operating Lessee under this Section 5.1.20 with respect to the Property.

5.1.27 Alterations. (a) Borrower and Operating Lessee shall obtain Lender's prior written consent to any alterations to any Improvements, which consent shall not be unreasonably withheld, conditioned or delayed except with respect to alterations that are reasonably likely to have a Material Adverse Effect. Notwithstanding the foregoing, Lender's consent shall not be required in connection with any alterations that will not have a Material Adverse Effect, provided that such alterations are made in connection with (i) tenant improvement work performed pursuant to the terms of any Lease executed on or before the date hereof, (ii) tenant improvement work performed pursuant to the terms and provisions of any Lease and not adversely affecting any structural component of any Improvements, any utility or HVAC system contained in any Improvements or the exterior of any building constituting a part of any Improvements, (iv) alterations performed in connection with the Restoration of the Property after the occurrence of a Casualty or Condemnation in accordance with the terms and provisions of this Agreement, (v) any Capital Expenditures or alterations required under the PIPs or the Franchise Agreement and in each case, set forth in the Approved Annual Budget, or (vi) any Required Repairs performed in accordance with the terms hereof. If the total unpaid amounts due and payable with respect to alterations to the Improvements (other than such amounts to be paid or reimbursed by Tenants under the Leases and amounts to be disbursed from the Replacement Reserve Account or the CapEx Reserve Account, as applicable, in accordance with the applicable provisions of Article VII hereof) shall at any time exceed Two Million and 00/100 Dollars ($2,000,000) (the "**Threshold Amount**"), then Borrower shall promptly deliver to Lender as security for the payment of such amounts and as additional security for Borrower's obligations under the Loan Documents any of the following: (A) Cash, (B) U.S. Obligations, (C) other securities having a rating reasonably acceptable to Lender and, if a Securitization has occurred, a Rating Agency Confirmation with respect to such securities or (D) a Letter of Credit. Such security shall be in an amount equal to the excess of the total unpaid amounts with respect to alterations to the Improvements (other than such amounts to be paid or reimbursed by Tenants under the Leases and amounts for which sufficient reserves are on deposit in the Replacement Reserve Account or the CapEx Reserve Account, as applicable, in accordance with the applicable provisions of Article VII hereof) over the Threshold Amount and may be applied from time to time at the option of Lender to pay for such alterations.

(b) Notwithstanding the foregoing, Lender's consent shall not be required in connection with alterations to expand the Property in order to increase the number of hotel rooms ("**Expansion Alterations**"), provided that the following conditions are satisfied:

(i) In lieu of any security required under Section 5.1.21(a), Borrower shall deposit with Lender prior to demolition or construction either cash or a Letter of Credit ("**Completion Security**") in the amount equal to one hundred twenty-five percent (125%) of the direct and indirect costs and expenses for the Expansion Alterations as set forth on a project cost budget approved by Lender (provided that, if such project cost budget includes a contingency of not less than ten percent (10%) of the total costs, the required Expansion Security shall be equal to one hundred ten percent (110%) of the direct and indirect costs and expenses for the Expansion Alterations) as security for the payment of such costs and expenses and as additional security for Borrower's obligations under the Loan Documents, which Expansion Security shall be disbursed and applied in accordance with the terms and conditions of Section 5.1.21(c) below;

(ii) Borrower shall deposit either cash or a Letter of Credit in the amount of $3,123,013.51 ("**Operations Security**") as security for any Shortfalls which may be incurred with respect to the Property during the continuance of the Expansion Alterations, and as additional security for Borrower's obligations under the Loan Documents, which Expansion Operations Security shall be disbursed and applied in accordance with the terms and conditions of Section 5.1.21(d) below; and

(iii) Lender shall have determined in its sole, reasonable discretion that the Expansion Alterations once completed would not have a Material Adverse Effect (other than during a construction period); provided, however, the Expansion Alterations shall be deemed not to have such a material adverse effect, and neither Lender's nor any Rating Agency Confirmation shall be required with respect to the Expansion Alterations (subject to satisfaction of the other conditions set forth in this Section 5.1.21(b)), in the event that the Expansion Alterations (1) do not impact more than 16 rooms at the Property (Silicon Valley 2), (2) are fully completed on a Lien-free basis within five (5) years from the Closing Date, (3) are performed in accordance with all applicable Legal Requirements, (4) upon completion, will be consistent with similar hotels located in the same metropolitan region as the Property, and (5) upon completion, will result in the amendment of the Franchise Agreement to extend the term thereof until the earlier of (x) the twentieth (20^{th}) anniversary of such amendment or (y) June 30, 2036.

(a) All or a portion, as applicable, of the Completion Security delivered to Lender pursuant to this Section 5.1.21, shall be released to Borrower to pay for the actual approved costs of the Expansion Alterations or to reimburse Borrower therefor upon completion of such Expansion Alterations, provided that Borrower satisfies each of the following conditions:

(i) on the date such request is received by Lender and on the date such payment is to be made, no Event of Default shall exist and remain uncured;

(ii) each request for release of the Completion Security shall be in a form specified or approved by Lender and shall specify (A) the specific Expansion Alterations for which the disbursement is requested, (B) the quantity and price of each item purchased, if the Expansion Alteration includes the purchase or replacement of specific items, (C) the price of all materials (grouped by type or category) used in any Expansion Alteration other than the purchase or replacement of specific items, and (D) the cost of all contracted labor or other services applicable to each Expansion Alteration for which such request for disbursement is made. With each request Borrower shall certify that all Expansion Alterations have been or shall be made in accordance with all applicable Legal Requirements of any Governmental Authority having jurisdiction over the Property. Each request for release shall include copies of invoices for all items or materials purchased and all contracted labor or services provided and, unless Lender has agreed to issue joint checks as described below in connection with a particular Expansion Alteration, each request shall include evidence reasonably satisfactory to Lender of payment of all prior invoices submitted to Lender in connection with a prior release by Lender for such Expansion Alterations. Borrower shall provide Lender evidence of completion of the subject Expansion Alteration satisfactory to Lender in its reasonable judgment;

(iii) Borrower shall pay all invoices in connection with the Expansion Alteration with respect to which a release is requested prior to submitting such request for release from the Completion Security or, at the request of Borrower, Lender will issue joint checks, payable to Borrower and the contractor, supplier, materialman, mechanic, subcontractor or other party to whom payment is due in connection with an Expansion Alteration. In the case of payments made by joint check, Lender may require a waiver of lien from each Person receiving payment prior to Lender's release of the Completion Security. In addition, as a condition to any release, Lender may require Borrower to obtain lien waivers from each contractor, supplier, materialman, mechanic or subcontractor who receives payment in an amount equal to or greater than $25,000.00 for completion of its work or delivery of its materials. Any lien waiver delivered hereunder shall conform to the requirements of applicable law and shall cover all work performed and materials supplied (including equipment and fixtures) for the Property by that contractor, supplier, subcontractor, mechanic or materialman through the date covered by the current reimbursement request (or, in the event that payment to such contractor, supplier, subcontractor, mechanic or materialmen is to be made by a joint check, the release of lien shall be effective through the date covered by the previous release of funds request);

(iv) If (A) the cost of an Expansion Alteration exceeds $25,000.00, (B) the contractor performing such Expansion Alteration requires periodic payments pursuant to terms of a written contract, and (C) Lender has approved in writing in advance such periodic payments such approval not to be unreasonably withheld, a request for reimbursement from the Completion Security may be made after completion of a portion of the work under such contract, provided (1) such contract requires payment upon completion of such portion of the work, (2) the materials for which the request is made are on site at the Property and are properly secured or have been installed in the Property, (3) all other conditions in this Agreement for release have been satisfied, (4) the amount of the Completion Security

remaining is, in Lender's reasonable judgment, sufficient to complete such Expansion Alteration and other Expansion Alterations when required, and (5) if required by Lender, each contractor or subcontractor receiving payments under such contract shall provide a waiver of lien with respect to amounts which have been paid to that contractor or subcontractor; and

(v) Borrower shall not make a request for release of the Completion Security more frequently than once in any calendar month and (except in connection with the final disbursement) the total cost of all Expansion Alterations in any request shall not be less than $5,000.00.

(b) All or a portion, as applicable, of the Operations Security delivered to Lender pursuant to this Section 5.1.21, shall be deposited (in the case of a Letter of Credit, following a draw by Lender thereon) by Lender into the Cash Management Account for further application in the same manner as Rents pursuant to and in accordance with the provisions of this Agreement, the Cash Management Agreement and the other Loan Documents, upon satisfaction by Borrower of each of the following conditions: (i) Borrower shall submit a written request for deposit of the Operations Security (or applicable portion thereof) into the Cash Management Account to Lender at least two (2) Business Days prior to the date on which Borrower requests such deposit to be made, together with an Officer's Certificate setting forth the amount of the Shortfall to be covered by such deposit; and (ii) on the date such request is received by Lender and on the date such deposit is to be made, no Event of Default shall exist and remain uncured. The insufficiency of funds on deposit in the Cash Management Account (including, without limitation, following deposit of any Operations Security pursuant to this Section 5.1.21(d)) shall not relieve Borrower of the obligation to make any payments, as and when due pursuant to, and in accordance with, this Agreement, the Cash Management Agreement and the other Loan Documents, and such obligations shall be separate and independent, and not conditioned on any event or circumstance whatsoever. During the continuance of an Event of Default, any or all Operations Security may be applied from time to time at the option of Lender to cover Shortfalls or otherwise to the payment of the Debt.

5.1.28 Operation of Property. (a) Borrower and each other Loan Party shall cause the Property to be operated, in all material respects, in accordance with the Management Agreement (or Replacement Management Agreement) as applicable. In the event that the Management Agreement expires or is terminated (without limiting any obligation of Borrower to obtain Lender's consent to any termination or modification of the Management Agreement in accordance with the terms and provisions of this Agreement), Borrower shall cause Operating Lessee to enter into a Replacement Management Agreement with Manager or another Qualified Manager, as applicable, within sixty (60) days following the date of the expiration or termination of the Management Agreement. In the event that the Franchise Agreement expires or is terminated (without limiting any obligation of Borrower to obtain Lender's consent to any termination or modification of the Franchise Agreement in accordance with the terms and provisions of this Agreement), Borrower shall cause Operating Lessee to enter into a Replacement Franchise Agreement with Franchisor or

another Qualified Franchisor, as applicable, within one hundred twenty (120) days following the date of the expiration or termination of the Franchise Agreement.

(b) Borrower and each other Loan Party shall: (i) promptly perform and/or observe, in all material respects, all of the covenants and agreements required to be performed and observed by it under the Management Agreement and the Franchise Agreement and do all things necessary to preserve and to keep unimpaired its material rights thereunder; (ii) promptly notify Lender of any material default under the Management Agreement and the Franchise Agreement of which it has Actual Knowledge; (iii) promptly deliver to Lender a copy of each financial statement, business plan, capital expenditures plan, notice, report and estimate received by it under the Management Agreement and the Franchise Agreement; and (iv) enforce the performance and observance of all of the covenants and agreements required to be performed and/or observed by Manager under the Management Agreement and Franchisor under the Franchise Agreement, in a commercially reasonable manner.

5.1.29 Embargoed Person. Borrower and each other Loan Party has performed and shall perform reasonable due diligence to insure that at all times throughout the term of the Loan, including after giving effect to any Transfers permitted pursuant to the Loan Documents, (a) none of the funds or other assets of Borrower, any other Loan Party and Guarantor constitute property of, or are beneficially owned, directly or indirectly, by any Embargoed Person; (b) no Embargoed Person has any interest of any nature whatsoever in Borrower, any other Loan Party or Guarantor, as applicable, with the result that the investment in Borrower, any other Loan Party or Guarantor, as applicable (whether directly or indirectly), is prohibited by law or the Loan is in violation of law; and (c) none of the funds of Borrower, any other Loan Party or Guarantor, as applicable, have been derived from, or are the proceeds of, any unlawful activity, including money laundering, terrorism or terrorism activities, with the result that the investment in Borrower, any other Loan Party or Guarantor, as applicable (whether directly or indirectly), is prohibited by law or the Loan is in violation of law, or may cause the Property to be subject to forfeiture or seizure.

5.1.30 Payment of Obligations. Each Loan Party will pay its obligations, including tax liabilities, that, if not paid, would be reasonably likely to have a Material Adverse Effect, except where (a) the validity or amount thereof is being contested in good faith by appropriate proceedings, (b) such Loan Party has set aside on its books adequate reserves with respect thereto in accordance with GAAP, or (c) the failure to make payment pending such contest could not reasonably be expected to have a Material Adverse Effect.

5.1.31 Taxes. Each Loan Party will be treated as a partnership or a disregarded entity for U.S. federal income tax purposes. Each Loan Party will timely file or cause to be filed all federal income and other material tax returns and reports required to be filed by it and will pay or cause to be paid all federal income and other material taxes and related liabilities required to be paid by it, except taxes that are being contested in good faith by appropriate proceedings and for which such Loan Party sets aside on its books adequate reserves in accordance with GAAP. Each Loan Party will not permit any Liens for Section 2.7 Taxes to be imposed on or with respect to any of its income or assets, other than Liens for Section 2.7 Taxes not yet due and payable and for which such Loan Party sets aside on its books adequate reserves in accordance with GAAP.

5.1.32 Reserved.

5.1.33 Operating Lease. Borrower shall (a) cause the Property to be operated by the Operating Lessee in accordance with the terms of the Operating Lease; (b) promptly perform and/or observe all of the material covenants, agreements and obligations required to be performed and observed by Borrower under the Operating Lease, and do all things necessary to preserve and to keep unimpaired its material rights thereunder; (c) promptly notify Lender of any default by the Operating Lessee under the Operating Lease; (d) promptly deliver to Lender a copy of each financial statement, business plan, capital expenditures plan, notice, report and estimate received from the Operating Lessee under the Operating Lease; (e) promptly enforce in a commercially reasonable manner the performance and observance of all of the covenants and agreements required to be performed and/or observed by the Operating Lessee under such Operating Lease; (f) cause Operating Lessee to deposit all Rents from the Property into the Lockbox Account; and (g) cause Operating Lessee to conduct its business and operations in accordance with the terms of this Agreement as if it were a Borrower hereunder and not allow or permit Operating Lessee to take any of the actions that Borrower is prohibited from taking pursuant to the terms of this Agreement.

Section 5.2 Negative Covenants. From the date hereof until payment and performance in full of all Obligations of Borrower under the Loan Documents or the earlier release of the Liens of the Mortgage in accordance with the terms of this Agreement and the other Loan Documents, each of Borrower and Operating Lessee, solely as to itself, as applicable, covenants and agrees with Lender that it will not do, directly or indirectly, any of the following:

5.2.5 Operation of Property. (a) Borrower shall not permit Operating Lessee, and Operating Lessee shall not, without Lender's prior written consent (which consent shall not be unreasonably withheld, conditioned or delayed): (i) surrender, terminate, cancel or amend or modify the Management Agreement; provided, that Borrower or Operating Lessee, as applicable, may, without Lender's consent, replace the Manager so long as the replacement manager is a Qualified Manager pursuant to a Replacement Management Agreement, and provided, further, that any Qualified Manager shall have all hospitality and liquor licenses required by, and be in compliance in all material respects with, all applicable Legal Requirements at or prior to the time such Replacement Management Agreement is entered into and Borrower shall take any other actions required to ensure continuous operation of the Property as a hotel; (ii) surrender, terminate or cancel the Franchise Agreement; provided, that Borrower or Operating Lessee, as applicable, may, without Lender's consent, replace the Franchisor so long as the replacement franchisor is a Qualified Franchisor pursuant to a Replacement Franchise Agreement; (iii) reduce or consent to the reduction of the term of the Management Agreement or the Franchise Agreement; (iv) increase or consent to the increase of the amount of any fees or charges under the Management Agreement or the Franchise Agreement; or (v) otherwise modify, change, supplement, alter or amend, or waive or release any of its rights and remedies under, the Management Agreement or the Franchise Agreement in any material respect, provided, however, Borrower or Operating Lessee, as applicable, may, without Lender's consent, enter into non-material amendments or modifications of the Management Agreement with respect to the operations of the Property, provided that such amendment or modification shall not increase Borrower's obligations or liabilities or decrease Borrower's rights thereunder.

(b) Following the occurrence and during the continuance of an Event of Default, Borrower and Operating Lessee shall not exercise any rights, grant any approvals or otherwise take any action under the Management Agreement or the Franchise Agreement without the prior written consent of Lender, which consent may be granted, conditioned or withheld in Lender's sole discretion.

5.2.6 Liens. Neither Borrower nor any other Loan Party shall create, incur, assume or suffer to exist any Lien on any portion of the Property or permit any such action to be taken, except for Permitted Encumbrances, Liens in favor of Lender and Liens which are being contested in accordance with Section 3.6(c) of the Mortgage.

5.2.7 Dissolution. Neither Borrower nor any other Loan Party shall (a) engage in any dissolution, liquidation or consolidation or merger with or into any other business entity, (b) engage in any business activity not related to (i) in the case of Borrower, the ownership and operation of the Property, and (ii) in the case of Operating Lessee, the leasing and operation of the Property, (c) transfer, lease or sell, in one transaction or any combination of transactions, the assets or all or substantially all of the properties or assets of Borrower or Operating Lessee, except to the extent expressly permitted by the Loan Documents, or (d) except as expressly permitted under this Agreement or any of the other the Loan Documents, modify, amend, waive or terminate its organizational documents or its qualification and good standing in any jurisdiction in which it is required hereunder or under applicable law to be qualified.

5.2.8 Change In Business. Neither Borrower nor any other Loan Party shall enter into any line of business other than the ownership, leasing, sale, transfer, financing operation and management of the Property, or make any material change in the scope or nature of its business objectives, purposes or operations, or undertake or participate in activities other than the continuance of its present business. Nothing contained in this Section 5.2.4 is intended to expand the rights of Borrower contained in Section 5.2.10(d).

5.2.9 Debt Cancellation. Neither Borrower nor any other Loan Party shall cancel or otherwise forgive or release any claim or debt (other than termination of Leases or the Operating Lease in accordance herewith) owed to Borrower or such other Loan Party by any Person, except for adequate consideration and in the ordinary course of Borrower's or such other Loan Party's business.

5.2.10 Zoning. Borrower shall not initiate or consent to any zoning reclassification of any portion of the Property or seek any variance under any existing zoning ordinance or use or permit the use of any portion of the Property in any manner that could result in such use becoming a non-conforming use under any zoning ordinance or any other applicable land use law, rule or regulation, without the prior written consent of Lender.

5.2.11 No Joint Assessment. Borrower shall not suffer, permit or initiate the joint assessment of the Property (a) with any other real property constituting a tax lot separate from the Property, and (b) which constitutes real property with any portion of the Property which may be deemed to constitute personal property, or any other procedure whereby the lien of any taxes which

may be levied against such personal property shall be assessed or levied or charged to such real property portion of the Property.

5.2.12 Intentionally Omitted.

5.2.13 ERISA. (a) Provided that Lender is in conformance with Section 4.3 hereof, no Loan Party shall and the Guarantor shall not engage in any transaction which would cause any obligation, or action taken or to be taken, hereunder (or the exercise by Lender of any of its rights under the Note, this Agreement or the other Loan Documents) to be a non-exempt (under a statutory or administrative class exemption) prohibited transaction under ERISA with respect to that Loan Party or the Guarantor.

(b) Each Loan Party further covenants and agrees to deliver to Lender such certifications or other evidence from time to time throughout the term of the Loan, as may be reasonably requested by Lender, that (A) such Loan Party is not and does not maintain an "employee benefit plan" as defined in Section 3(3) of ERISA, which is subject to Title I of ERISA, or a "governmental plan" within the meaning of Section 3(32) of ERISA; (B) such Loan Party is not subject to any state statute regulating investment of, or fiduciary obligations with respect to governmental plans and (C) one or more of the following circumstances is true:

(i) Equity interests in such Loan Party are publicly offered securities, within the meaning of 29 C.F.R. § 2510.3-101(b)(2);

(ii) Less than twenty-five percent (25%) of each outstanding class of equity interests in such Loan Party are held by "benefit plan investors" within the meaning of 29 C.F.R. § 2510.3-101(f)(2); or

(iii) Such Loan Party qualifies as an "operating company" or a "real estate operating company" within the meaning of 29 C.F.R. § 2510.3-101(c) or (e).

5.2.14 Transfers. (a) Borrower and each other Loan Party acknowledges that Lender has examined and relied on the experience of Borrower and each other Loan Party and its stockholders, general partners, members, principals and (if Borrower or such other Loan Party is a trust) beneficial owners in owning and operating properties such as the Property in agreeing to make the Loan, and will continue to rely on Borrower's ownership of the Property as a means of maintaining the value of the Property as security for repayment of the Debt and the performance of the Other Obligations. Borrower and each other Loan Party acknowledges that Lender has a valid interest in maintaining the value of the Property so as to ensure that, should Borrower default in the repayment of the Debt or the performance of the Other Obligations, Lender can recover the Debt by a sale of the Property.

(b) Without the prior written consent of Lender, and except to the extent otherwise set forth in this Section 5.2.10, Borrower shall not, and shall not permit any Restricted Party to, do any of the following: (i) sell, convey, mortgage, grant, bargain, encumber, pledge, assign, grant options with respect to, or otherwise transfer or dispose of

(directly or indirectly, voluntarily or involuntarily, by operation of law or otherwise, and whether or not for consideration or of record) the Property or any part thereof or any legal or beneficial interest therein or (ii) permit a Sale or Pledge of an interest in any Restricted Party (collectively, a "**Transfer**"), other than (A) pursuant to the Operating Lease or Leases of space in the Improvements to tenants in accordance with the provisions of Section 5.1.20 hereof, (B) Permitted Encumbrances, (C) intentionally omitted (D) as otherwise permitted under this Section 5.2.10, without the prior written consent of Lender.

(c) A Transfer shall include, but not be limited to, (i) an installment sales agreement wherein Borrower agrees to sell the Property for a price to be paid in installments; (ii) other than the Operating Lease, an agreement by Operating Lessee or Borrower leasing all or a substantial part of the Property for other than actual occupancy by a space Tenant thereunder or a sale, assignment or other transfer of, or the grant of a security interest in, Borrower's or Operating Lessee's respective right, title and interest in and to any Leases or any Rents; (iii) if a Restricted Party is a corporation, any merger, consolidation or Sale or Pledge of such corporation's stock or the creation or issuance of new stock; (iv) if a Restricted Party is a limited or general partnership or joint venture, any merger or consolidation or the change, removal, resignation or addition of a general partner or the Sale or Pledge of the partnership interest of any general partner or any profits or proceeds relating to such general partnership interest, or the Sale or Pledge of limited partnership interests or any profits or proceeds relating to such limited partnership interests or the creation or issuance of new limited partnership interests; (v) if a Restricted Party is a limited liability company, any merger or consolidation or the change, removal, resignation or addition of a managing member or non-member manager (or if no managing member, any member) or the Sale or Pledge of the membership interest of a managing member (or if no managing member, any member) or any profits or proceeds relating to such membership interest, or the Sale or Pledge of non-managing membership interests or the creation or issuance of new non managing membership interests; or (vi) if a Restricted Party is a trust or nominee trust, any merger, consolidation or the Sale or Pledge of the legal or beneficial interest in a Restricted Party or the creation or issuance of new legal or beneficial interests.

(d) Notwithstanding the provisions of Section 5.2.10(b) and (c) or any provisions of any of the Loan Documents to the contrary, the following transfers shall not be deemed to be a Transfer and Lender's consent shall not be required in connection with:

(i) (A) a transfer by devise or descent or by operation of law upon the death of a member, partner or shareholder of a Restricted Party or a Restricted Party itself; (B) the Sale or Pledge, in one or a series of transactions, of not more than forty-nine percent (49%) of the stock in a Restricted Party; provided, however, that no such transfers shall result in the change of voting control in the Restricted Party to any Person other than Guarantor, and as a condition to each such transfer, Lender shall receive not less than ten (10) days' prior written notice of such proposed transfer, (C) the Sale or Pledge, in one or a series of transactions, of not more than forty-nine percent (49%) of the limited partnership interests or non-managing membership interests (as the case may be) in a Restricted Party; provided, however, that no such transfers shall result in the change of voting control in the Restricted

Party to any Person other than Guarantor, and as a condition to each such transfer, Lender shall receive not less than ten (10) days prior written notice of such proposed transfer, or (D) the Sale or Pledge, issuance or redemption of shares of common stock in any Restricted Party that is a publicly traded entity, provided such shares of common stock are listed on the New York Stock Exchange or another nationally recognized stock exchange;

(ii) (A) any transfer of any direct or indirect legal or beneficial interests in any Public Vehicle, including a Public Vehicle that exists on the date hereof or a Public Vehicle which acquires a direct or indirect legal or beneficial interest in Borrower or any other Loan Party after the Closing Date in accordance with the terms of this Section 5.2.10, (B) the disposition, sale, issuance, transfer or redemption of shares or units of preferred stock in any Person, whether or not a Restricted Party, that is identified on the organizational chart of Borrower attached hereto as Schedule V as a "real estate investment trust" (a "**Borrower REIT**") under Section 856, *et seq.* of the Code; and (C) the cancellation, surrender, disposition, issuance, sale, grant, transfer or pledge of the operating partnership units of Guarantor or any other operating partnership that owns indirect interests in Borrower that is a publicly traded entity, provided such units are listed on the New York Stock Exchange or another nationally recognized stock exchange (an "**OPU Transfer**"); provided that (1) no OPU Transfer shall be to a Prohibited Person, (2) in the event any OPU Transfer results in any Person and its Affiliates owning in excess of ten percent (10%) of the direct or indirect ownership interest in Borrower or Operating Lessee or Guarantor, Borrower shall provide to Lender, not less than thirty (30) days prior to such OPU Transfer, the name and identity of each proposed transferee, together with the names of the Person(s) controlling such transferee, the social security number or employee identification number of such transferee and the Person(s) controlling such transferee, and such transferee's and controlling Person(s)' home address or principal place of business, and home or business telephone number, (3) Borrower and Operating Lessee shall deliver, or cause to be delivered to Lender any contribution agreement, amendment of the organizational documents of Guarantor or other material agreement or documentation in connection with such OPU Transfer, each of which shall be in form and substance reasonably acceptable to Lender along with any additional documentation as may be reasonably requested by Lender; and

(iii) intentionally omitted;

provided, that with respect to all Transfers set forth in Section 5.2.10(d)(i) through (iii) above, (1) after giving effect to such Transfer, (x) any Person Controlling, under the Control of or under common Control with Guarantor shall Control each Loan Party and (y) not less than fifty-one percent (51%) of the direct or indirect legal and beneficial interest in each Loan Party shall be owned, in the aggregate for each such entity, by Guarantor or Chatham Lodging Trust, (2) such transferee and its principals are not an Embargoed Person and the representations set forth in Sections 4.1.9 and 4.1.35 hereof shall continue to be true and correct after giving effect to any such Transfer; (3) such Transfer shall be at Borrower's sole cost and expense; (4) if after giving effect to any such Transfer, more than forty-nine percent (49%) in the aggregate of direct interests in any Restricted Party is owned by any Person and its Affiliates that owned less than forty-nine percent (49%) direct interest in such

Restricted Party as of the Closing Date, Borrower shall, no less than five (5) Business Days prior to the effective date of any such Transfer, deliver to Lender an Additional Non-Consolidation Opinion reasonably acceptable to Lender and the Approved Rating Agencies; (5) to the extent any transferee shall own twenty percent (20%) or more of the direct or indirect ownership interests in Borrower immediately following such Transfer (provided such transferee owned less than twenty percent (20%) of the direct or indirect ownership interests in Borrower as of the Closing Date), Borrower shall deliver, (and Borrower shall be responsible for any reasonable out-of-pocket costs and expenses in connection therewith), customary searches reasonably requested by Lender in writing (including without limitation credit, judgment, lien, litigation, bankruptcy, criminal and watch list) reasonably acceptable to Lender with respect to such transferee, (6) for so long as the Loan shall remain outstanding, none of Borrower or Operating Lessee shall issue preferred equity interests (except as otherwise permitted pursuant to the Loan Documents). In the event any Transfer shall result a change to the organizational chart attached hereto as Schedule V, Borrower shall deliver to Lender, updated organizational chart within ten (10) Business Days of such Transfer.

(e) No Transfer of the Property and assumption of the Loan shall occur in any event prior to the first (1st) anniversary of the Closing Date. Otherwise, Lender may consent in Lender's sole discretion to a one (1) time Transfer of the Property or the legal or beneficial direct or indirect ownership interests therein or in Borrower and Operating Lessee and an assumption of the entire Loan, which consent shall not be unreasonably withheld, provided that Lender receives sixty (60) days' prior written notice of such Transfer and no Event of Default has occurred and is continuing, and provided, further, that the following additional requirements are satisfied:

(i) Borrower shall pay Lender a transfer fee equal to a quarter of one percent (0.25%) of the outstanding principal balance of the Loan at the time of such transfer;

(ii) Borrower shall pay any and all reasonable out-of-pocket costs incurred in connection with such Transfer (including, without limitation, Lender's counsel fees and disbursements and all recording fees, title insurance premiums and mortgage and intangible taxes and, if a Securitization has occurred, the fees and out-of-pocket expenses of the Approved Rating Agencies pursuant to clause (xi) below);

(iii) The proposed transferee (the "**Transferee**") or Transferee's Principals must have demonstrated expertise in owning and operating properties similar in location, size, class and operation to the Property, which expertise shall be reasonably determined by Lender;

(iv) Transferee and Transferee's Principals shall, as of the date of such transfer, have an aggregate net worth and liquidity reasonably acceptable to Lender;

(v) Transferee, Transferee's Principals and all other entities which may be owned or Controlled directly or indirectly by Transferee's Principals ("**Related Entities**") must not have been the subject of any Bankruptcy Action within seven (7) years prior to the date of the proposed Transfer;

(vi) With respect to a Transfer of the Property, Transferee shall assume all of the obligations of Borrower under the Loan Documents in a manner satisfactory to Lender in all respects, including, without limitation, by entering into an assumption agreement in form and substance satisfactory to Lender;

(vii) There shall be no material litigation or regulatory action pending or threatened against Transferee, Transferee's Principals or any Related Entities which, in each case, is not reasonably acceptable to Lender;

(viii) Transferee, Transferee's Principals and Related Entities shall not have defaulted under its or their obligations with respect to any other Indebtedness in a manner which is not reasonably acceptable to Lender;

(ix) With respect to any Transfer of the Property, Transferee must be able to satisfy all representations and covenants in Section 4.1.30 and with respect to any Transfer under this Section 5.2.10(e) (A) Borrower shall, after giving effect to such Transfer continue to be a Special Purpose Entity and comply with Section 4.1.30 hereof and (B) Borrower, Transferee and Transferee's Principals shall comply with Sections 4.1.9, 4.1.35, 5.1.23 and 5.2.9 hereof. Transferee and Transferee's Principals must be able to satisfy all the representations and covenants set forth in Sections 4.1.35, 5.1.23 and 5.2.9 of this Agreement, no Default or Event of Default shall otherwise occur as a result of such Transfer;

(x) Transferee shall deliver (A) all organizational documentation reasonably requested by Lender, which shall be reasonably satisfactory to Lender and, following a Securitization, satisfactory to the Approved Rating Agencies and (B) all certificates, agreements and legal opinions reasonably required by Lender;

(xi) If required by Lender after a Securitization, Transferee shall be approved by the Approved Rating Agencies, which approval shall take the form of a Rating Agency Confirmation with respect to such assumption or Transfer;

(xii) Prior to any release of Guarantor, one (1) or more substitute guarantors reasonably acceptable to Lender shall have assumed all of the liabilities and obligations of Guarantor under the Guaranty and Environmental Indemnity executed by Guarantor or execute a replacement guaranty and environmental indemnity reasonably satisfactory to Lender and delivered an Additional Insolvency Opinion covering the replacement guarantor, provided, Lender's consent shall not be unreasonably withheld, conditioned or delayed if such replacement guarantor shall be a Qualified Guarantor (provided, that with respect to clause (v) in the definition of Qualified Guarantor, Transferee shall be deemed to be a Loan Party);

(xiii) Borrower shall deliver, at its sole cost and expense, an endorsement to the Title Insurance Policy, as modified by the assumption agreement, as a valid first lien on the Property and naming the Transferee as owner of the Property, which endorsement shall insure that, as of the date of the recording of the assumption agreement, the Property

shall not be subject to any additional exceptions or liens other than those contained in the Title Policy issued on the date hereof and the Permitted Encumbrances;

(xiv) The Property shall be managed by Qualified Manager pursuant to a Replacement Management Agreement and licensed, flagged and branded by Franchisor pursuant to the Franchise Agreement or by a Qualified Franchisor pursuant to a Replacement Franchise Agreement;

(xv) Reserved; and

(xvi) Borrower or Transferee, at its sole cost and expense, shall deliver to Lender an Additional Insolvency Opinion reflecting such Transfer satisfactory in form and substance to Lender.

Immediately upon a Transfer to such Transferee and the satisfaction of all of the above requirements, the named Borrower, each other Loan Party and Guarantor herein shall be released from all liability under this Agreement, the Note, each Mortgage and the other Loan Documents accruing after such Transfer. The foregoing release shall be effective upon the date of such Transfer, but Lender agrees to provide written evidence thereof reasonably requested by Borrower.

(f) Lender shall not be required to demonstrate any actual impairment of its security or any increased risk of default hereunder in order to declare the Debt immediately due and payable upon a Transfer in violation of this Section 5.2.10 hereof. This provision shall apply to every Transfer regardless of whether voluntary or not, or whether or not Lender has consented to any previous Transfer.

5.2.15 Reserved.

5.2.16 Operating Lease. (a) Without Lender's prior written consent, Borrower shall not (i) surrender, terminate or cancel the Operating Lease; (ii) reduce or consent to the reduction of the term of the Operating Lease; (iii) increase or consent to the increase of the amount of any charges under the Operating Lease; (iv) modify, change, supplement, alter or amend the Operating Lease in any material respect or waive or release any of Borrower's rights and remedies under the Operating Lease; or (v) waive, excuse, permit or in any way release or discharge Operating Lessee of or from Operating Lessee's material obligations, covenants and/or conditions under the Operating Lease.

(b) Notwithstanding anything contained to the contrary in Section 5.2.12(a)(i) above to the contrary, provided no Event of Default shall have occurred and be continuing, Borrower shall be entitled to terminate the Operating Lease upon satisfaction of the following conditions: (i) in connection with a termination, Operating Lessee shall transfer to Borrower any property, licenses, contracts, any Franchise Agreement, any Management Agreement and equipment pertaining to Operating Lessee's business, and Borrower shall provide evidence reasonably satisfactory to Lender (which shall include, but not be limited to an Officer's Certificate) indicating that such transfer shall have been in accordance with any applicable Legal Requirements, and contractual provisions of any such Franchise

Agreement, Management Agreement and/or contracts and where the consent to such transfer shall be required by any third parties, Borrower obtain such consents and provide copies of the same to Lender (or in the event any such license shall not be transferable, Borrower shall obtain a new license in the same form and substance as such non-transferable license). In addition, Borrower shall, at its own expense, execute such documents as Lender may reasonably require to spread the Lien of the Mortgage to cover such assets or separately encumber such assets through another appropriate security instrument, and Borrower further agrees to pay Lender's out-of-pocket costs and expenses (including, without limitation, reasonable counsel fees) in connection with preparing and reviewing the aforesaid amendment documents, (ii) in connection with a termination, Borrower shall provide evidence reasonably satisfactory to Lender that the transfer described in the preceding sentence shall not constitute a fraudulent conveyance under any applicable Legal Requirements, (iii) in connection with a termination, Borrower shall deliver, at its sole expense, executed amendments to any Loan Document to which Operating Lessee was a party reflecting the termination of the Operating Lease and Borrower further agrees to pay Lender's costs and expenses (including, without limitation, reasonable counsel fees) in connection with preparing and reviewing the aforesaid amendment documents, (iv) Borrower shall deliver an Officer's Certificate that all representations and warranties contained herein shall continue to be true as of such release date (except (A) to the extent that any such representations and warranties are only made as of a specific date, and if the facts and circumstances upon which such representations and warranties are based are specific solely to a certain date, in which case confirmation as to truth, completeness and correctness shall be provided as of such specific date or (B) to the extent such representations are no longer true and correct as a result of subsequent events not caused by the actions and/or omissions of a Loan Party and such events did not separately result in a Default or Event of Default under the Loan Documents in which case Borrower shall provide an updated representation or warranty which are reasonably acceptable to Lender and the delivery of such updated representations and warranties in accordance with the terms hereunder shall not constitute a Default or Event of Default, unless such updated representations and warranties shall disclose that a Default or an Event of Default has occurred hereunder or under the other Loan Documents), (v) the Property continues to be operated under the same hotel franchise flag that it operated under immediately prior to such termination pursuant to the existing Franchise Agreement or under another hotel franchise flag pursuant to any replacement Franchise Agreement entered into in accordance with the terms of this Agreement, (vi) the Property is managed by Manager or by a Qualified Manager pursuant to the applicable Management Agreement or a Replacement Management Agreement, and (vii) each Major Lease shall continue according to its terms as a direct lease between Borrower, as landlord, and the lessee thereunder, as tenant, (viii) Lender has received such documents, agreements and opinions of counsel as Lender may reasonably require (including, without limitation, if a Securitization has occurred and to the extent required by the Approved Rating Agencies, a REMIC Opinion), and (ix) if a Securitization has occurred, Borrower shall, if requested by Lender, deliver to Lender a Rating Agency Confirmation from each of the Approved Rating Agencies that such termination shall not result in a downgrade, withdrawal or qualification of the ratings then assigned to the Securities.

ARTICLE VI – INSURANCE; CASUALTY; CONDEMNATION

Section 6.1 Insurance. (c) Borrower shall obtain and maintain, or cause to be obtained and maintained, insurance for Borrower and the Property providing at least the following coverages:

(xvii) comprehensive all risk "special form" insurance including, but not limited to, loss caused by any type of windstorm or hail on the Improvements and the Personal Property, (A) in an amount equal to one hundred percent (100%) of the "**Full Replacement Cost**," which for purposes of this Agreement shall mean actual replacement value (exclusive of costs of excavations, foundations, underground utilities and footings) with a waiver of depreciation; (B) containing an agreed amount endorsement with respect to the Improvements and Personal Property waiving all co-insurance provisions or to be written on a no co-insurance form; (C) providing for no deductible in excess of $25,000.00 for all such insurance coverage; provided however with respect to windstorm and earthquake coverage, providing for a deductible satisfactory to Lender in its sole discretion; and (D) if any of the Improvements or the use of the Property shall at any time constitute legal non-conforming structures or uses, coverage for loss due to operation of law in an amount equal to the full Replacement Cost, and coverage for demolition costs and coverage for increased costs of construction in amounts acceptable to Lender. In addition, Borrower shall obtain: (y) if any portion of the Improvements is currently or at any time in the future located in a federally designated "special flood hazard area", flood hazard insurance in an amount equal to (1) the maximum amount of such insurance available under the National Flood Insurance Act of 1968, the Flood Disaster Protection Act of 1973 or the National Flood Insurance Reform Act of 1994, as each may be amended plus (2) such greater amount as Lender shall require, and (z) earthquake insurance in amounts and in form and substance satisfactory to Lender in the event the Property is located in an area with a high degree of seismic activity; provided that the insurance pursuant to clauses (y) and (z) hereof shall be on terms consistent with the comprehensive all risk insurance policy required under this subsection (i);

(xviii) business income or rental loss insurance (A) with loss payable to Lender; (B) covering all risks required to be covered by the insurance provided for in Section 6.1(a)(i) above; (C) in an amount equal to one hundred percent (100%) of the projected gross revenues from the operation of the Property (as reduced to reflect expenses not incurred during a period of Restoration) for a period of at least twenty-four (24) months after the date of the Casualty; and (D) containing an extended period of indemnity endorsement which provides that after the physical loss to the Improvements and Personal Property has been repaired, the continued loss of income will be insured until such income either returns to the same level it was at prior to the loss, or the expiration of six (6) months from the date that the Property is repaired or replaced and operations are resumed, whichever first occurs, and notwithstanding that the policy may expire prior to the end of such period. The amount of such business income or rental loss insurance shall be determined prior to the date hereof and at least once each year thereafter based on Borrower's reasonable estimate of the gross revenues from the Property for the succeeding twelve (12) month period. Notwithstanding the provisions of Section 2.7.1 hereof, all proceeds payable to Lender

pursuant to this subsection shall be held by Lender and shall be applied to the obligations secured by the Loan Documents from time to time due and payable hereunder and under the Note and after payment of all such obligations during the Restoration, any excess amounts to be applied to payment of Operating Expenses during a Restoration; provided, however, that nothing herein contained shall be deemed to relieve Borrower of its obligations to pay the obligations secured by the Loan Documents on the respective dates of payment provided for in this Agreement and the other Loan Documents except to the extent such amounts are actually paid out of the proceeds of such business income insurance;

(xix) at all times during which structural construction, repairs or alterations are being made with respect to the Improvements, and only if the property and liability coverage forms do not otherwise apply, (A) commercial general liability and umbrella/excess liability insurance, covering claims related to the structural construction, repairs or alterations being made at the Individual Property which are not covered by or under the terms or provisions of the below mentioned commercial general liability and umbrella/excess liability insurance policies and (B) the insurance provided for in Section 6.1(a)(i) above written in a so-called builder's risk completed value form (1) on a non-reporting basis, (2) against all risks insured against pursuant to Section 6.1(a)(i) above, (3) including permission to occupy the Property and (4) with an agreed amount endorsement waiving co-insurance provisions;

(xx) comprehensive boiler and machinery insurance, if steam boilers or other pressure-fixed vessels are in operation, in amounts as shall be reasonably required by Lender on terms consistent with the commercial property insurance policy required under subsection (i) above;

(xxi) commercial general liability, including liquor liability, insurance against claims for personal injury, bodily injury, death or property damage occurring upon, in or about the Property, such insurance (A) to be on the so-called "occurrence" form with a combined limit of not less than $2,000,000.00 in the aggregate and $1,000,000.00 per occurrence with a deductible no greater than $50,000.00; (B) to continue at not less than the aforesaid limit until required to be changed by Lender in writing by reason of changed economic conditions making such protection inadequate and (C) to cover at least the following hazards: (1) premises and operations; (2) products and completed operations on an "if any" basis; (3) independent contractors; (4) contractual liability for all written contracts and (5) contractual liability covering the indemnities contained in Article 9 of the Mortgage to the extent the same is available;

(xxii) if applicable, commercial automobile liability coverage for all owned and non-owned vehicles, including rented and leased vehicles containing minimum limits per occurrence of $1,000,000.00;

(xxiii) if applicable, worker's compensation and employee's liability subject to the worker's compensation laws of the State;

(xxiv) umbrella and excess liability insurance in an amount not less than $100,000,000.00 per occurrence on terms consistent with the commercial general liability insurance policy required under Section 6.1(a)(v) above, including, but not limited to, supplemental coverage for employer liability and automobile liability, if applicable, which umbrella liability coverage shall apply in excess of such supplemental coverage;

(xxv) the insurance required under this Section 6.1(a) (i), (ii), (v) and (viii) above shall cover perils of terrorism and acts of terrorism and Borrower shall maintain insurance for loss resulting from perils and acts of terrorism on terms (including amounts) consistent with those required under Section 6.1(a) (i), (ii), (v) and (viii) above at all times during the term of the Loan, provided, that Borrower shall not be required to spend more than two times the cost of the premiums paid by Borrower for the property and casualty insurance required to be maintained hereunder as of the Closing Date for the coverage required under this Section 6.1(a)(ix);

(xxvi) crime coverage in amounts acceptable to Lender;

(xxvii) employment practices liability in amounts acceptable to Lender; and

(xxviii) upon sixty (60) days' written notice, such other reasonable insurance, including, but not limited to, sinkhole or land subsidence insurance, and in such reasonable amounts as Lender from time to time may reasonably request against such other insurable hazards which at the time are commonly insured against for property similar to the Property located in or around the region in which the Property is located.

(d) All insurance provided for in Section 6.1(a) hereof, shall be obtained under valid and enforceable policies (collectively, the "**Policies**" or in the singular, the "**Policy**"), and shall be subject to the approval of Lender as to insurance companies, amounts, deductibles, loss payees and insureds. The Policies shall be issued by financially sound and responsible insurance companies authorized to do business in the State and having a rating of "A:VIII" or better in the current Best's Insurance Reports and a claims paying ability rating of "A-" or better by at least two (2) of the Approved Rating Agencies including, (i) S&P, (ii) Fitch, and (iii) Moody's, except for those certain Policies in effect as of the date hereof which are issued by Liberty Mutual Insurance Company, Landmark American Insurance Company and Pennsylvania Manufacturers' Association Insurance Company, which Borrower shall not be required to replace until the expiration of the current term thereof in December 2014, provided, that all such replacement Policies shall comply with the provisions hereunder]. The Policies described in Section 6.1 hereof (other than those strictly limited to liability protection) shall designate Lender as loss payee. Not less than ten (10) days prior to the expiration dates of the Policies theretofore furnished to Lender, certificates of insurance evidencing the Policies, to be followed by complete copies of the Policies upon issuance, accompanied by evidence satisfactory to Lender of payment of the premiums due thereunder (the "**Insurance Premiums**"), shall be delivered by Borrower to Lender. Borrower shall promptly forward to Lender a copy of each written notice received by Borrower of any modification, reduction or cancellation of any of the Policies or of any of the coverages afforded under any of the Policies. Borrower shall be permitted to pay the

Insurance Premiums for the liability policies described in Section 6.1(a)(v) above on installments directly to the insurance companies, provided Borrower shall furnish to Lender, within fifteen (15) days of request, proof of payment of such installments.

(e) Any blanket insurance Policy shall specifically allocate to the Property the amount of coverage from time to time required hereunder or shall otherwise provide the same protection as would a separate Policy insuring only the Property in compliance with the provisions of Section 6.1(a) hereof.

(f) All Policies provided for or contemplated by Section 6.1(a) hereof, shall name Borrower as a named insured and, with respect to liability policies, except for the Policies referenced in Section 6.1(a)(vi) and (vii) of this Agreement, shall name Lender and its successors and/or assigns as an additional insured, as their respective interests may appear, and in the case of property policies, including but not limited to terrorism, boiler and machinery, flood and earthquake insurance, shall contain a standard non-contributing mortgagee clause in favor of Lender providing that the loss thereunder shall be payable to Lender.

(g) All Policies shall contain clauses or endorsements to the effect that:

(i) no act or negligence of Borrower, or anyone acting for Borrower or of any Tenant or other occupant, or failure to comply with the provisions of any Policy, which might otherwise result in a forfeiture of the insurance or any part thereof, or foreclosure or similar action, shall in any way affect the validity or enforceability of the insurance insofar as Lender is concerned;

(ii) the Policy shall not be canceled without at least thirty (30) days written notice (or ten (10) days' written notice, in the case of non-payment of premium) to Lender and any other party named therein as an additional insured;

(iii) the issuers thereof shall give written notice to Lender if the issuers elect not to renew prior to its expiration; and

(iv) Lender shall not be liable for any Insurance Premiums thereon or subject to any assessments thereunder.

(h) If Borrower fails to provide or cause to be provided to Lender within five (5) Business Days of Lender's written request certificates evidencing that all insurance required hereunder is in full force and effect, or at any time Lender deems necessary to avoid the lapse of any insurance coverage required hereunder (regardless of prior notice to Borrower), Lender shall have the right to obtain any such insurance coverage and all premiums incurred by Lender in connection with obtaining such insurance and keeping it in effect shall be paid by Borrower to Lender within ten (10) days of demand and, until paid, shall be secured by the Mortgage and shall bear interest at the Default Rate.

Section 6.2 Casualty. If the Property shall be damaged or destroyed, in whole or in part, by fire or other casualty (a "**Casualty**"), and such Casualty has caused damage which, in Borrower's reasonable estimation is in excess of $100,000, Borrower shall give prompt written notice of such damage to Lender and shall promptly commence and diligently prosecute, or cause to be promptly commenced and diligently prosecuted, the completion of the Restoration of the Property, subject to applicable zoning laws in effect at the time of such Restoration, to as nearly as possible to the condition the Property was in immediately prior to such Casualty, with such alterations as may be permitted or otherwise reasonably approved by Lender, and otherwise in accordance with Section 6.4 hereof. Borrower shall pay or cause to be paid all costs of such Restoration whether or not such costs are covered by insurance; provided, however, that any Insurance Proceeds received by Lender in respect of such damage or destruction which are to be made available to Borrower pursuant to Section 6.4 below to pay the costs of such Restoration shall be disbursed to Borrower upon satisfaction and in accordance with the of terms and conditions set forth in Section 6.4 hereof. Lender shall be entitled (but not obligated) to submit a proof of loss with respect to such Casualty to each applicable insurance company in the event Borrower shall not have submitted a proof of loss, or otherwise presented a claim sufficient to satisfy the requirements of the applicable insurance Policy, on or before that date which is thirty (30) days prior to the deadline for submitting such proof of loss or other claim under the terms of the applicable insurance Policy. In addition, Lender may participate in any settlement discussions with any insurance companies (and shall approve the final settlement, which approval shall not be unreasonably withheld or delayed) with respect to any Casualty in which the Net Proceeds or the costs of completing the Restoration are equal to or greater than One Million and 00/100 Dollars ($1,000,000.00) and upon request of Lender, Borrower shall deliver or caused to be delivered to Lender all instruments reasonably required by Lender to permit such participation.

Section 6.3 Condemnation. (a) Borrower shall promptly give Lender notice of the actual or threatened (in writing) commencement of any proceeding for the Condemnation of the Property and shall deliver to Lender copies of any and all papers served in connection with such proceedings. Lender may participate in any such proceedings, and Borrower shall from time to time deliver to Lender all instruments reasonably requested by it to permit such participation. Borrower or Operating Lessee shall, at its expense, diligently prosecute any such proceedings, and shall consult with Lender, its attorneys and experts, and cooperate with them in the carrying on or defense of any such proceedings. Notwithstanding any taking by any public or quasi-public authority through Condemnation or otherwise (including, but not limited to, any transfer made in lieu of or in anticipation of the exercise of such taking), Borrower shall continue to pay the Debt at the time and in the manner provided for its payment in the Note and in this Agreement and the Debt shall not be reduced until any Award shall have been actually received and applied by Lender, after the deduction of expenses of collection, to the reduction or discharge of the Debt in accordance with Section 2.4.2. Lender shall not be limited to the interest paid on the Award by the condemning authority but shall be entitled to receive out of the Award interest at the rate or rates provided herein or in the Note. If the Property or any portion thereof is taken by a condemning authority, Borrower shall, promptly commence and diligently prosecute, or cause to be promptly commenced and diligently prosecuted, the Restoration of the Property, subject to the applicable zoning laws in effect at the time of such Restoration, to as nearly as possible to the condition the Property was in immediately prior to such Condemnation, with such alterations as may be permitted or otherwise

reasonably approved by Lender, and otherwise in accordance with Section 6.4 hereof; provided, however, that Borrower shall be entitled to receive any Condemnation Proceeds received by Lender with respect to such Condemnation subject to satisfaction of and in accordance with the terms and conditions set forth in Section 6.4 hereof. If the Property is sold, through foreclosure or otherwise, prior to the receipt by Lender of the Award, Lender shall have the right, whether or not a deficiency judgment on the Note shall have been sought, recovered or denied, to receive the Award, and to apply the Condemnation Proceeds to payment of the Debt.

(b) Notwithstanding anything to the contrary contained herein or in any other Loan Document, if the Loan or any portion thereof is included in a REMIC Trust and, immediately following a release of any portion of the Lien of the Mortgage in connection with a Condemnation of the Property (but taking into account any proposed Restoration on the remaining portion of the Property), the Loan-to-Value Ratio is greater than 125%, the principal balance of the Loan must be prepaid down by an amount not less than the least of the following amounts (in each case without penalty or premium): (i) the Condemnation Proceeds, (ii) the fair market value of the released property at the time of the release, or (iii) an amount such that the Loan-to-Value Ratio does not increase after the release, unless Lender receives an opinion of counsel that if such amount is not paid, the Securitization will not fail to maintain its status as a REMIC Trust as a result of the related release of such portion of the Lien of the Mortgage. Any such prepayment shall be deemed a voluntary prepayment and shall be subject to Section 2.4.1 hereof (other than the requirements to prepay the Debt in full and provide thirty (30) days' notice to Lender), provided, that no prepayment made pursuant to this Section 6.3(b) shall be subject to the Yield Maintenance Premium.

Section 6.4 Restoration. The following provisions shall apply in connection with the Restoration of the Property:

(a) If the Net Proceeds shall be less than Three Million Five Hundred Thirty Thousand and No/100 Dollars ($3,530,000.00) and the costs of completing the Restoration shall be less than Three Million Five Hundred Thirty Thousand and No/100 Dollars ($3,530,000.00), the Net Proceeds will be disbursed by Lender to Borrower upon receipt, provided that all of the conditions set forth in Section 6.4(b)(i) are met and Borrower delivers to Lender a written undertaking to expeditiously commence and to satisfactorily complete with due diligence (subject to Force Majeure delays) the Restoration in accordance with the terms of this Agreement.

(b) If the Net Proceeds are equal to or greater than Three Million Five Hundred Thirty Thousand and No/100 Dollars ($3,530,000.00) or the costs of completing the Restoration is equal to or greater than Three Million Five Hundred Thirty Thousand and No/100 Dollars ($3,530,000.00), Lender shall make such Net Proceeds available to Borrower or, if directed by Borrower, to Operating Lessee, for the Restoration in accordance with the provisions of this Section 6.4. The term "**Net Proceeds**" shall mean: (i) the net amount of all insurance proceeds received by Lender pursuant to Section 6.1(a)(i), (iv), (vi), (vii), (viii) and (ix) as a result of such damage or destruction to the Property, after deduction of reasonable

costs and expenses incurred by Borrower, Operating Lessee or Lender (including, but not limited to, reasonable counsel fees), if any, in collecting same ("**Insurance Proceeds**"), or (ii) the net amount of the Award for the Property, after deduction of reasonable costs and expenses incurred by Borrower, Operating Lessee or Lender (including, but not limited to, reasonable counsel fees), if any, in collecting same ("**Condemnation Proceeds**"), whichever the case may be.

(i) The Net Proceeds shall be made available to Borrower or, if directed by Borrower, to Operating Lessee, for Restoration provided that each of the following conditions is met:

(A) no Event of Default shall have occurred and be continuing;

(B) (1) in the event the Net Proceeds are Insurance Proceeds, less than twenty-five percent (25%) of the total floor area of the Improvements on the Property has been damaged, destroyed or rendered unusable as a result of such Casualty or (2) in the event the Net Proceeds are Condemnation Proceeds, less than ten percent (10%) of the land constituting the Property is taken, and such land is located along the perimeter or periphery of the Property, and no portion of the Improvements is located on such land;

(C) [intentionally omitted];

(D) Borrower shall commence or cause to be commenced the Restoration as soon as reasonably practicable (but in no event later than sixty (60) days after such Casualty or Condemnation, whichever the case may be, occurs) and shall diligently pursue the same to satisfactory completion (subject to Force Majeure delays) in compliance with all applicable Legal Requirements and in accordance with the terms and conditions of the Franchise Agreement, provided, that for purposes of this clause (D) the filing of an application for any building permits required for the commencement of the Restoration shall be deemed to be commencement of the Restoration, provided Borrower promptly commences work thereafter and diligently proceeds to the completion of such Restoration;

(E) Lender shall be reasonably satisfied that any operating deficits, including all scheduled payments of principal and interest under the Note, which will be incurred with respect to the Property as a result of the occurrence of any such Casualty or Condemnation, whichever the case may be, will be covered out of (1) the Net Proceeds, (2) insurance coverage referred to in Section 6.1(a)(ii) hereof, if applicable, or (3) by other funds of Borrower;

(F) Lender shall be reasonably satisfied that the Restoration will be completed (subject to non-material punchlist items reasonably acceptable to Lender) and open for business on or before the earliest to occur of (1) six (6) months prior to the Maturity Date, (2) eighteen (18) months after the occurrence of such Casualty or Condemnation, (3) the date required for such completion pursuant to the Franchise

Agreement, (4) such time as may be required under applicable Legal Requirements, in order to repair and restore the Property, subject to the applicable zoning laws in effect at the time of such Restoration, as nearly as possible to the condition the Property was in immediately prior to such Casualty or Condemnation, or (5) the expiration of the insurance coverage referred to in Section 6.1(a)(ii) hereof;

(G) the Property and the use thereof after the Restoration will be in compliance with and permitted under all applicable Legal Requirements (including as a legal non-conforming use);

(H) the Restoration shall be done and completed by Borrower in an expeditious and diligent fashion (subject to Force Majeure) and in compliance with all applicable Legal Requirements;

(I) such Casualty or Condemnation, as applicable, does not result in the loss of access to the Property or the Improvements;

(J) the reasonably estimated Debt Yield for the Property, after giving effect to the Restoration, shall be equal to or greater than 9.0%;

(K) Borrower shall deliver, or cause to be delivered, to Lender a signed detailed budget approved in writing by Borrower's architect or engineer stating the entire cost of completing the Restoration, which budget shall be reasonably acceptable to Lender; and

(L) the Net Proceeds together with any cash or cash equivalent deposited by Borrower with Lender are sufficient in Lender's reasonable discretion to cover the cost of the Restoration.

(ii) The Net Proceeds shall be held by Lender in an interest-bearing Eligible Account, with such interest to be for the benefit of Borrower, and, until disbursed in accordance with the provisions of this Section 6.4(b), shall constitute additional security for the Debt and Other Obligations under the Loan Documents. The Net Proceeds shall be disbursed by Lender to, or as directed by, Borrower from time to time during the course of the Restoration, upon receipt of evidence satisfactory to Lender that (A) all materials installed and work and labor performed (except to the extent that they are to be paid for out of the requested disbursement or from any Casualty Retainage in connection with the Restoration) have been paid for in full or will be paid following such disbursement, and (B) there exist no notices of pendency, stop orders, mechanic's or materialman's liens or notices of intention to file same, or any other Liens on the Individual Property, other than Liens being contested pursuant to Section 5.2.2 hereof, which have not been either fully bonded to the reasonable satisfaction of Lender and discharged of record or in the alternative, fully insured to the reasonable satisfaction of Lender by the title company issuing the Title Insurance Policy.

(iii) All plans and specifications required in connection with the Restoration, the cost of which is reasonably estimated by Lender to be greater than $750,000.00, shall be subject to prior review and acceptance in all material respects by Lender, which acceptance shall not be unreasonably withheld and by an independent consulting engineer selected by Lender and approved by Borrower, such approval not to be unreasonably withheld, conditioned or delayed (the "**Casualty Consultant**"). Lender shall have the use of the plans and specifications and all permits, licenses and approvals required or obtained in connection with the Restoration. The identity of the contractors, subcontractors and materialmen engaged in the Restoration, for contracts equal to or greater than $250,000.00, as well as the contracts under which they have been engaged, shall be subject to prior review and acceptance by Lender and the Casualty Consultant, which acceptance shall not be unreasonably withheld, conditioned or delayed. All reasonable out-of-pocket costs and expenses incurred by Lender in connection with making the Net Proceeds available for the Restoration, including, without limitation, reasonable counsel fees and disbursements and the fees of the Casualty Consultant, if any, shall be paid by Borrower.

(iv) In no event shall Lender be obligated to make disbursements of the Net Proceeds in excess of an amount equal to the costs actually incurred from time to time for work in place as part of the Restoration, as certified by the Casualty Consultant, minus the Casualty Retainage. The term "**Casualty Retainage**" shall mean an amount equal to ten percent (10%), of the direct construction "hard" costs actually incurred for work in place as part of the Restoration, as certified by the Casualty Consultant, until the Restoration has been completed; provided, however, that after completion of fifty percent (50%) of the Restoration, "Casualty Retainage" shall mean an amount equal to five percent (5%) of the costs actually incurred for work in place as part of the Restoration, as certified by the Casualty Consultant, until Restoration has been completed. The Casualty Retainage shall in no event, and notwithstanding anything to the contrary set forth above in this Section 6.4(b), be less than the amount actually held back by Borrower or Operating Lessee, as applicable, from contractors, subcontractors and materialmen engaged in the Restoration. The Casualty Retainage shall not be released until the Casualty Consultant certifies to Lender that the Restoration has been completed in accordance with the provisions of this Section 6.4(b) and that all approvals necessary for the re-occupancy and use of the Property have been obtained from all appropriate Governmental Authorities, and Lender receives evidence reasonably satisfactory to Lender that the costs of the Restoration have been paid in full or will be paid in full out of the Casualty Retainage; provided, however, that Lender will release the portion of the Casualty Retainage being held with respect to any contractor, subcontractor or materialman engaged in the Restoration as of the date upon which the Casualty Consultant certifies to Lender that such contractor, subcontractor or materialman has satisfactorily completed all work (other than minor punch-list items reasonably acceptable to Lender) and has supplied all materials in accordance with the provisions of such contractor's, subcontractor's or materialman's contract, and such contractor, subcontractor or materialman delivers the lien waivers and evidence of payment in full of all sums due to the contractor, subcontractor or materialman as may be reasonably requested by Lender or by the title company issuing the Title Insurance Policy, and Lender receives an endorsement to the Title Insurance Policy, if available, insuring the continued priority of the Lien of the

Mortgage and evidence of payment of any premium payable for such endorsement. If required by Lender, the release of any such portion of the Casualty Retainage shall be approved by the surety company, if any, which has issued a payment or performance bond with respect to such contractor, subcontractor or materialman.

(v) Lender shall not be obligated to make disbursements of the Net Proceeds more frequently than once every calendar month.

(vi) If at any time the Net Proceeds or the undisbursed balance thereof shall not, in the reasonable opinion of Lender in consultation with the Casualty Consultant, if any, be sufficient to pay in full the balance of the costs which are estimated by the Casualty Consultant to be incurred in connection with the completion of the Restoration, Borrower shall deposit or cause to be deposited the amount of the deficiency (the "**Net Proceeds Deficiency**") in cash or in the form of a Letter of Credit with Lender before any further disbursement of the Net Proceeds shall be made. The Net Proceeds Deficiency deposited with Lender shall be held by Lender and shall be disbursed for costs actually incurred in connection with the Restoration on the same conditions applicable to the disbursement of the Net Proceeds, and until so disbursed pursuant to this Section 6.4(b) shall constitute additional security for the Debt and Other Obligations under the Loan Documents.

(vii) The excess, if any, of the Net Proceeds and the remaining balance, if any, of the Net Proceeds Deficiency deposited with Lender after the Casualty Consultant certifies to Lender that the Restoration has been completed in accordance with the provisions of this Section 6.4(b), and the receipt by Lender of evidence reasonably satisfactory to Lender that all costs incurred in connection with the Restoration have been paid in full, shall be remitted by Lender to or as directed by Borrower, provided that no Event of Default shall have occurred and shall be continuing under the Note, this Agreement or any of the other Loan Documents.

(c) All Net Proceeds not required (i) to be made available for the Restoration or (ii) to be returned to or as directed by Borrower as excess Net Proceeds pursuant to Section 6.4(b)(vii) hereof may be retained and applied by Lender toward the payment of the Debt in accordance with Section 2.4.2 hereof in such order, priority and proportions as Lender in its sole discretion shall deem property, or, at the discretion of Lender, the same may be paid, either in whole or in part, to Borrower for such purposes as Lender shall approve, in its reasonable discretion. If Lender shall receive and retain Net Proceeds, the Lien of the Security Instruments shall be reduced only by the amount thereof received and retained by Lender and actually applied by Lender in reduction of the Debt pursuant to Section 2.4.2 hereof.

(d) In the event of foreclosure of the Mortgage, or other transfer of title to the Property in extinguishment in whole or in part of the Debt all right, title and interest of Borrower in and to the Policies that are not blanket Policies then in force concerning the Property and all proceeds payable thereunder shall thereupon vest in the purchaser at such foreclosure or Lender or other transferee in the event of such other transfer of title.

ARTICLE VII – RESERVE FUNDS

Section 7.1 Required Repairs.

7.1.4 Deposits. Borrower shall perform or cause to be performed the repairs at the Property, as more particularly set forth on Schedule IV hereto (such repairs hereinafter referred to as "**Required Repairs**"). Borrower shall complete or cause to be completed the Required Repairs on or before the required deadline for each repair as set forth on Schedule IV. It shall be an Event of Default under this Agreement if Borrower does not complete the Required Repairs by the required deadline for each repair as set forth on Schedule IV, provided, that if Borrower shall have been unable to complete a Required Repair by the required deadline, after using commercially reasonable efforts to do so, as a result of Force Majeure or a Casualty or Condemnation and provided that the failure to complete such Required Repair does not (i) involve imminent issues relating to protection of human health and safety, (ii) does not endanger any tenant, patron or other occupant of the Property or the general public and (iii) does not materially and adversely affect the value of the Property or result in a default by Borrower or any other Loan Party under the Franchise Agreement or Management Agreement, the required deadline shall be automatically extended solely as to such Required Repair to permit Borrower to complete such Required Repair so long as Borrower is at all times thereafter diligently and expeditiously proceeding to complete the same (provided that such additional period shall not exceed ninety (90) days in respect of any Required Repair). Upon the occurrence and during the continuance of an Event of Default, Lender, at its option, but without any obligation to do so, may complete (or cause to be completed) the Required Repairs at the Property. Lender's right to complete (or cause to be completed) the Required Repairs shall be in addition to all other rights and remedies provided to Lender under this Agreement and the other Loan Documents.

7.1.5 Completion of Required Repairs. Borrower shall complete (or cause to be completed) all Required Repairs at the Property in a good and workmanlike manner and, to Borrower's knowledge, in accordance with all applicable Legal Requirements, subject to the applicable terms of this Agreement. At Lender's request, in connection with any Required Repair having an aggregate cost of $50,000.00 or greater, Borrower shall deliver to Lender, (a) full lien waivers from all parties furnishing materials and/or services in connection with the completed Required Repairs, or other evidence of payment satisfactory to Lender, (b) a title search for the Property indicating that the Property is free from all liens, claims and other encumbrances not previously approved by Lender (other than Permitted Encumbrances) and (c) such other evidence as Lender shall reasonably request that the Required Repairs at the Property to be funded by the requested disbursement have been completed and are paid for.

Section 7.2 Tax and Insurance Escrow Fund. Borrower shall pay to Lender (a) on the Closing Date an initial deposit and (b) on each Payment Date thereafter an amount equal to (i) one-twelfth (1/12) of the Taxes and Other Charges that Lender reasonably estimates will be payable during the next ensuing twelve (12) months in order to accumulate with Lender sufficient funds to pay all such Taxes and Other Charges at least thirty (30) days prior to their respective due dates, and (ii) one-twelfth (1/12) of the Insurance Premiums that Lender reasonably estimates will be payable for the renewal of the coverage afforded by the Policies upon the expiration thereof in

order to accumulate with Lender sufficient funds to pay all such Insurance Premiums at least thirty (30) days prior to the expiration of the Policies (other than any Insurance Premiums for the Policies required to be maintained under Sections 6.1(a)(v) and (vii) above, so long as such insurance coverage for the Property is provided and paid for by Manager under a blanket policy reasonably acceptable to Lender insuring substantially all of the real property managed by Manager) (said amounts in (a) and (b) above hereinafter called the "**Tax and Insurance Escrow Fund**"). Lender will apply the Tax and Insurance Escrow Fund to payments of Taxes and Insurance Premiums required to be made by Borrower pursuant to Section 5.1.2 hereof and under the Mortgage. In making any payment relating to the Tax and Insurance Escrow Fund, Lender may do so according to any bill, statement or estimate procured from the appropriate public office (with respect to Taxes) or insurer or agent (with respect to Insurance Premiums), without inquiry into the accuracy of such bill, statement or estimate or into the validity of any tax, assessment, sale, forfeiture, tax lien or title or claim thereof. If the amount of the Tax and Insurance Escrow Fund shall exceed the amounts due for Taxes and Other Charges and Insurance Premiums pursuant to Section 5.1.2 hereof, Lender shall, return any excess to Borrower or credit such excess against future payments to be made to the Tax and Insurance Escrow Fund. If at any time Lender reasonably determines that the Tax and Insurance Escrow Fund is not or will not be sufficient to pay Taxes and Other Charges and Insurance Premiums by the dates set forth in (a) and (b) above, Lender shall notify Borrower of such determination and Borrower shall increase its monthly payments to Lender by the amount that Lender estimates is sufficient to make up the deficiency at least thirty (30) days prior to the due date of the Taxes and Other Charges and/or thirty (30) days prior to expiration of the Policies, as the case may be. Any amount remaining in the Tax and Insurance Escrow Fund after the Debt has been paid in full shall be disbursed in accordance with Section 7.7(g) hereof.

Section 7.3 Replacements and Replacement Reserve.

7.3.2 Replacement Reserve Fund. Borrower shall pay to Lender (a) on the Closing Date an initial deposit of $44,356.63 and (b) on each Payment Date the Replacement Reserve Monthly Deposit, for the payment of FF&E Expenditures (collectively, the "**Replacements**"). Amounts so deposited shall hereinafter be referred to as Borrower's "**Replacement Reserve Fund**" and the account in which such amounts are held shall hereinafter be referred to as the "**Replacement Reserve Account**". Any amount remaining in the Replacement Reserve Account after the Debt has been paid in full shall be disbursed in accordance with Section 7.7(g) hereof.

7.3.3 Disbursements from Replacement Reserve Account. (a) Lender shall make disbursements from the Replacement Reserve Account as requested by Borrower to pay FF&E Expenditures consistent with the Annual Budget or Approved Annual Budget as applicable, no more frequently than once in any thirty (30) day period of no less than $5,000 upon delivery by Borrower of Lender's standard form of draw request accompanied by copies of paid invoices for the amounts requested and, if required by Lender for requests in excess of $50,000 for a single item, lien waivers and releases (for the work invoiced for) from all parties furnishing materials and/or services in connection with the requested payment. Except as may be approved by Lender, each request for disbursement from the applicable Replacement Reserve Account shall be made only after completion of the Replacement for which disbursement is requested. Borrower shall provide Lender evidence of completion of the subject Replacement or portion thereof reasonably satisfactory to

Lender in its reasonable judgment. Any lien waiver delivered hereunder shall conform to the requirements of applicable law and shall cover all work performed and materials supplied (including equipment and fixtures) by that contractor, supplier, subcontractor, mechanic or materialman through the date covered by the current reimbursement request.

7.3.4 Performance of Replacements, Capital Expenditures and PIP Expenses. (a) Borrower shall make Replacements when required in order to keep the Property in condition and repair consistent with the requirements of the Franchise Agreement and to keep the Property or any portion thereof from deteriorating (other than ordinary wear and tear). Borrower shall complete all Replacements in good and workmanlike manner and in accordance with all applicable building codes, rules and regulations in all material respects.

(b) If reasonably determined to be necessary by Lender in connection with any disbursement in excess of $1,000,000, Lender may require an inspection of the Property at Borrower's expense prior to making such monthly disbursement from the Replacement Reserve Account in order to verify completion of the Replacements for which reimbursement is sought.

(c) In addition to any insurance required under the Loan Documents, Borrower shall provide or cause to be provided workmen's compensation insurance, builder's risk, and public liability insurance and other insurance to the extent required under applicable law in connection with a particular Replacement, Capital Expenditure or PIP Expense. All such policies shall be in form and amount reasonably satisfactory to Lender. All such policies which can be endorsed with standard mortgagee clauses making loss payable to Lender or its assigns shall be so endorsed and upon written request, copies of such policies shall be delivered to Lender.

(d) Upon the occurrence and during the continuance of an Event of Default, Borrower constitutes and appoints Lender its true and lawful attorney in fact with full power of substitution to complete or undertake any Replacements, PIP Expenses or Capital Expenditures in the name of Borrower, which shall empower said attorney in fact as follows: (i) to make such additions, changes and corrections to such Replacements as shall be necessary or desirable to complete such Replacements, PIP Expenses or Capital Expenditures; (ii) to employ such contractors, subcontractors, agents, architects and inspectors as shall be required for such purposes; (iii) to pay, settle or compromise all existing bills and claims which are or may become Liens against the Property, or as may be necessary or desirable for the completion of such Replacements, or for clearance of title; (iv) to execute all applications and certificates in the name of Borrower which may be required by any of the contract documents; (v) to prosecute and defend all actions or proceedings in connection with the Property or the rehabilitation and repair of the Property and (vi) to do any and every act which Borrower might do in its own behalf to fulfill the terms of this Agreement. Such power of attorney shall be deemed to be a power coupled with an interest and cannot be revoked.

7.3.5 Balance in the Replacement Reserve Account. The insufficiency of any balance in the Replacement Reserve Account shall not relieve Borrower from its obligation to preserve and maintain the Property in accordance with the terms of the Loan Documents.

Section 7.4 CapEx Reserve.

7.4.4 Deposits to CapEx Reserve Fund. During any CapEx Cash Sweep Period, Borrower shall deposit or cause to be deposited with Lender all CapEx Excess Cash Flow (subject to the limitations set forth in Section 3.4(A)(j) of the Cash Management Agreement), which amount shall be deposited with and held by Lender for the purpose of funding payments of amounts to be paid for PIP Expenses and Capital Expenditures at the Property approved by Lender prior to the Closing Date in connection with the Public Space PIP and the Room/Corridor PIP, or otherwise hereafter approved from time to time by Lender (collectively, the "**Approved PIP Expenses**"). Amounts so deposited shall hereinafter be referred to as the "**CapEx Reserve Fund**" and the account to which such amounts are held shall hereinafter be referred to as the "**CapEx Reserve Account**". Any amount remaining in the CapEx Reserve Account after Borrower delivers to Lender evidence satisfactory to Lender that all the Public Space PIP and Room/Corridor PIP have both been completed in accordance with, and satisfaction of, the terms and provisions of the Franchise Agreement and this Agreement and has been accepted by Franchisor in all respects shall be disbursed in accordance with Section 7.7(g) hereof.

7.4.5 Withdrawal of CapEx Reserve Funds. Lender shall disburse to Borrower, the CapEx Reserve Funds from the CapEx Reserve Account from time to time for any Approved PIP Expenses, upon satisfaction by Borrower of each of the following conditions: (a) Borrower shall submit a written request for payment to Lender at least five (5) Business Days prior to the date on which Borrower requests such payment be made and specifies the Approved PIP Expenses to be paid, (b) on the date such payment is to be made, no Event of Default shall exist and remain uncured, (c) Lender shall have received an Officer's Certificate (i) stating that, to Borrower's knowledge, all Approved PIP Expenses consisting of capital improvements at the Property to be funded by the requested disbursement have been performed in good and workmanlike manner and in accordance with all applicable building codes, rules and regulations in all material respects, (ii) identifying each Person that supplied materials or labor in connection with the Approved PIP Expenses performed at the Property to be funded by the requested disbursement, and (iii) stating that each such Person has been or will be paid amounts then due and payable to such Person in connection with such Approved PIP Expense, with the proceeds of such disbursement, such Officer's Certificate to be accompanied by lien waivers for such Approved PIP Expense to the extent applicable to the item of Approved PIP Expense in question or other evidence of payment satisfactory to the Lender. Borrower shall not make a request for disbursement from the CapEx Reserve Account more frequently than once in any calendar month and (except in connection with the final disbursement) the total cost of all Approved PIP Expenses in any request shall not be less than $25,000.00. Borrower shall or shall cause Operating Lessee to complete all Approved PIP Expenses in a good and workmanlike manner as soon as practicable, subject to Force Majeure delay, following the commencement of making each such Approved PIP Expense.

Section 7.5 Reserved.

Section 7.6 Excess Cash Flow Reserve Fund.

7.6.1 Deposits to Excess Cash Flow Reserve Fund. During a Cash Sweep Period, Borrower shall deposit or cause to be deposited with Lender all Excess Cash Flow in the Cash Management Account, which shall be held by Lender as additional security for the Loan in accordance with the terms of the Loan Documents, and amounts so held shall be hereinafter referred to as the "**Excess Cash Flow Reserve Fund**" and the account to which such amounts are held shall hereinafter be referred to as the "**Excess Cash Flow Reserve Account**".

7.6.2 Release of Excess Cash Flow Reserve Funds. Provided that no Event of Default shall have occurred and is continuing, if amounts on deposit in the Excess Cash Flow Reserve Account, would be sufficient to effect a Cash Sweep Event Cure if applied to the outstanding principal balance of the Loan, then within ten (10) days of written request from Borrower for such application, Lender shall disburse an amount from the Excess Cash Flow Reserve Account that when applied by Lender towards the principal balance of the Loan shall cure such Cash Sweep Event. Upon the occurrence of a Cash Sweep Event Cure, all Excess Cash Flow Reserve Funds shall be deposited into the Cash Management Account to be disbursed in accordance with the Cash Management Agreement. Any Excess Cash Flow Reserve Funds remaining after the Debt has been paid in full shall be disbursed in accordance with Section 7.7(g) hereof.

Section 7.7 Reserve Funds, Generally. (a) Borrower grants to Lender a first-priority perfected security interest in each of the Reserve Funds and any and all monies now or hereafter deposited in each Reserve Fund as additional security for payment of the Debt. Until expended or applied in accordance with the terms of this Agreement, the Reserve Funds shall constitute additional security for the Debt.

(b) Upon the occurrence and during the continuance of an Event of Default, Lender may, in addition to any and all other rights and remedies available to Lender, apply any sums then held in any or all of the Reserve Funds to the payment of the Debt in any order in its sole discretion.

(c) The Reserve Funds shall not constitute trust funds and may be commingled with other monies held by Lender. The Reserve Funds shall be held in an Eligible Account in Permitted Investments as directed by Lender or Lender's Servicer. All interest on any Reserve Fund shall be for the benefit of Borrower and added to and become a part of such Reserve Fund and shall be disbursed in the same manner as other monies deposited in such Reserve Fund. Borrower shall be responsible for payment of any federal, state or local income or other tax applicable to the interest earned on the Reserve Funds credited or paid to Borrower.

(d) Borrower shall not, without obtaining the prior written consent of Lender, further pledge, assign or grant any security interest in any Reserve Funds or the monies deposited therein or permit any lien or encumbrance to attach thereto, or any levy to be made

thereon, or any UCC-1 Financing Statements, except those naming Lender as the secured party, to be filed with respect thereto.

(e) Lender and Servicer shall not be liable for any loss sustained on the investment of any funds constituting the Reserve Funds, except to the extent any such loss is incurred as a result of Lender's or Servicer's gross negligence or willful misconduct. Borrower shall indemnify Lender and Servicer and hold Lender and Servicer harmless from and against any and all actual actions, suits, claims, demands, liabilities, losses, damages, obligations and costs and expenses (including litigation costs and reasonable attorneys' fees and expenses) arising from or in any way connected with the Reserve Funds or the performance of the obligations for which the Reserve Funds were established, except to the extent arising from the gross negligence, willful misconduct, fraud or illegal acts of Lender or Servicer. Borrower shall assign to Lender all rights and claims Borrower may have against all persons or entities supplying labor, materials or other services which are to be paid from or secured by the Reserve Funds; provided, however, that Lender may not pursue any such right or claim unless an Event of Default has occurred and remains uncured.

(f) The required monthly deposits into the Reserve Funds and the Monthly Debt Service Payment Amount, shall be added together and shall be paid as an aggregate sum by Borrower to Lender.

(g) Any amount remaining in the Reserve Funds after the Debt has been paid in full shall be paid to Borrower.

ARTICLE VIII – DEFAULTS

Section 8.1 Event of Default. (c) Each of the following events shall constitute an event of default hereunder (an "**Event of Default**"):

(viii) if (A) any Monthly Debt Service Payment Amount is not paid on or before the date it is due, (B) the Debt is not paid in full on the Maturity Date, or (C) any other portion of the Debt (including any deposits to the Reserve Funds) not specified in the foregoing clause (A) or (B) is not paid on or prior to the date when same is due with such failure continuing for five (5) Business Days after notice that the same is due and payable;

(ix) if any of the Taxes or Other Charges are not paid prior to the date such Taxes or Other Charges become delinquent, other than those real property Taxes or Other Charges being contested by Borrower in accordance with Section 5.1.2 and except to the extent that the amount required for payment of such Taxes or Other Charges is on deposit in the Tax and Insurance Escrow Fund on the date that such Taxes or Other Charges are due and payable and Lender is required to use such amounts for the payment of Taxes or Other Changes in accordance with the Loan Documents;

(x) if the Policies are not kept in full force and effect, except to the extent that such failure is caused solely by the failure to pay insurance premiums if the amount required for payment of the premiums therefor is on deposit in the Tax and Insurance Escrow Fund

on the date that such premiums are due and payable and Lender is required to use such amounts for the payment of insurance premiums in accordance with the Loan Documents, or if certificates evidencing such Policies are not delivered to Lender within five (5) Business Days after written request;

(xi) if Borrower or any other Loan Party Transfers or otherwise encumbers any portion of the Property without Lender's prior written consent in violation of the provisions of this Agreement or Section 6.2 of the Mortgage;

(xii) if any representation or warranty made by Borrower or any other Loan Party herein or in any other Loan Document, or in any report, certificate, financial statement or other instrument, agreement or document furnished to Lender by or on behalf of any Loan Party pursuant to or in connection with this Agreement shall have been false or misleading in any material respect as of the date the representation or warranty was made, provided, that, as to any such false or misleading representation or warranty, which was unintentionally submitted to Lender and which is susceptible of being cured, the applicable Loan Party shall have a period of thirty (30) days following written notice thereof to Borrower to cure such representation or warranty;

(xiii) if Borrower or any other Loan Party shall make an assignment for the benefit of creditors;

(xiv) if a receiver, liquidator or trustee shall be appointed for Borrower or any other Loan Party or if Borrower or any other Loan Party shall be adjudicated a bankrupt or insolvent, or if any petition for bankruptcy, reorganization or arrangement pursuant to the Bankruptcy Code, or any similar federal or State law, shall be filed by or against, consented to, or acquiesced in by, Borrower or any other Loan Party, or if any proceeding for the dissolution or liquidation of Borrower or any other Loan Party shall be instituted; provided, however, that if such appointment, adjudication, petition or proceeding was involuntary and not consented to by Borrower upon the same not being discharged, stayed or dismissed within ninety (90) days;

(xv) if Borrower or any other Loan Party attempts to assign its rights under this Agreement or any of the other Loan Documents or any interest herein or therein in contravention of the Loan Documents;

(xvi) if Guarantor or any guarantor or indemnitor under any guaranty or indemnity issued in connection with the Loan shall make an assignment for the benefit of creditors or if a receiver, liquidator or trustee shall be appointed for Guarantor or any guarantor or indemnitor under any guarantee or indemnity issued in connection with the Loan or if Guarantor or such other guarantor or indemnitor shall be adjudicated a bankrupt or insolvent, or if any petition for bankruptcy, reorganization or arrangement pursuant to federal bankruptcy law, or any similar federal or state law, shall be filed by or against, consented to, or acquiesced in by, Guarantor or such other guarantor or indemnitor, or if any proceeding for the dissolution or liquidation of Guarantor or such other guarantor or indemnitor shall be instituted; provided, however, that if such appointment, adjudication,

petition or proceeding was involuntary and not consented to by Guarantor or such other guarantor or indemnitor, upon the same not being discharged, stayed or dismissed within ninety (90) days provided, further, it shall not be an Event of Default under this Section 8.1(a)(ix) if a guarantor, acceptable to Lender in its sole discretion or otherwise expressly permitted under the Loan Documents shall have assumed all of the liabilities and obligations of Guarantor under the Loan Documents executed by Guarantor or executed a replacement guaranty substantially similar to the Guaranty and replacement environmental indemnity substantially similar to the Environmental Indemnity;

(xvii) if Borrower or any other Loan Party breaches (i) any covenant contained in Section 4.1.30 hereof, provided however, that any such breach shall not constitute an Event of Default (A) if such breach is inadvertent and non-recurring, (B) if such breach is curable, if Borrower shall promptly cure such breach within thirty (30) days after such breach occurs, and (C) upon the written request of Lender, if Borrower promptly delivers to Lender an Additional Insolvency Opinion or a modification of the Insolvency Opinion, as applicable, to the effect that such breach shall not in any way impair, negate or amend the opinions rendered in the Insolvency Opinion, which opinion or modification and the counsel delivering such opinion and modification shall be acceptable to Lender in its reasonable discretion, or (ii) any negative covenant contained in Section 5.2 hereof, provided that if such breach (other than a breach of Sections 5.2.3) is non-recurring and is susceptible of cure, it shall not constitute an Event of Default if such breach is cured within thirty (30) days of the occurrence thereof;

(xviii) with respect to any term, covenant or provision set forth herein which specifically contains a notice requirement or grace period, if Borrower or any other Loan Party shall be in default under such term, covenant or condition after the giving of such notice or the expiration of such grace period;

(xix) if any of the assumptions contained in the Insolvency Opinion delivered to Lender in connection with the Loan is as of the date hereof or shall hereafter become untrue or incorrect in any material respect, or any of the assumptions contained in any Additional Insolvency Opinion delivered subsequent to the closing of the Loan is as of the date thereof or shall thereafter become untrue or incorrect in any material respect, provided, that such breach shall not constitute an Event of Default if within ten (10) days of Lender's written request, Borrower delivers to Lender an Additional Insolvency Opinion or a modification of the Insolvency Opinion, as applicable, to the effect that such breach shall not in any way impair, negate or amend the opinions rendered in the Insolvency Opinion, which opinion or modification and the counsel delivering such opinion and modification shall be reasonably acceptable to Lender in its sole discretion (provided, that Hunton & Williams LLP shall be deemed to be acceptable counsel under this clause (xii));

(xx) if a material default by Operating Lessee occurs under the Management Agreement (or any Replacement Management Agreement), is not waived in writing by the Manager and continues beyond any applicable cure period under the Management Agreement (or any Replacement Management Agreement) and if such default permits the

Manager thereunder to terminate or cancel the Management Agreement (or any Replacement Management Agreement), unless Borrower engages a Qualified Manager in accordance with the terms and as required by of Section 5.1.22 within thirty (30) days' notice of such default (subject to the applicable cure period) or the date of such expiration;

(xxi) if Borrower or any other Loan Party shall continue to be in Default under any of the terms, covenants or conditions of Section 9.1 hereof, or fails to cooperate with Lender in connection with a Securitization pursuant to the provisions of Section 9.1 hereof, for five (5) Business Days after notice to Borrower or such other Loan Party from Lender;

(xxii) reserved;

(xxiii) if Borrower or any other Loan Party shall continue to be in Default under any of the other terms, covenants or conditions of this Agreement or any of the other Loan Documents not specified in subsections (i) to (xv) above, for ten (10) days after notice to Borrower or such other Loan Party from Lender, in the case of any Default which can be cured by the payment of a sum of money, or for thirty (30) days after notice from Lender in the case of any other Default; provided, however, that if such non-monetary Default is susceptible of cure but cannot reasonably be cured within such thirty (30) day period and provided further that Borrower or such other Loan Party shall have commenced to cure such Default within such thirty (30) day period and thereafter diligently and expeditiously proceeds to cure the same, such thirty (30) day period shall be extended for such time as is reasonably necessary for Borrower or such Loan Party in the exercise of due diligence to cure such Default, such additional period not to exceed one hundred twenty (120) days;

(xxiv) if there shall be default under any of the other Loan Documents beyond any applicable notice or cure periods contained in such Loan Documents, whether as to Borrower or any Individual Property, or if any other such event shall occur or condition shall exist, if the effect of such default, event or condition is to accelerate the maturity of any portion of the Debt or to permit Lender to accelerate the maturity of all or any portion of the Debt;

(xxv) if a material default by Operating Lessee or Borrower occurs under the Franchise Agreement, is not waived in writing by the Franchisor and continues beyond any applicable cure period under the Franchise Agreement, and if such default permits the Franchisor to terminate or cancel the Franchise Agreement, unless Borrower engages a Qualified Franchisor in accordance with and as required by the terms of Section 5.1.22 within forty-five (45) days of receipt of written notice of such default (subject to the applicable cure period) or the date of such expiration;

(xxvi) if Borrower ceases to operate (or cause to be operated) a hotel at the Property for any reason whatsoever (other than temporary cessation in connection with any Restoration in accordance with the terms of this Agreement following a Casualty or Condemnation, or the replacement of any Franchisor in accordance with this Agreement or if such cessation was approved by Lender in the Approved Annual Budget);

(xxvii) reserved; or

(xxviii) if (A) a material default has occurred under the Operating Lease which is not cured within the applicable cure period under the Operating Lease or waived or which results in a default beyond any applicable notice or grace periods under any Management Agreement or Franchise Agreement, provided, however, that if the default is for the failure to pay rent under the Operating Lease, it shall not be a default until (x) thirty (30) days following the expiration of any applicable cure period under the Operating Lease or (y) such default results in a default under the Management Agreement or Franchise Agreement, it shall not be a default if such Management Agreement is replaced in accordance with clause (xiii) above or such Franchise Agreement is replaced in accordance with clause (xviii) above, (B) the Operating Lease is amended, modified or terminated in violation of the terms of this Agreement, or (C) Borrower fails to enforce the material terms and provisions of the Operating Lease.

(d) Upon the occurrence and during the continuance of an Event of Default (other than an Event of Default described in clauses (vi), (vii) or (viii) above) and at any time thereafter, in addition to any other rights or remedies available to it pursuant to this Agreement and the other Loan Documents or at law or in equity, Lender may take such action, without notice or demand (except for such notice or demand as may be expressly required under the Note, this Agreement, the Mortgage or the other Loan Documents), that Lender deems advisable to protect and enforce its rights against any Loan Party and in and to the Property, including, without limitation, declaring the Debt to be immediately due and payable, and Lender may enforce or avail itself of any or all rights or remedies provided in the Loan Documents against Borrower and any other Loan Party and the Property, including, without limitation, all rights or remedies available at law or in equity; and upon any Event of Default described in clauses (vi), (vii) or (viii) above, the Debt and Other Obligations of Borrower and any other Loan Party hereunder and under the other Loan Documents shall immediately and automatically become due and payable, without notice or demand, and Borrower and each other Loan Party hereby expressly waives any such notice or demand, anything contained herein or in any other Loan Document to the contrary notwithstanding.

Section 8.2 Remedies. (h) Upon the occurrence and during the continuance of an Event of Default, all or any one or more of the rights, powers, privileges and other remedies available to Lender against Borrower and any other Loan Party under this Agreement or any of the other Loan Documents executed and delivered by, or applicable to, Borrower and any other Loan Party or at law or in equity may be exercised by Lender at any time and from time to time, whether or not all or any of the Debt shall be declared due and payable, and whether or not Lender shall have commenced any foreclosure proceeding or other action for the enforcement of its rights and remedies under any of the Loan Documents with respect to all or any part of the Property. Any such actions taken by Lender shall be cumulative and concurrent and may be pursued independently, singularly, successively, together or otherwise, at such time and in such order as Lender may determine in its sole discretion, to the fullest extent permitted by law, without impairing or otherwise affecting the other rights and remedies of Lender permitted by law, equity or contract or as set forth herein or in the other Loan Documents. Without limiting the generality of the foregoing, Borrower

and each other Loan Party agrees that if an Event of Default is continuing (i) Lender is not subject to any "one action" or "election of remedies" law or rule, to the extent such law or rule may be waived by a Borrower and each other Loan Party and (ii) all liens and other rights, remedies or privileges provided to Lender shall remain in full force and effect until Lender has exhausted all of its remedies against the Property and each Mortgage has been foreclosed, sold and/or otherwise realized upon in satisfaction of the Debt or the Debt has been paid in full.

(i) With respect to Borrower, each other Loan Party and the Property, nothing contained herein or in any other Loan Document shall be construed as requiring Lender to resort to the Property for the satisfaction of any of the Debt in any preference or priority to any other collateral for the Loan, and Lender may seek satisfaction out of the Property, or any part thereof, in its absolute discretion in respect of the Debt. In addition, Lender shall have the right from time to time to partially foreclose the Mortgage in any manner and for any amounts secured by the Mortgage then due and payable as determined by Lender in its sole discretion including, without limitation, the following circumstances: (i) in the event Borrower or any other Loan Party defaults beyond any applicable grace period in the payment of one or more scheduled payments of interest, Lender may foreclose the Mortgage to recover such delinquent payments or (ii) in the event Lender elects to accelerate less than the entire outstanding principal balance of the Loan, Lender may foreclose the Mortgage to recover so much of the principal balance of the Loan as Lender may accelerate and such other sums secured by the Mortgage as Lender may elect. Notwithstanding one or more partial foreclosures, the Property shall remain subject to the Mortgage to secure payment of sums secured by the Mortgage and not previously recovered.

(j) Upon the occurrence and during the continuance of an Event of Default, Lender shall have the right from time to time to sever the Note and the other Loan Documents into one or more separate notes, mortgages and other security documents (the "**Severed Loan Documents**") in such denominations as Lender shall determine in its sole discretion for purposes of evidencing and enforcing its rights and remedies provided hereunder, provided, that (i) the aggregate principal amount of the Loan immediately following such severance shall equal the outstanding principal balance of the Loan immediately prior to such severance, (ii) the weighted average interest rate of the Loan immediately following such severance shall equal the weighted interest rate of the Loan immediately prior to such severance; and (iii) such Severed Loan Documents shall not materially adversely affect Borrower or any other Loan Party or increase any of the obligations or decrease any of the rights of Borrower or such Loan Party under the Loan Documents, other than in a *de minimis* amount. Borrower and each other Loan Party shall execute and deliver to Lender from time to time, promptly after the request of Lender, a severance agreement and such other documents as Lender shall request in order to effect the severance described in the preceding sentence, all in form and substance reasonably satisfactory to Lender. During the existence of an Event of Default, Borrower and each other Loan Party hereby absolutely and irrevocably appoints Lender as its true and lawful attorney, coupled with an interest, in its name and stead to make and execute all documents necessary or desirable to effect the aforesaid severance, Borrower and each other Loan Party ratifying all that its said attorney shall do by virtue thereof; provided, however, Lender shall not make or execute any such

documents under such power until five (5) days after notice has been given to Borrower and each other Loan Party by Lender of Lender's intent to exercise its rights under such power. Borrower shall be obligated to pay any out-of-pocket costs or expenses incurred in connection with the preparation, execution, recording or filing of the Severed Loan Documents and the Severed Loan Documents shall not contain any representations, warranties or covenants not contained in the Loan Documents and any such representations and warranties contained in the Severed Loan Documents will be given by Borrower and each other Loan Party only as of the Closing Date.

(k) As used in this Section 8.2, a "foreclosure" shall include, without limitation, any sale by power of sale.

Section 8.3 Remedies Cumulative; Waivers. The rights, powers and remedies of Lender under this Agreement shall be cumulative and not exclusive of any other right, power or remedy which Lender may have against Borrower and any other Loan Party pursuant to this Agreement or the other Loan Documents, or existing at law or in equity or otherwise. Lender's rights, powers and remedies may be pursued singularly, concurrently or otherwise, at such time and in such order as Lender may determine in Lender's sole discretion. No delay or omission to exercise any remedy, right or power accruing upon an Event of Default shall impair any such remedy, right or power or shall be construed as a waiver thereof, but any such remedy, right or power may be exercised from time to time and as often as may be deemed expedient. A waiver of one Default or Event of Default with respect to Borrower or any other Loan Party shall not be construed to be a waiver of any subsequent Default or Event of Default by Borrower or such other Loan Party or to impair any remedy, right or power consequent thereon.

ARTICLE IX – SPECIAL PROVISIONS

Section 9.1 Securitization.

9.1.6 Sale of Notes and Securitization. (a) Borrower and each other Loan Party acknowledges and agrees that Lender may sell all or any portion of the Loan and the Loan Documents, or issue one or more participations therein, or consummate one or more private or public securitizations of rated single- or multi-class securities (the "**Securities**") secured by or evidencing ownership interests in all or any portion of the Loan and the Loan Documents or a pool of assets that include the Loan and the Loan Documents (such sales, participations and/or securitizations, collectively, a "**Securitization**").

(b) At the request of Lender, and to the extent not already required to be provided by or on behalf of Borrower or any other Loan Party under this Agreement, Borrower and each other Loan Party shall use reasonable efforts to provide information in the possession or control of Borrower, any other Loan Party or its Affiliates and not in the possession of Lender or which may be reasonably required by Lender or take other actions reasonably required by Lender, in each case in order to satisfy the market standards to which Lender customarily adheres or which may be reasonably required by prospective investors and/or the Rating Agencies in connection with any such Securitization, provided, however, that

Borrower shall not be required to provide any information or documents that Lender did not require in connection with the closing of the Loan (other than updates or changes to such information and/or documents that were previously provided by Borrower, any other Loan Part or Guarantor) to the extent such information or documents would be unduly burdensome or costly for Borrower to produce and in no event shall Borrower or any other Loan Party have any obligation to provide any Chatham Confidential Information. Lender shall have the right to provide to prospective investors and the Rating Agencies any information in its possession, including, without limitation, financial statements relating to Borrower, each other Loan Party, Guarantor, if any, the Property and any Tenant of the Improvements, provided, however, that in no event shall Borrower or any other Loan Party have any obligation to provide any Chatham Confidential Information. Borrower acknowledges that certain information regarding the Loan and the parties thereto and the Property may be included in a private placement memorandum, prospectus or other disclosure documents. Borrower and each other Loan Party agrees that each of Borrower, each other Loan Party, Guarantor and their respective officers and representatives, shall, at Lender's request, at its sole cost and expense, cooperate with Lender's efforts to arrange for a Securitization in accordance with the market standards to which Lender customarily adheres and/or which may be required by prospective investors and/or the Rating Agencies in connection with any such Securitization. Borrower, each other Loan Party, and Guarantor agree to review, at Lender's request in connection with the Securitization, the Disclosure Documents as such Disclosure Documents relate to Borrower, each other Loan Party, Guarantor, and the Property, including without limitation, the sections entitled "Risk Factors," "Special Considerations," "Descriptions of the Mortgages", "Description of the Mortgage Loans and Mortgaged Property," "The Manager," "The Borrower," and "Certain Legal Aspects of the Mortgage Loan" (or sections similarly titled or covering similar subject matters) and shall confirm that the factual statements and representations contained in such sections and such other information in the Disclosure Documents (to the extent such information relates to, or is based on, or includes any information regarding the Property, Borrower, each other Loan Party, Guarantor, Manager and/or the Loan, provided, that information in any Disclosure Documents with respect to Borrower, each other Loan Party, Manager, Guarantor, and the Property shall be limited to Borrower's, Guarantor's and such Loan Party's knowledge) do not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading.

(c) Borrower and each other Loan Party agrees to make upon Lender's written request, without limitation, all structural or other changes to the Loan (including delivery of one or more new component notes to replace the original Note or modify the original Note to reflect multiple components of the Loan and such new notes or modified note may have different interest rates and amortization schedules), modifications to any documents evidencing or securing the Loan, creation of one or more mezzanine loans (including amending Borrower's and each other Loan Party's organizational structure to provide for one or more mezzanine borrowers), delivery of opinions of counsel acceptable to the Approved Rating Agencies or potential investors and addressing such matters as the Approved Rating Agencies or potential investors may require; provided, however, that in

creating such new notes or modified notes or mezzanine notes Borrower shall not be required to modify (i) the weighted average interest rate of the Loan such that the weighted average interest rate of the Notes immediately following the creation or modification of such notes does not equal the weighted average interest rate of the Note immediately prior to such creation or modification, (ii) the stated maturity of the Note, (iii) the aggregate amortization of principal of the Note, (iv) any other material economic term of the Loan (including the definitions of Debt Yield Trigger Event and Debt Yield Cure), or (v) decrease the time periods during which Borrower is permitted to perform its obligations under the Loan Documents, provided, that the interest rate payable under the Note may change or increase as a result of any application of a prepayment of the Loan in accordance with Section 2.4 hereof or following an Event of Default. In connection with and subject to the foregoing, Borrower and each other Loan Party covenants and agrees to modify the Cash Management Agreement to reflect the newly created components and/or mezzanine loans.

(d) If requested by Lender, Borrower and each other Loan Party shall provide Lender, promptly upon request, with any financial statements, financial, statistical or operating information or other information as Lender shall determine necessary or appropriate (including items required (or items that would be required if the Securitization were offered publicly) pursuant to Regulation AB under the Securities Act, or the Exchange Act, or any amendment, modification or replacement thereto) or required by any other legal requirements, in each case, in connection with any private placement memorandum, prospectus or other disclosure documents or materials or any filing pursuant to the Exchange Act in connection with the Securitization or as shall otherwise be reasonably requested by Lender, provided, however, that in no event shall Borrower or any other Loan Party have any obligation to provide any Chatham Confidential Information.

(e) Borrower and each other Loan Party agrees that each participant pursuant to Section 9.1.1(a) shall be entitled to the benefits of Section 2.7 (subject to the requirements and limitations therein, including the requirements under Section 2.7(e) (it being understood that the documentation required under Section 2.7(e) shall be delivered to the participating Lender)) to the same extent as if it were a Lender and had acquired its interest by assignment; provided that such participant shall not be entitled to receive any greater payment under Section 2.7, with respect to any participation, than its participating Lender would have been entitled to receive, except to the extent such entitlement to receive a greater payment results from a change in a requirement of law or in the interpretation or application thereof, or compliance by such participant or the participating Lender with any request or directive (whether or not having the force of law) issued from any central bank or other Governmental Authority, in each case after the participant acquired the applicable participation.

(f) JPMorgan Chase Bank, National Association, or an agent appointed by it, in either case acting solely for this purpose as an agent of Borrower, shall maintain a register for the recordation of the names and addresses of each Lender, and the principal amounts (and stated interest) of the Loan owing to each Lender pursuant to the terms hereof from time to time (the "**Register**"). The entries in the Register shall be conclusive absent manifest error, and the Borrower, each other Loan Party and each Lender shall treat each Person

whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement (including the payment of principal and interest). The Register shall be available for inspection by the Borrower and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

(g) Each Lender that sells a participation pursuant to Section 9.1.1(a) shall, acting solely for this purpose as an agent of the Borrower, maintain a register on which it enters the name and address of each participant and the principal amounts (and stated interest) of each participant's interest in the Loan or other Obligations under the Loan Documents (the "**Participant Register**"); provided that no Lender shall have any obligation to disclose all or any portion of the Participant Register (including the identity of any participant or any information relating to a participant's interest in any Obligations under any Loan Document) to any Person except to the extent that such disclosure is necessary to establish that such Obligation is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations. The entries in the Participant Register shall be conclusive absent manifest error, and such Lender shall treat each Person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary.

9.1.7 Securitization Costs. All reasonable third party costs and expenses incurred by Borrower in connection with Borrower's complying with requests made under this Section 9.1 (including, without limitation, the fees and expenses of the Rating Agencies) shall be paid by Lender.

9.1.8 Reserved.

9.1.9 Loan Components. (a) Borrower covenants and agrees that prior to a Securitization of the Loan, upon Lender's request Borrower shall (i) deliver one or more new notes to replace the original note or modify the original note and other loan documents, as reasonably required, to reflect additional components of the Loan or allocate spread or principal among or adjust the application of payments among any existing or additional components in Lender's sole discretion, provided, (A) such new or modified note shall at all times have the same weighted average spread of the original Note and shall have the same stated maturity date of the original Note, provided, that the interest rate payable under the Note may change or increase in connection with a prepayment of the Loan in accordance with Section 2.4 hereof or following an Event of Default and (B) no amortization of principal of the Loan will be required and (ii) modify the Cash Management Agreement to reflect such new components; and provided, further, that none of the foregoing actions shall have a Material Adverse Effect on Borrower or decrease any rights or increase any obligations of Borrower or any other Loan Party under the Loan Documents, other than in a de minimis amount.

(b) Reserved.

(c) Borrower shall execute and deliver such documents as shall reasonably be required by Lender in connection with this Section 9.1.4, all in form and substance reasonably satisfactory to Lender and the Rating Agencies within ten (10) Business Days following such request by Lender. It shall be an Event of Default under this Agreement,

the Note, each Mortgage and the other Loan Documents if Borrower fails to promptly comply with any of the terms, covenants or conditions of this Section 9.1.4 for five (5) Business Days after notice to Borrower from Lender. Notwithstanding anything to the contrary herein, Lender shall pay or cause to be paid or reimbursed to Borrower all reasonable costs and expenses incurred by Borrower, any other Loan Party or any Guarantor in connection with this Section 9.1.4 (including, without limitation, any documentary stamp taxes, intangible taxes and other recording taxes)

(d) Borrower covenants and agrees that after the Closing Date and prior to a Securitization of the Loan, Lender shall have the right, at Lender's sole cost and expense, to create one or more mezzanine loans (each, a "**New Mezzanine Loan**"), to establish different interest rates and to reallocate the amortization, interest rate and principal balances of each of the Loan and any New Mezzanine Loan(s) amongst each other and to require the payment of the Loan and any New Mezzanine Loan(s) in such order of priority as may be designated by Lender; provided, that (1) the Loan and any New Mezzanine Loan(s) shall at all times have the same weighted average spread of the Loan on the Closing Date (except in connection with a prepayment of the Loan in accordance with Section 2.4.2 hereof or following an Event of Default) and the same stated maturity date as the Loan, (2) no such reallocation shall modify the aggregate amortization of principal of the Loan and (3) no such reallocation shall increase, in the aggregate, any monetary obligation of Borrower under the Loan Documents or any other obligation of any Loan Party under the Loan Documents or decrease, in the aggregate, any rights of Borrower and any other Loan Party under the Loan Documents, other that in a de minimis amount. At Lender's sole cost and expense, Borrower shall execute and deliver such documents as shall reasonably be required by Lender as promptly as possible under the circumstances in connection with this Section 9.1.4(d), all in form and substance reasonably satisfactory to Borrower, Lender and the Approved Rating Agencies, including, without limitation, a promissory note and loan documents necessary to evidence such New Mezzanine Loan, and Borrower shall execute such amendments to the Loan Documents as are necessary in connection with the creation of such New Mezzanine Loan; provided, that such amendments or other documents shall have no economic effect or increase the obligations or decrease the rights or remedies of Borrower or any other Loan Party hereunder, other than in a de minimis amount and no such amendments or other documents shall modify any provisions of the Loan Documents other than to effectuate such reallocation and as otherwise necessary to accurately reflect such New Mezzanine Loan. If Borrower shall cause the formation of one or more special purpose, bankruptcy remote entities as required by Lender in order to serve as the borrower under any New Mezzanine Loan or, if available, utilize an upper-tier special purpose vehicle in its structure as such borrower (each, a "**New Mezzanine Borrower**"). The applicable organizational documents of Borrower shall be amended and modified as necessary or required in the formation of any New Mezzanine Borrower, but subject to the other terms of this Section 9.1.4(d). Further, in connection with any New Mezzanine Loan, Borrower shall, at Lender's sole cost and expense, deliver to Lender opinions of legal counsel with respect to due execution, authority and enforceability of the loan documents with respect to the New Mezzanine Loan and the Loan Documents, as amended, in substantially the same form as the opinion delivered at Closing, and an updated Insolvency Opinion for the Loan

delivered at Closing and a substantive non-consolidation opinion with respect to any New Mezzanine Loan, each as reasonably acceptable to Lender and/or the Approved Rating Agencies.

Section 9.2 Securitization Indemnification. (h) Borrower and each other Loan Party understands that certain of the Provided Information may be included in Disclosure Documents in connection with the Securitization and may also be included in filings with the Securities and Exchange Commission pursuant to the Securities Act of 1933, as amended (the "**Securities Act**"), or the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), or provided or made available to investors or prospective investors in the Securities, the Rating Agencies, and service providers relating to the Securitization. In the event that the Disclosure Document is required to be revised prior to the sale of all Securities, Borrower and each other Loan Party will reasonably cooperate with the holder of the Note in updating the Disclosure Document by providing all current information necessary to keep the Disclosure Document accurate and complete in all material respects.

(i) The Indemnifying Persons agree to provide, in connection with the Securitization, an indemnification agreement (A) certifying that (i) the Indemnifying Persons have carefully examined the Disclosure Documents, including without limitation, the sections entitled "Summary of Offering Circular," "Risk Factors," "Description of the Property," "Description of the Sponsors and Borrowers," "Description of the Property Manager, the Management Agreements and the Assignment of Management Agreements," "Description of the Franchise Agreements," and "Description of The Operating Leases" and "Annex A - Mortgage Loan Collateral Schedule", and "Annex E – Representations and Warranties of the Borrower", and (ii) such sections and such other information in the Disclosure Documents (with respect to clauses (i) and (ii) of this Section 9.2(b), to the extent such information relates to or includes any Provided Information or any information regarding the Property, Borrower, Manager and/or the Loan) (collectively with the Provided Information, the "**Covered Disclosure Information**") do not contain, to the knowledge of Borrower and Guarantor, any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading, (B) jointly and severally indemnifying Lender, any Affiliate of Lender that has filed any registration statement relating to the Securitization or has acted as the sponsor or depositor in connection with the Securitization, any Affiliate of Lender that acts as an underwriter, placement agent or initial purchaser of Securities issued in the Securitization, any other co-underwriters, co-placement agents or co-initial purchasers of Securities issued in the Securitization, and each of their respective officers, directors, partners, employees, representatives, agents and Affiliates and each Person or entity who Controls any such Person within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act (collectively, the "**Indemnified Persons**"), for any actual losses, claims, damages, liabilities, out-of-pocket costs or expenses (including without limitation reasonable out-of-pocket legal fees and expenses for enforcement of these obligations (collectively, the "**Liabilities**") to which any such Indemnified Person may become subject insofar as the Liabilities arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in the Covered Disclosure

Information provided for review to Borrower, or arise out of or are based upon the omission or alleged omission to state in the Covered Disclosure Information a material fact required to be stated therein or necessary in order to make the statements in the Covered Disclosure Information provided for review to Borrower, in light of the circumstances under which they were made, not misleading and (C) agreeing to reimburse each Indemnified Person for any legal or other expenses incurred by such Indemnified Person, as they are incurred, in connection with investigating or defending the Liabilities, provided, that, with respect to any untrue statements or omissions contained in any third party diligence reports or third party documents (*e.g.* tenant estoppels, the appraisal, the Title Insurance Policy, Survey and zoning reports), (x) Indemnifying Persons shall not be responsible for any Liabilities arising from such third parties failure to accurately transcribe information provided by or on behalf of Indemnifying Persons to such third party unless Indemnifying Persons were provided a reasonable opportunity to review such third party documentation (or the applicable portions thereof) and failed to notify Lender of such misstatements or omissions and (y) Indemnifying Person shall only be liable to the extent such untrue statement or omission of material fact was made in reliance upon information provided to such third party by or on behalf of Borrower or any of its Affiliates. This indemnity agreement will be in addition to any liability which Borrower or any other Loan Party may otherwise have under the Loan Documents. Moreover, the indemnification and reimbursement obligations provided for in clauses (B) and (C) above shall be effective, valid and binding obligations of the Indemnifying Persons, whether or not an indemnification agreement described in clause (A) above is provided.

(j) In connection with Exchange Act Filings, the Indemnifying Persons jointly and severally agree to indemnify (i) the Indemnified Persons for Liabilities to which any such Indemnified Person may become subject insofar as the Liabilities arise out of or are based upon any untrue statement or alleged untrue statement of any material fact in the Covered Disclosure Information, or the omission or alleged omission to state in the Covered Disclosure Information a material fact required to be stated therein or necessary in order to make the statements in the Covered Disclosure Information, in light of the circumstances under which they were made, not misleading and (ii) reimburse each Indemnified Person for any reasonable legal or other actual out-of-pocket expenses incurred by such Indemnified Persons, as they are incurred, in connection with defending or investigating the Liabilities, provided, that, with respect to any untrue statements or omissions contained in any third party diligence reports or third party documents (*e.g.* tenant estoppels, the appraisal, the Title Insurance Policy, Survey and zoning reports), (x) Indemnifying Persons shall not be responsible for any Liabilities arising from such third parties failure to accurately transcribe information provided by or on behalf of Indemnifying Persons to such third party unless Indemnifying Persons were provided a reasonable opportunity to review such third party documentation (or the applicable portions thereof) and failed to notify Lender of such misstatements or omissions and (y) Indemnifying Person shall only be liable to the extent such untrue statement or omission of material fact was made in reliance upon information provided to such third party by or on behalf of any Loan Party or any of its Affiliates.

(k) Promptly after receipt by an Indemnified Person of notice of any claim or the commencement of any action, the Indemnified Person shall, if a claim in respect thereof

is to be made against any Indemnifying Person, notify such Indemnifying Person in writing of the claim or the commencement of that action; provided, however, that the failure to notify such Indemnifying Person shall not relieve it from any liability which it may have under the indemnification provisions of this Section 9.2 except to the extent that it has been materially prejudiced by such failure and, provided further that the failure to notify such Indemnifying Person shall not relieve it from any liability which it may have to an Indemnified Person otherwise than under the provisions of this Section 9.2. If any such claim or action shall be brought against an Indemnified Person, and it shall notify any Indemnifying Person thereof, such Indemnifying Person shall be entitled to participate therein and, to the extent that it wishes, assume the defense thereof with counsel reasonably satisfactory to the Indemnified Person. After notice from any Indemnifying Person to the Indemnified Person of its election to assume the defense of such claim or action, such Indemnifying Person shall not be liable to the Indemnified Person for any legal or other expenses subsequently incurred by the Indemnified Person in connection with the defense thereof except as provided in the following sentence; provided, however, that if the defendants in any such action include both an Indemnifying Person, on the one hand, and one or more Indemnified Persons on the other hand, and an Indemnified Person shall have reasonably concluded that there are any legal defenses available to it and/or other Indemnified Persons that are different or in addition to those available to the Indemnifying Person, the Indemnified Person or Persons shall have the right to select separate counsel to assert such legal defenses and to otherwise participate in the defense of such action on behalf of such Indemnified Person or Persons. The Indemnified Person shall instruct its counsel to maintain reasonably detailed billing records for fees and disbursements for which such Indemnified Person is seeking reimbursement hereunder and shall submit copies of such detailed billing records to substantiate that such counsel's fees and disbursements are solely related to the defense of a claim for which the Indemnifying Person is required hereunder to indemnify such Indemnified Person. No Indemnifying Person shall be liable for the expenses of more than one (1) such separate counsel unless such Indemnified Person shall have reasonably concluded that there may be legal defenses available to it that are different from or additional to those available to another Indemnified Person.

(l) Without the prior written consent of Lender (which consent shall not be unreasonably withheld or delayed), no Indemnifying Person shall settle or compromise or consent to the entry of any judgment in any pending or threatened claim, action, suit or proceeding in respect of which indemnification may be sought hereunder (whether or not any Indemnified Person is an actual or potential party to such claim, action, suit or proceeding) unless the Indemnifying Person shall have given Lender reasonable prior written notice thereof and shall have obtained an unconditional release of each Indemnified Person hereunder from all liability arising out of such claim, action, suit or proceedings. As long as an Indemnifying Person has complied with its obligations to defend and indemnify hereunder, such Indemnifying Person shall not be liable for any settlement made by any Indemnified Person without the consent of such Indemnifying Person (which consent shall not be unreasonably withheld or delayed).

(m) The Indemnifying Persons agree that if any indemnification or reimbursement sought pursuant to this Section 9.2 is finally judicially determined to be unavailable for any reason or is insufficient to hold any Indemnified Person harmless (with respect only to the Liabilities that are the subject of this Section 9.2), then the Indemnifying Persons, on the one hand, and such Indemnified Person, on the other hand, shall contribute to the Liabilities for which such indemnification or reimbursement is held unavailable or is insufficient: (x) in such proportion as is appropriate to reflect the relative benefits to the Indemnifying Persons, on the one hand, and such Indemnified Person, on the other hand, from the transactions to which such indemnification or reimbursement relates; or (y) if the allocation provided by clause (x) above is not permitted by applicable Legal Requirements, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (x) but also the relative faults of the Indemnifying Persons, on the one hand, and all Indemnified Persons, on the other hand, as well as any other equitable considerations. Notwithstanding the provisions of this Section 9.2, (A) no party found liable for a fraudulent misrepresentation shall be entitled to contribution from any other party who is not also found liable for such fraudulent misrepresentation, and (B) the Indemnifying Persons agree that in no event shall the amount to be contributed by the Indemnified Persons collectively pursuant to this paragraph exceed the amount of the fees actually received by the Indemnified Persons in connection with the closing of the Loan.

(n) The Indemnifying Persons agree that the indemnification, contribution and reimbursement obligations set forth in this Section 9.2 shall apply whether or not any Indemnified Person is a formal party to any lawsuits, claims or other proceedings. The Indemnifying Persons further agree that the Indemnified Persons are intended third party beneficiaries under this Section 9.2.

(o) The liabilities and obligations of the Indemnified Persons and the Indemnifying Persons under this Section 9.2 shall survive the termination of this Agreement and the satisfaction and discharge of the Debt.

(p) Notwithstanding anything to the contrary contained herein, no Loan Party or Guarantor shall have any obligation to act as depositor with respect to the Loan or an issuer, sponsor or registrant with respect to the Securities issued in any Securitization.

Section 9.3 Exculpation. (b) Subject to the provisions of (b) and (c) below, Lender shall not enforce the liability and obligation of any Loan Party to perform and observe the obligations contained in this Agreement, the Note or the Mortgages or any of the other Loan Documents by any action or proceeding wherein a money judgment shall be sought against any Loan Party or any direct or indirect member, shareholder, partner, manager, beneficiary or other owner of direct or indirect beneficial ownership interests in, or any Affiliate of, any Loan Party, or any director, officer, employees, trustee or agent of any Loan Party or any of the foregoing other than Guarantor pursuant to and in accordance with the terms and conditions of Guaranty and Environmental Indemnity, as applicable (each, an "**Exculpated Party**" and, collectively, the "**Exculpated Parties**"), except that Lender may bring a foreclosure action, an action for specific performance or any other appropriate action or proceeding to enable Lender to enforce and realize

upon this Agreement, the Note, the Mortgage, the other Loan Documents, and the interest in the Property, the Rents and any other collateral given to Lender pursuant to the Loan Documents; provided, however, that, except as specifically provided herein, any judgment in any such action or proceeding shall be enforceable against any Loan Party only to the extent of such Loan Party's interest in the Property, in the Rents and in any other collateral given to Lender, and Lender, by accepting the Note, this Agreement, the Mortgage and the other Loan Documents agrees that it shall not, except as otherwise provided herein or in the Mortgage, sue for, seek or demand any deficiency judgment against any Loan Party or any Exculpated Party (subject, however, to the terms of the Guaranty and Environmental Indemnity) in any such action or proceeding, under or by reason of or under or in connection with the Note, this Agreement, the Mortgage or the other Loan Documents. The provisions of this section shall not, however, (i) constitute a waiver, release or impairment of any obligation evidenced or secured by this Agreement, the Note, the Mortgage or the other Loan Documents; (ii) impair the right of Lender to name Borrower and Operating Lessee as a party defendant in any action or suit for judicial foreclosure and sale under the Mortgage; (iii) affect the validity or enforceability of any indemnity (including, without limitation, the Environmental Indemnity), guaranty (including, without limitation, the Guaranty), the Operating Lease or similar instrument made in connection with this Agreement, the Note, the Mortgage or the other Loan Documents or any of the rights and remedies of Lender thereunder; (iv) impair the right of Lender to obtain the appointment of a receiver; (v) impair the enforcement of any assignment of leases contained in the Mortgage, or (v) impair the right of Lender to obtain a deficiency judgment or other judgment on the Note against Borrower in order to fully realize the security granted by the Mortgage or to commence any other appropriate action or proceeding if necessary to (A) preserve or enforce its rights and remedies against the Property or (B) obtain any Insurance Proceeds or Awards to which Lender would otherwise be entitled under the terms of this Agreement or the Mortgage; provided, however, that Lender shall only enforce such judgment to the extent of the Insurance Proceeds and/or Awards.

(c) Nothing contained herein shall in any manner or way release, affect or impair the right of Lender to recover, and Borrower shall be fully and personally liable and subject to legal action, for any actual loss, cost, expense, damage, claim or other obligation (including without limitation reasonable attorneys' fees and court costs) incurred or suffered by Lender arising out of or in connection with the following:

(i) fraud or intentional misrepresentation by Borrower, Operating Lessee, Guarantor or any Affiliates of Borrower, Operating Lessee, or Guarantor in connection with the Loan;

(ii) the willful misconduct of Borrower, Operating Lessee, Guarantor or any Affiliates of Borrower, Operating Lessee or Guarantor in connection with the Loan or the Property;

(iii) material physical waste of the Property arising from the intentional acts or omissions of Borrower, Operating Lessee, Guarantor or any Affiliates of Individual Borrower, Operating Lessee, or Guarantor provided, however, Borrower shall have no liability under this subsection (iii) if sufficient cash flow is not available to Borrower from

the Property to prevent such material physical waste (so long as such insufficiency does not arise from the intentional misappropriation or conversion of revenues by Borrower, Operating Lessee, Guarantor or any Affiliates of Borrower, Operating Lessee or Guarantor);

(iv) the removal or disposal of any portion of the Property by any Restricted Party or an Affiliate thereof after and during the continuance of an Event of Default unless such property is replaced with property of the same utility and of the same or greater value;

(v) the misappropriation by Borrower, Operating Lessee, Guarantor or any Affiliates of Borrower, Operating Lessee or Guarantor in violation of the Loan Documents of (A) any Insurance Proceeds paid by reason of any loss, damage or destruction to the Property, (B) any Awards received in connection with a Condemnation of all or a portion of the Property, (C) any Rents following an Event of Default, or (D) any Rents paid more than one month in advance of the date due under the Lease or any security deposit;

(vi) intentionally omitted;

(vii) any security deposits, advance deposits or any other deposits collected by Borrower, Operating Lessee, Guarantor, Property Manager or any of their Affiliates with respect to the Property which are not delivered to Lender upon a foreclosure of the Property or action in lieu thereof, except to the extent any such security deposits were applied in accordance with the terms and conditions of any of the Leases prior to the occurrence of the Event of Default that gave rise to such foreclosure or action in lieu thereof;

(viii) if Borrower fails to maintain its status as a Special Purpose Entity or comply with any representation, warranty or covenant contained in Section 4.1.30 hereof;

(ix) if Borrower fails to obtain Lender's prior written consent to any Transfer as required by this Agreement or the Mortgage;

(x) if Borrower or Operating Lessee fails to obtain Lender's prior written consent to any Indebtedness (other than Indebtedness permitted under clause (xxiii) in the definition of Special Purpose Entity in Section 1.1 hereof or otherwise permitted in this Agreement) or voluntary Lien encumbering the Property; and

(xi) the willful or intentional failure of Borrower, Operating Lessee or Manager to deposit Rents in the Lockbox Account in accordance with the terms of the Loan Documents.

(d) Notwithstanding anything to the contrary in this Agreement, the Note or any of the Loan Documents, (i) Lender shall not be deemed to have waived any right which Lender may have under Section 506(a), 506(b), 1111(b) or any other provisions of the Bankruptcy Code to file a claim for the full amount of the Debt secured by the Mortgage or to require that all collateral shall continue to secure all of the Debt owing to Lender in accordance with the Loan Documents, and (ii) the Debt shall be fully recourse to Borrower in the event of any of the following:

(A) (1) Borrower or Operating Lessee filing a voluntary petition under the Bankruptcy Code or any other Federal or state bankruptcy or insolvency law; (2) the filing of an involuntary petition against Borrower or Operating Lessee under the Bankruptcy Code or any other Federal or state bankruptcy or insolvency law in which Borrower, Operating Lessee or Guarantor colludes with, or otherwise assists such Person, or solicits or causes to be solicited petitioning creditors for any involuntary petition against Borrower or Operating Lessee from any Person; (3) Borrower or Operating Lessee filing an answer consenting to or otherwise acquiescing in or joining in any involuntary petition filed against it, by any other Person under the Bankruptcy Code or any other Federal or state bankruptcy or insolvency law; (4) Borrower or Operating Lessee consenting to or acquiescing in or joining in an application for the appointment of a custodian, receiver, trustee, or examiner (pursuant to the Bankruptcy Code) for Borrower or Operating Lessee or any portion of the Property; provided, however, that, notwithstanding the foregoing, Guarantor shall not have any liability solely in connection with any appointment of a custodian, receiver, trustee or examiner (pursuant to the Bankruptcy Code) made pursuant to an action commenced by Lender; or (5) Borrower or Operating Lessee (x) making an assignment for the benefit of creditors, or (y) admitting, in any legal proceeding, its insolvency or inability to pay its debts as they become due; provided that notwithstanding the foregoing in no event shall Guarantor have liability resulting from Borrower admitting or making any truthful statement that it has been advised by counsel is required to be admitted or made under applicable laws, regulations or court orders; or

(B) if Borrower or Operating Lessee fails to maintain its status as a Special Purpose Entity or comply with any representation, warranty or covenant set forth in Section 4.1.30 hereof and such failure is cited as a factor in connection with a substantive consolidation of the assets and liabilities of Borrower or Operating Lessee with those any other Person.

Section 9.4 Matters Concerning Manager. If (a) Manager shall become bankrupt or insolvent, (b) a default by Manager occurs under the Management Agreement and is not cured within any applicable notice and cure period thereunder or (c) Borrower shall have the right to terminate the Management Agreement thereunder, following an Event of Default and acceleration of the Loan, Borrower shall, at the request of Lender, cause Operating Lessee to terminate the Management Agreement and replace the Manager with a Qualified Manager pursuant to a Replacement Management Agreement, it being understood and agreed that the management fee for such Qualified Manager shall not exceed then prevailing market rates, provided, that Borrower shall not be in breach of this Section 9.4 in the event that Borrower or Operating Lessee, acting in good faith, is unable to cause the termination of such Management Agreement due to the imposition of a stay, injunction or a similar judicially imposed devise that has the effect of preventing Borrower or Operating Lessee from terminating the Management Agreement in connection with the Bankruptcy Action.

Section 9.5 Servicer. At the option of Lender, the Loan may be serviced by a master servicer, primary servicer, special servicer and/or trustee (any such master servicer, primary servicer, special servicer, and trustee, together with its agents, nominees or designees, are collectively referred to as "**Servicer**") selected by Lender and Lender may delegate all or any portion of its responsibilities under this Agreement and the other Loan Documents to Servicer pursuant to a pooling and servicing agreement, servicing agreement, special servicing agreement or other agreement providing for the servicing of one or more mortgage loans (collectively, the "**Servicing Agreement**") between Lender and Servicer. Borrower shall not be responsible for any reasonable set up fees or any other initial costs relating to or arising under the Servicing Agreement, and shall not be responsible for payment of the regular monthly master servicing fee or trustee fee due to Servicer under the Servicing Agreement or any fees or expenses required to be borne by, and not reimbursable to, Servicer. Notwithstanding the foregoing, Borrower shall promptly reimburse Lender on demand for (a) interest payable on advances made by Servicer with respect to delinquent debt service payments (to the extent charges are due pursuant to Section 2.3.4 and interest at the Default Rate actually paid by Borrower in respect of such payments are insufficient to pay the same) or expenses paid by Servicer in respect of the protection and preservation of the Property (including, without limitation, payments of Taxes and Insurance Premiums) and (b) all costs and expenses, liquidation fees, workout fees, special servicing fees, operating advisor fees or any other similar fees payable by Lender to Servicer: (i) as a result of an Event of Default under the Loan or the Loan becoming specially serviced, an enforcement, refinancing or restructuring of the credit arrangements provided under this Agreement in the nature of a "work-out" of the Loan Documents or of any insolvency or bankruptcy proceeding; (ii) any liquidation fees, workout fees, special servicing fees, operating advisor fees or any other similar fees that are due and payable to Servicer under the Servicing Agreement, which fees may be due and payable under the Servicing Agreement on a periodic or continuing basis; (iii) the costs of all property inspections and/or appraisals of the Property (or any updates to any existing inspection or appraisal) that Servicer or the trustee may be required to obtain (other than the cost of regular annual inspections required to be borne by Servicer under the Servicing Agreement); or (iv) any special requests made by Borrower, any other Loan Party or Guarantor during the term of the Loan including, without limitation, in connection with a prepayment, assumption or modification of the Loan.

Section 9.6 Matters Concerning Franchisor. If (a) Franchisor shall become bankrupt or insolvent or (b) a default occurs under the Franchise Agreement, Borrower shall, at the request of Lender, cause Operating Lessee to terminate the Franchise Agreement and replace the Franchisor with a Qualified Franchisor approved by Lender on terms and conditions satisfactory to Lender, it being understood and agreed that the franchise fee for such replacement franchisor shall not exceed then prevailing market rates.

ARTICLE X – MISCELLANEOUS

Section 10.1 Survival. This Agreement and all covenants, agreements, representations and warranties made herein and in the certificates delivered pursuant hereto shall survive the making by Lender of the Loan and the execution and delivery to Lender of the Note, and shall continue in full force and effect so long as all or any of the Debt is outstanding and unpaid unless a longer period is expressly set forth herein or in the other Loan Documents. Whenever in

this Agreement any of the parties hereto is referred to, such reference shall be deemed to include the legal representatives, successors and assigns of such party. All covenants, promises and agreements in this Agreement, by or on behalf of Borrower or any other Loan Party, shall inure to the benefit of the legal representatives, successors and assigns of Lender.

Section 10.2 Lender's Discretion. Whenever pursuant to this Agreement, Lender exercises any right given to it to approve or disapprove, or any arrangement or term is to be satisfactory to Lender, the decision of Lender to approve or disapprove or to decide whether arrangements or terms are satisfactory or not satisfactory shall (except as is otherwise specifically herein provided) be in the sole discretion of Lender and shall be final and conclusive.

Section 10.3 Governing Law. (l) THIS AGREEMENT WAS NEGOTIATED IN THE STATE OF NEW YORK, THE LOAN WAS MADE BY LENDER AND ACCEPTED BY BORROWER AND EACH OTHER LOAN PARTY IN THE STATE OF NEW YORK, AND THE PROCEEDS OF THE LOAN DELIVERED PURSUANT HERETO WERE DISBURSED FROM THE STATE OF NEW YORK, WHICH STATE THE PARTIES AGREE HAS A SUBSTANTIAL RELATIONSHIP TO THE PARTIES AND TO THE UNDERLYING TRANSACTION EMBODIED HEREBY, AND IN ALL RESPECTS, INCLUDING, WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE, THIS AGREEMENT, THE NOTE AND THE OTHER LOAN DOCUMENTS AND THE OBLIGATIONS ARISING HEREUNDER AND THEREUNDER SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK APPLICABLE TO CONTRACTS MADE AND PERFORMED IN SUCH STATE (WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAWS) AND ANY APPLICABLE LAW OF THE UNITED STATES OF AMERICA, EXCEPT THAT AT ALL TIMES THE PROVISIONS FOR THE CREATION, PERFECTION, AND ENFORCEMENT OF THE LIENS AND SECURITY INTERESTS CREATED PURSUANT HERETO AND PURSUANT TO THE OTHER LOAN DOCUMENTS SHALL BE GOVERNED BY AND CONSTRUED ACCORDING TO THE LAW OF THE STATE IN WHICH THE PROPERTY IS LOCATED, IT BEING UNDERSTOOD THAT, TO THE FULLEST EXTENT PERMITTED BY THE LAW OF SUCH STATE, THE LAW OF THE STATE OF NEW YORK SHALL GOVERN THE CONSTRUCTION, VALIDITY AND ENFORCEABILITY OF ALL LOAN DOCUMENTS AND ALL OF THE OBLIGATIONS ARISING HEREUNDER OR THEREUNDER. TO THE FULLEST EXTENT PERMITTED BY LAW, EACH LOAN PARTY AND LENDER HEREBY UNCONDITIONALLY AND IRREVOCABLY WAIVES ANY CLAIM TO ASSERT THAT THE LAW OF ANY OTHER JURISDICTION GOVERNS THIS AGREEMENT, THE NOTE AND THE OTHER LOAN DOCUMENTS, AND THIS AGREEMENT, THE NOTE AND THE OTHER LOAN DOCUMENTS SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK PURSUANT TO SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW, EXCEPT THAT AT ALL TIMES THE PROVISIONS FOR THE CREATION, PERFECTION, AND ENFORCEMENT OF THE LIENS AND SECURITY INTERESTS CREATED PURSUANT HERETO AND PURSUANT TO THE

OTHER LOAN DOCUMENTS SHALL BE GOVERNED BY AND CONSTRUED ACCORDING TO THE LAW OF THE STATE IN WHICH THE PROPERTY IS LOCATED.

(m) ANY LEGAL SUIT, ACTION OR PROCEEDING AGAINST LENDER OR BORROWER OR ANY OTHER LOAN PARTY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE OTHER LOAN DOCUMENTS SHALL BE INSTITUTED IN ANY FEDERAL OR STATE COURT IN THE CITY OF NEW YORK, COUNTY OF NEW YORK, PURSUANT TO SECTION 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW AND EACH LOAN PARTY AND LENDER WAIVES ANY OBJECTIONS WHICH IT MAY NOW OR HEREAFTER HAVE BASED ON VENUE AND/OR FORUM NON CONVENIENS OF ANY SUCH SUIT, ACTION OR PROCEEDING, AND HEREBY IRREVOCABLY SUBMITS TO THE JURISDICTION OF ANY SUCH COURT IN ANY SUIT, ACTION OR PROCEEDING. EACH LOAN PARTY DOES HEREBY DESIGNATE AND APPOINT:

CORPORATION SERVICE COMPANY
1180 AVENUE OF THE AMERICAS, SUITE 210
NEW YORK, NEW YORK 10036

WITH A COPY TO:

HUNTON & WILLIAMS LLP
200 PARK AVENUE
NEW YORK, NEW YORK 10166
ATTN: LAURIE A. GRASSO, ESQ.

AS ITS AUTHORIZED AGENT TO ACCEPT AND ACKNOWLEDGE ON ITS BEHALF SERVICE OF ANY AND ALL PROCESS WHICH MAY BE SERVED IN ANY SUCH SUIT, ACTION OR PROCEEDING IN ANY FEDERAL OR STATE COURT IN NEW YORK, NEW YORK, AND AGREES THAT SERVICE OF PROCESS UPON SAID AGENT AT SAID ADDRESS AND WRITTEN NOTICE OF SAID SERVICE MAILED OR DELIVERED TO EACH LOAN PARTY IN THE MANNER PROVIDED HEREIN SHALL BE DEEMED IN EVERY RESPECT EFFECTIVE SERVICE OF PROCESS UPON EACH LOAN PARTY IN ANY SUCH SUIT, ACTION OR PROCEEDING IN THE STATE OF NEW YORK. BORROWER (I) SHALL GIVE PROMPT NOTICE TO LENDER OF ANY CHANGED ADDRESS OF ITS AUTHORIZED AGENT HEREUNDER, (II) MAY AT ANY TIME AND FROM TIME TO TIME DESIGNATE A SUBSTITUTE AUTHORIZED AGENT WITH AN OFFICE IN NEW YORK, NEW YORK (WHICH SUBSTITUTE AGENT AND OFFICE SHALL BE DESIGNATED AS THE PERSON AND ADDRESS FOR SERVICE OF PROCESS), AND (III) SHALL PROMPTLY DESIGNATE SUCH A SUBSTITUTE IF ITS AUTHORIZED AGENT CEASES TO HAVE AN OFFICE IN NEW YORK, NEW YORK OR IS DISSOLVED WITHOUT LEAVING A SUCCESSOR.

Section 10.4 **Modification, Waiver in Writing.** No modification, amendment, extension, discharge, termination or waiver of any provision of this Agreement, or of the Note, or

of any other Loan Document, nor consent to any departure by Borrower or any other Loan Party therefrom, shall in any event be effective unless the same shall be in a writing signed by the party against whom enforcement is sought, and then such waiver or consent shall be effective only in the specific instance, and for the purpose, for which given. Except as otherwise expressly provided herein, no notice to, or demand on Borrower or any other Loan Party, shall entitle Borrower or such other Loan Party to any other or future notice or demand in the same, similar or other circumstances.

Section 10.5 Delay Not a Waiver. Neither any failure nor any delay on the part of Lender in insisting upon strict performance of any term, condition, covenant or agreement, or exercising any right, power, remedy or privilege hereunder, or under the Note or under any other Loan Document, or any other instrument given as security therefor, shall operate as or constitute a waiver thereof, nor shall a single or partial exercise thereof preclude any other future exercise, or the exercise of any other right, power, remedy or privilege. In particular, and not by way of limitation, by accepting payment after the due date of any amount payable under this Agreement, the Note or any other Loan Document, Lender shall not be deemed to have waived any right either to require prompt payment when due of all other amounts due under this Agreement, the Note or the other Loan Documents, or to declare a default for failure to effect prompt payment of any such other amount.

Section 10.6 Notices. All notices, consents, approvals and requests required or permitted hereunder or under any other Loan Document shall be given in writing and shall be effective for all purposes if hand delivered or sent by (a) certified or registered United States mail, postage prepaid, return receipt requested, (b) expedited prepaid delivery service, either commercial or United States Postal Service, with proof of attempted delivery, or (c) facsimile with a confirmatory duplicate copy certified or registered United States mail, postage prepaid, return receipt requested), addressed as follows (or at such other address, facsimile number and/or Person as shall be designated from time to time by any party hereto, as the case may be, in a written notice to the other parties hereto in the manner provided for in this Section):

If to Lender: JPMorgan Chase Bank, National Association
383 Madison Avenue
New York, New York 10179
Attention: Joseph E. Geoghan
Facsimile No.: (212) 834-6029

with a copy to: JPMorgan Chase Bank, National Association
383 Madison Avenue
New York, New York 10179
Attention: Nancy Alto
Facsimile No.: (917) 546-2564

and

Cadwalader, Wickersham & Taft LLP
One World Financial Center
New York, New York 10281

Attention: William P. McInerney, Esq.
Facsimile No.: (212) 504-6666

If to Borrower or any other Loan Party: c/o Chatham Lodging Trust
50 Cocoanut Row, Suite 211
Palm Beach, Florida 33480
Attention: Jeffrey Fisher
Facsimile No.: (561) 835-4125

and

Chatham Lodging Trust
50 Cocoanut Row, Suite 211
Palm Beach, Florida 33480
Attention: Eric Kentoff
Facsimile No.: (561) 835-4125

and

Hunton & Williams, LLP
200 Park Avenue
New York, New York 10166
Attention: Laurie A Grasso, Esq.
Facsimile No.: (212) 309-1846

A notice shall be deemed to have been given and received either at the time of personal delivery, or in the case of registered or certified mail or expedited prepaid delivery service, when delivered or the first attempted delivery on a Business Day, or in the case of facsimile, upon sender's receipt of a machine-generated confirmation of successful transmission, at the address or to the facsimile number, as applicable, and in the manner provided herein; provided, however, that service of a notice required by any applicable statute shall be considered complete when the requirements of that statute are met.

Section 10.7 Trial by Jury. EACH LOAN PARTY AND LENDER HEREBY AGREES NOT TO ELECT A TRIAL BY JURY OF ANY ISSUE TRIABLE OF RIGHT BY JURY, AND WAIVES ANY RIGHT TO TRIAL BY JURY FULLY TO THE EXTENT THAT ANY SUCH RIGHT SHALL NOW OR HEREAFTER EXIST WITH REGARD TO THE LOAN DOCUMENTS, OR ANY CLAIM, COUNTERCLAIM OR OTHER ACTION ARISING IN CONNECTION THEREWITH. THIS WAIVER OF RIGHT TO TRIAL BY JURY IS GIVEN KNOWINGLY AND VOLUNTARILY BY EACH LOAN PARTY AND LENDER, AND IS INTENDED TO ENCOMPASS INDIVIDUALLY EACH INSTANCE AND EACH ISSUE AS TO WHICH THE RIGHT TO A TRIAL BY JURY WOULD OTHERWISE ACCRUE. EACH PARTY IS HEREBY AUTHORIZED TO FILE A COPY

OF THIS PARAGRAPH IN ANY PROCEEDING AS CONCLUSIVE EVIDENCE OF THIS WAIVER BY ANY OTHER PARTY HERETO.

Section 10.8 Headings. The Article and/or Section headings and the Table of Contents in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose.

Section 10.9 Severability. Wherever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement.

Section 10.10 Preferences. To the extent Borrower makes a payment or payments to Lender, which payment or proceeds or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside or required to be repaid to a trustee, receiver or any other party under any bankruptcy law, state or federal law, common law or equitable cause, then, Lender shall have the continuing and exclusive right to apply or reverse and reapply any and all payments by Borrower to any portion of the obligations of Borrower hereunder to the extent of such payment or proceeds received, the obligations hereunder or part thereof intended to be satisfied shall be revived and continue in full force and effect, as if such payment or proceeds had not been received by Lender.

Section 10.11 Waiver of Notice. Neither Borrower nor any other Loan Party shall be entitled to any notices of any nature whatsoever from Lender except with respect to matters for which this Agreement or the other Loan Documents specifically and expressly provide for the giving of notice by Lender to Borrower or such other Loan Party and except with respect to matters for which a Loan Party is not, pursuant to applicable Legal Requirements, permitted to waive the giving of notice. Each Loan Party hereby expressly waives the right to receive any notice from Lender with respect to any matter for which this Agreement or the other Loan Documents do not specifically and expressly provide for the giving of notice by Lender to Borrower and such other Loan Party.

Section 10.12 Remedies of Borrower. In the event that a claim or adjudication is made that Lender or its agents have acted unreasonably or unreasonably delayed acting in any case where by law or under this Agreement or the other Loan Documents, Lender or such agent, as the case may be, has an obligation to act reasonably or promptly, each Loan Party agrees that neither Lender nor its agents shall be liable for any monetary damages, and each Loan Party's sole remedies shall be limited to commencing an action seeking injunctive relief or declaratory judgment. The parties hereto agree that any action or proceeding to determine whether Lender has acted reasonably shall be determined by an action seeking declaratory judgment.

Section 10.13 Expenses; Indemnity. (a) Borrower covenants and agrees to pay or, if Borrower fails to pay, to reimburse, Lender within ten (10) days of written notice from Lender for all actual out-of-pocket costs and expenses (including reasonable attorneys' fees and expenses) incurred by Lender in connection with (i) the preparation, negotiation, execution and delivery of this Agreement and the other Loan Documents and the consummation of the transactions

contemplated hereby and thereby and all the costs of furnishing all opinions by counsel for each Loan Party (including, without limitation, any opinions requested by Lender as to any legal matters arising under this Agreement or the other Loan Documents with respect to the Property); (ii) each Loan Party's ongoing performance of and compliance with such Loan Party's respective agreements and covenants contained in this Agreement and the other Loan Documents on its part to be performed or complied with after the Closing Date, including, without limitation, confirming compliance with environmental and insurance requirements; (iii) following any request by Borrower, any other Loan Party or Guarantor for any approvals, subordination and non-disturbance agreements, or similar agreements, Lender's performance and compliance with such requests after the Closing Date; (iv) the negotiation, preparation, execution, delivery and administration of any consents, amendments, waivers or other modifications to this Agreement and the other Loan Documents and any other documents or matters requested by any Loan Party; (v) securing each Loan Party's compliance with any requests made pursuant to the provisions of this Agreement; (vi) the filing and recording fees and expenses, title insurance and reasonable fees and expenses of counsel for providing to Lender all required legal opinions, and other similar expenses incurred in creating and perfecting the Liens in favor of Lender pursuant to this Agreement and the other Loan Documents; (vii) enforcing or preserving any rights, in response to third party claims or the prosecuting or defending of any action or proceeding or other litigation, in each case against, under or affecting any Loan Party, this Agreement, the other Loan Documents, the Property, or any other security given for the Loan; and (viii) enforcing any obligations of or collecting any payments due from Borrower under this Agreement, the other Loan Documents or with respect to the Property (including, without limitation, any fees and expenses incurred by or payable to Servicer or a trustee in connection with the transfer of the Loan to a special servicer upon Servicer's anticipation of a Default or Event of Default, liquidation fees, workout fees, special servicing fees, operating advisor fees or any other similar fees and interest payable on advances made by the Servicer with respect to delinquent debt service payments or expenses of curing any Loan Party's defaults under the Loan Documents) or in connection with any refinancing or restructuring of the credit arrangements provided under this Agreement in the nature of a "work out" or of any insolvency or bankruptcy proceedings or any other amounts required under Section 9.5; provided, however, that no Loan Party shall be liable for the payment or reimbursement of any such costs and expenses to the extent the same arise by reason of the gross negligence, illegal acts, fraud or willful misconduct of Lender. Any cost and expenses due and payable to Lender may be paid from any amounts in the Lockbox Account or Cash Management Account, as applicable.

(b) Borrower and each other Loan Party shall indemnify, defend and hold harmless the Indemnified Parties from and against any and all other actual liabilities, obligations, losses, damages, penalties, actions, judgments, suits, claims, costs, expenses and disbursements of any kind or nature whatsoever (including, without limitation, the reasonable fees and disbursements of counsel in connection with any investigative, administrative or judicial proceeding commenced or threatened, whether or not an Indemnified Party shall be designated a party thereto), that may be imposed on, incurred by, or asserted against any Indemnified Party in any manner relating to or arising out of (i) any breach by Borrower or any other Loan Party of its obligations under, or any material misrepresentation by Borrower or any other Loan Party contained in, this Agreement or the other Loan Documents, (ii) the use or intended use of the proceeds of the Loan or (iii) any

liabilities incurred by Lender arising from the negotiation and/or execution of any Assignment of Franchise Agreement (collectively, the "**Indemnified Liabilities**"); provided, however, that no Loan Party shall have any obligation to any Indemnified Party hereunder to the extent that any Indemnified Liabilities arise from the gross negligence, illegal acts, fraud or willful misconduct of such Indemnified Party. To the extent that the undertaking to indemnify, defend and hold harmless set forth in the preceding sentence may be unenforceable because it violates any law or public policy, each Loan Party shall pay the maximum portion that it is permitted to pay and satisfy under applicable law to the payment and satisfaction of all Indemnified Liabilities incurred by the Indemnified Parties.

(c) Each Loan Party covenants and agrees to pay for or, if Borrower or any other Loan Party fails to pay, to reimburse Lender for, any reasonable fees and expenses incurred by any Rating Agency in connection with any Rating Agency review of the Loan, the Loan Documents or any transaction contemplated thereby or any consent, approval, waiver or confirmation obtained from such Rating Agency pursuant to the terms and conditions of this Agreement or any other Loan Document and Lender shall be entitled to require payment of such fees and expenses as a condition precedent to the obtaining of any such consent, approval, waiver or confirmation.

(d) Each Loan Party shall jointly and severally indemnify the Lender and each of its respective officers, directors, partners, employees, representatives, agents and Affiliates against any actual liabilities to which Lender, each of its respective officers, directors, partners, employees, representatives, agents and Affiliates, shall become subject arising from any indemnification from Lender or its Affiliates to the Rating Agencies in connection with issuing, monitoring or maintaining the Securities to the extent such liabilities arise out of or are based upon any untrue statement of any material fact in any information provided by or on behalf of the Borrower or any other Loan Party to the Rating Agencies (the "**Covered Rating Agency Information**") or arise out of or are based upon the omission to state a material fact in the Covered Rating Agency Information required to be stated therein or necessary in order to make the statements in the Covered Rating Agency Information, in light of the circumstances under which they were made, not misleading.

Section 10.14 Schedules Incorporated. The Schedules and Exhibits annexed hereto are hereby incorporated herein as a part of this Agreement with the same effect as if set forth in the body hereof.

Section 10.15 Offsets, Counterclaims and Defenses. Any assignee of Lender's interest in and to this Agreement, the Note and the other Loan Documents shall take the same free and clear of all offsets, counterclaims or defenses which are unrelated to such documents which Borrower or any other Loan Party may otherwise have against any assignor of the Loan and the Loan Documents, and no such unrelated counterclaim or defense shall be interposed or asserted by Borrower or any other Loan Party in any action or proceeding brought by any such assignee upon the Loan and the Loan Documents and any such right to interpose or assert any such unrelated offset, counterclaim or defense in any such action or proceeding is hereby expressly waived by such Loan Party.

Section 10.16 No Joint Venture or Partnership; No Third Party Beneficiaries.

(a) Each Loan Party and Lender intend that the relationships created hereunder and under the other Loan Documents be solely that of borrower and lender. Nothing herein or therein is intended to create a joint venture, partnership, tenancy in common, or joint tenancy relationship between any Loan Party and Lender, nor to grant Lender any interest in the Property other than that of mortgagee, beneficiary or lender.

(b) This Agreement and the other Loan Documents are solely for the benefit of Lender and each Loan Party and nothing contained in this Agreement or the other Loan Documents shall be deemed to confer upon anyone other than Lender and each Loan Party any right to insist upon or to enforce the performance or observance of any of the obligations contained herein or therein. All conditions to the obligations of Lender to make the Loan hereunder are imposed solely and exclusively for the benefit of Lender and no other Person shall have standing to require satisfaction of such conditions in accordance with their terms or be entitled to assume that Lender will refuse to make the Loan in the absence of strict compliance with any or all thereof and no other Person shall under any circumstances be deemed to be a beneficiary of such conditions, any or all of which may be freely waived in whole or in part by Lender if, in Lender's sole discretion, Lender deems it advisable or desirable to do so.

Section 10.17 Publicity. (a) All news releases, publicity or advertising by any Loan Party or its Affiliates through any media intended to reach the general public which refers to the Loan Documents or the financing evidenced by the Loan Documents, to Lender, JPMorgan Chase Bank, National Association, or any of their Affiliates shall be subject to the prior written approval of Lender and JPMorgan Chase Bank, National Association in their sole discretion. Notwithstanding the foregoing, disclosure required by any applicable laws, including any applicable federal or State securities laws, rules or regulations, as determined by Borrower's counsel, shall not be subject to the prior written approval of Lender or JPMorgan Chase Bank, National Association.

(b) All news releases, publicity or advertising by Lender or its Affiliates through any media intended to reach the general public which refers to the Loan Documents or the financing evidenced by the Loan Documents, to Borrower or any Guarantor or any of their Affiliates shall be subject to the prior written approval of Borrower provided, that any news releases, publicity or advertising required by applicable law or in any judicial or administrative proceeding, shall not require the prior written approval of Borrower.

Section 10.18 Waiver of Marshalling of Assets. (a) Reserved.

(b) To the fullest extent permitted by applicable law, each Loan Party, for itself and its successors and assigns, waives all rights to a marshalling of the assets of such Loan Party, its respective partners or members, and others with interests in such Loan Party, and of the Property and agrees not to assert any right under any laws pertaining to the marshalling of assets, the sale in inverse order of alienation, homestead exemption, the administration of estates of decedents, or any other matters whatsoever to defeat, reduce or affect the right of Lender under the Loan Documents to a sale of the Property for the collection of the Debt

without any prior or different resort for collection or of the right of Lender to the payment of the Debt out of the net proceeds of the Property in preference to every other claimant whatsoever.

Section 10.19 Waiver of Counterclaim. Each Loan Party hereby waives the right to assert a counterclaim, other than a compulsory counterclaim, in any action or proceeding brought against it by Lender or its agents.

Section 10.20 Conflict; Construction of Documents; Reliance. In the event of any conflict between the provisions of this Agreement and any of the other Loan Documents, the provisions of this Agreement shall control. The parties hereto acknowledge that they were represented by competent counsel in connection with the negotiation, drafting and execution of the Loan Documents and that such Loan Documents shall not be subject to the principle of construing their meaning against the party which drafted same. Each Loan Party acknowledges that, with respect to the Loan, each Loan Party shall rely solely on its own judgment and advisors in entering into the Loan without relying in any manner on any statements, representations or recommendations of Lender or any parent, subsidiary or Affiliate of Lender. Lender shall not be subject to any limitation whatsoever in the exercise of any rights or remedies available to it under any of the Loan Documents or any other agreements or instruments which govern the Loan by virtue of the ownership by it or any parent, subsidiary or Affiliate of Lender of any equity interest any of them may acquire in any Loan Party, and each Loan Party hereby irrevocably waives the right to raise any defense or take any action on the basis of the foregoing with respect to Lender's exercise of any such rights or remedies. Each Loan Party acknowledges that Lender engages in the business of real estate financings and other real estate transactions and investments which may be viewed as adverse to or competitive with the business of such Loan Party, Guarantor or their respective Affiliates.

Section 10.21 Brokers and Financial Advisors. Each Loan Party hereby represents that it has dealt with no financial advisors, brokers, underwriters, placement agents, agents or finders other than Broker in connection with the transactions contemplated by this Agreement. Each Loan Party hereby agrees to indemnify, defend and hold Lender harmless from and against any and all actual claims, liabilities, costs and expenses of any kind (including Lender's reasonable attorneys' fees and expenses) incurred by Lender in any way relating to or arising from a claim by Broker or any other Person that such Person acted on behalf of such Loan Party or Lender in connection with the transactions contemplated herein. The provisions of this Section 10.21 shall survive the expiration and termination of this Agreement and the payment of the Debt.

Section 10.22 Prior Agreements. This Agreement and the other Loan Documents contain the entire agreement of the parties hereto and thereto in respect of the transactions contemplated hereby and thereby, and all prior agreements among or between such parties, whether oral or written, between each Loan Party and Lender are superseded by the terms of this Agreement and the other Loan Documents.

Section 10.23 Joint and Several Liability. If Borrower consists of more than one (1) Person the obligations and liabilities of each Person shall be joint and several. If Operating Lessee consists of more than one (1) Person the obligations and liabilities of each Person shall be joint and several.

Section 10.24 Certain Additional Rights of Lender (VCOC). Notwithstanding anything to the contrary contained in this Agreement, Lender shall have:

(a) the right to routinely consult with and advise Borrower's management regarding the significant business activities and business and financial developments of Borrower; provided, however, that such consultations shall not include discussions of environmental compliance programs or disposal of hazardous substances. Consultation meetings should occur on a regular basis (no less frequently than quarterly) with Lender having the right to call special meetings at any reasonable times and upon reasonable advance notice;

(b) the right, in accordance with the terms of this Agreement, to examine the books and records of Borrower at any reasonable times upon reasonable notice;

(c) the right, in accordance with the terms of this Agreement, including, without limitation, Section 5.1.11 hereof, to receive monthly, quarterly and year-end financial reports, including balance sheets, statements of income, shareholder's equity and cash flow, a management report and schedules of outstanding indebtedness; and

(d) the right, without restricting any other rights of Lender under this Agreement (including any similar right), to approve any acquisition by Borrower of any other significant property (other than personal property required for the day to day operation of the Property).

The rights described above in this Section 10.24 may be exercised by any entity which owns and controls, directly or indirectly, substantially all of the interests in Lender.

Section 10.25 Limitation on Liability of Operating Lessee. Notwithstanding the foregoing or any other provision of this Agreement or any of the other Loan Documents to the contrary, Lender, and its successors and assigns, agrees that Operating Lessee is not the Borrower and shall under no circumstances whatsoever be liable hereunder or under any of the other Loan Documents for the repayment of the Debt.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their duly authorized representatives, all as of the day and year first above written.

BORROWER:

GRAND PRIX SILI II LLC, a Delaware limited liability company

By: /s/ Eric Kentoff
Name: Eric Kentoff
Title: Authorized Signatory

LENDER:

JPMORGAN CHASE BANK, NATIONAL ASSOCATION, a banking association chartered under the laws of the United States of America

By: /s/ Joseph E. Geoghan
Name: Joseph E. Geoghan
Title: Managing Director

The undersigned hereby executes this Agreement solely for the purposes of agreeing to comply with, perform and observe all obligations, covenants, obligations and duties and make, as and when required, the representations and warranties, hereunder and under any other Loan Document that purport to bind it or apply to it as a “Loan Party”.

OPERATING LESSEE:

CHATHAM SILI II LEASECO LLC, A
Delaware limited liability company

By: /s/ Eric Kentoff
Name: Eric Kentoff
Title: Authorized Signatory

SCHEDULE I

RESERVED

SCHEDULE II

RESERVED

SCHEDULE III

RESERVED

SCHEDULE IV

(REQUIRED REPAIRS – DEADLINES FOR COMPLETION)

Sunnyvale 2		
Item	**Immediate Cost**	**Repair Deadline for Completion**
Add ADA van-accessible parking space with sign	$900.00	12 months
Move objects which protrude into accessible route in fitness center for ADA compliance	$500.00	12 months
Configure resident laundry room with clear space and accessible appliances for ADA compliance	$550.00	12 months
Maintain existing asbestos O&M	$0.00	Not applicable
EMG Recommendedation	**$1,950.00**	
JPM Reserve (waived)	**$0.00**	

SCHEDULE V

(ORGANIZATIONAL CHART OF BORROWER)

SCHEDULE VI

RESERVED

SCHEDULE VII

RESERVED

SCHEDULE VIII

RESERVED

SCHEDULE IX

O&M PROGRAM

(attached hereto)

SCHEDULE X

APPROVED PIP EXPENSES

$1,224,400.00 (the "**Public Space PIP**")

$2,817,710.00 (the "**Room/Corridor PIP**")

SCHEDULE XI

PROPERTY IMPROVEMENT PLAN

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

5. 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: August 8, 2014

/s/ JEFFREY H. FISHER

Jeffrey H. Fisher

Chairman, President and Chief Executive Officer

EXHIBIT 31.2

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

I, Dennis M. Craven, 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

5. 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: August 8, 2014

/s/ DENNIS M. CRAVEN

Dennis M. Craven

Executive 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 June 30, 2014 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, Dennis M. Craven, Executive 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: August 8, 2014

/s/ JEFFREY H. FISHER

Jeffrey H. Fisher
Chairman, President and Chief Executive Officer

/s/ DENNIS M. CRAVEN

Dennis M. Craven
Executive Vice President and Chief Financial Officer

A signed original of this statement has been provided to Chatham Lodging Trust and will be retained by Chatham Lodging Trust and furnished to the Securities and Exchange Commission or its staff upon request.