



CHATHAM
LODGING TRUST



Investor Presentation
November 2024

Safe Harbor Disclosure

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

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

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

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

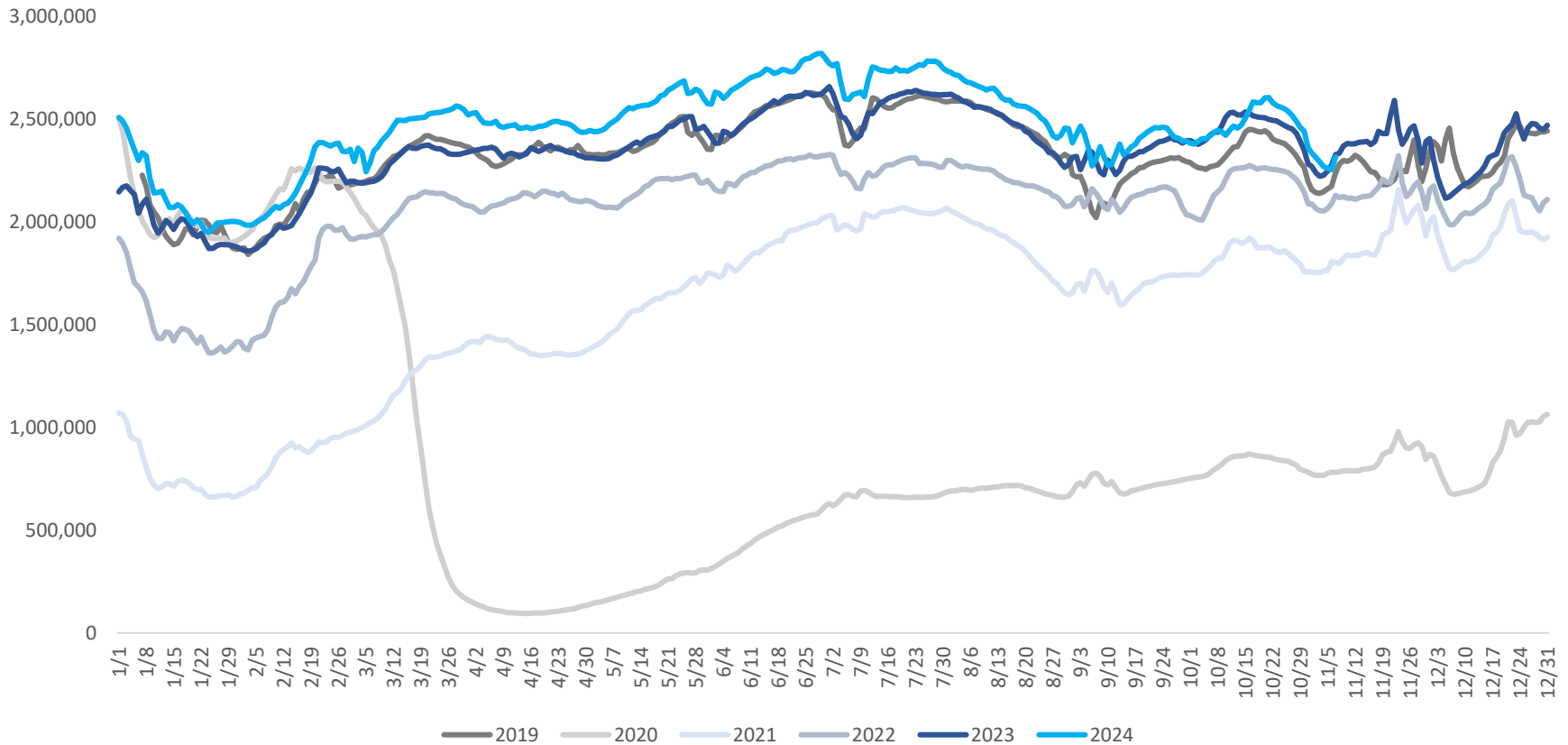
Business Highlights

- **Operating performance continuing to improve**
 - ▶ **RevPAR up 2.1% YTD versus industry growth of 1.2%**
 - Recent trends have been even stronger with RevPAR up 3.4% in September and 6.5% in October
 - ▶ **Excluding our tech driven hotels, RevPAR up versus 2019 for each of the last 21 months**
 - ▶ **RevPAR for Chatham's tech driven hotels up an average of 12.7% over the last 13 months**
- **Significant upside as business travel recovers in tech focused markets**
 - ▶ **Recovery of Silicon Valley / Bellevue properties to '19 levels would add \$14.4 million to LTM EBITDA / \$0.28 per share of FFO (increases of approximately 14% and 27% relative to consensus 2024 estimates)**
- **Current share price / valuation provides meaningful upside opportunity**
 - ▶ **Implied cap rate of 8.7% on LTM actual corporate NOI**
- **Capital recycling has enhanced portfolio quality, increased returns and will drive future earnings growth**
 - ▶ **Q1 sale of HGI Denver Tech at 3.8% cap rate and 5/30 acquisition of Home2 Phoenix Downtown at expected cap rate of 9.0%+ is accretive and enhances portfolio quality**
 - ▶ **Entered agreements to sell five hotels which will generate approximately \$80 million of proceeds if deals close**
- **Performance should benefit from very limited supply growth in coming years**
 - ▶ **Over 2/3 of Chatham's hotels have no supply under construction within a 5-mile radius**
- **Significant debt reduction and refinancings have strengthened balance sheet and provide capacity for future growth**
- **\$265 million / 65% of Chatham's debt is floating rate so reductions in SOFR would significantly reduce interest expense**

Travel Is Recovering

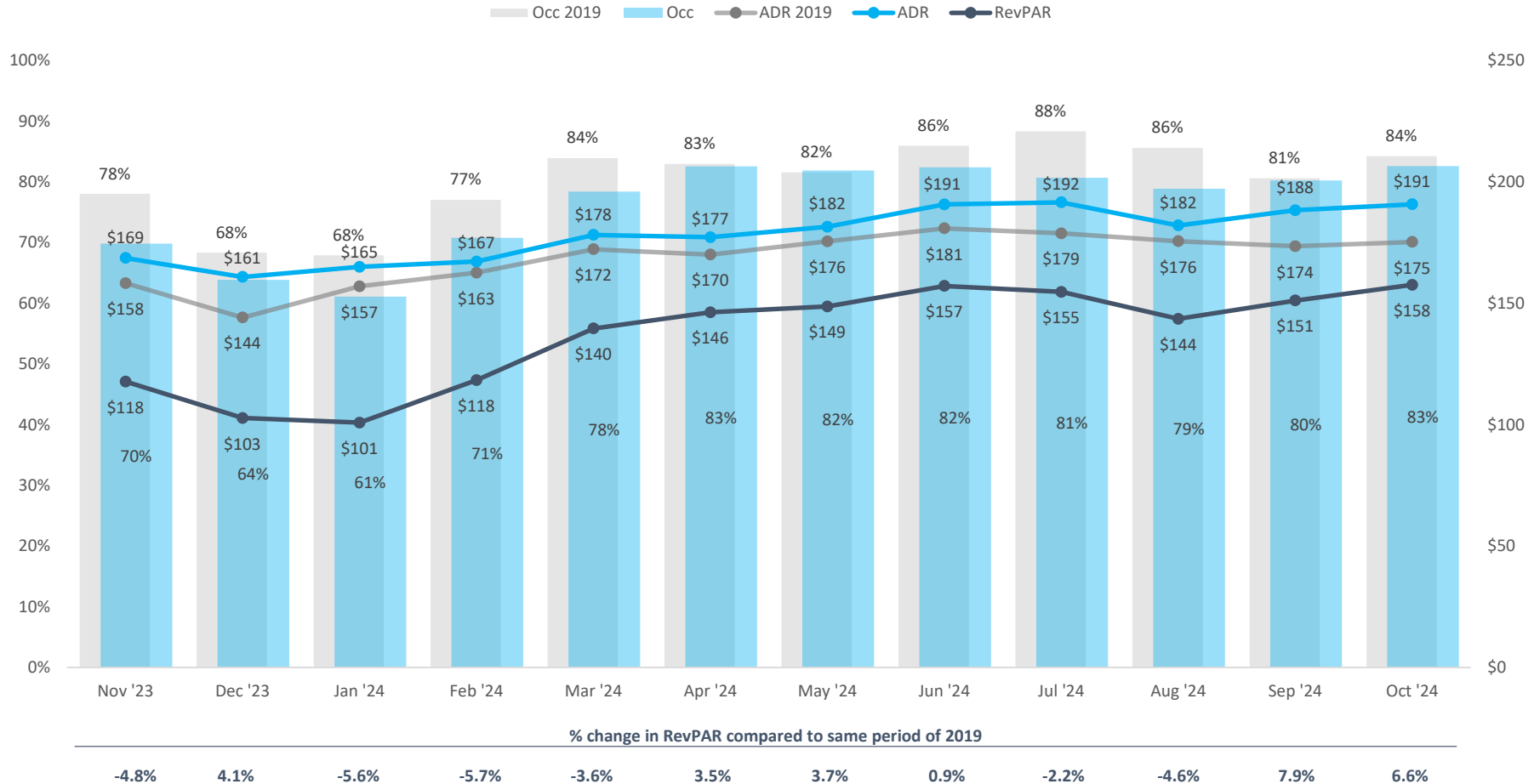
Air travel has surpassed 2019 levels in 2024 even though there is room for improvement in key segments (business / international)

TSA Checkpoint Traveler Numbers (7-Day Moving Average)



Operating Performance Is Improving

RevPAR has continued to improve as business travel continues to recover while most markets maintain positive fundamentals

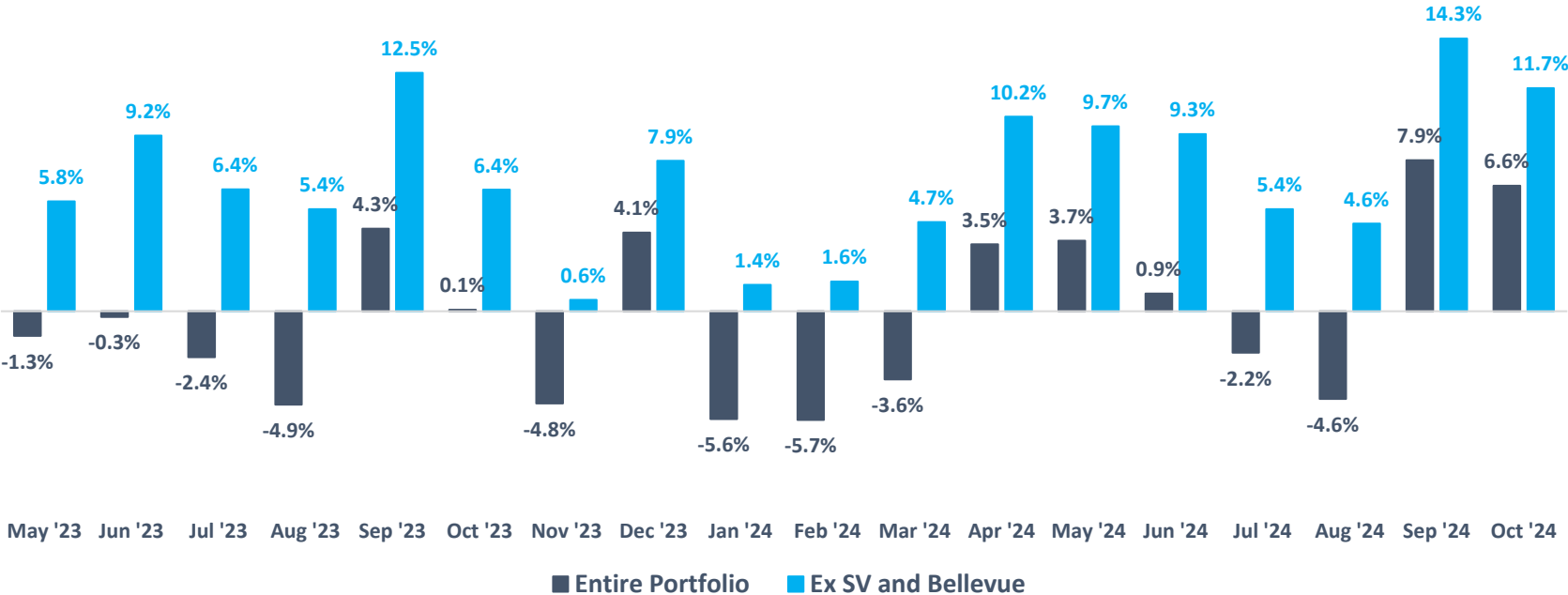


Operating Performance Is Improving

RevPAR performance is now above 2019 levels for Chatham’s entire portfolio

- Recovery in our tech focused hotels has taken longer, but those markets are currently seeing strong year over year growth

RevPAR versus 2019

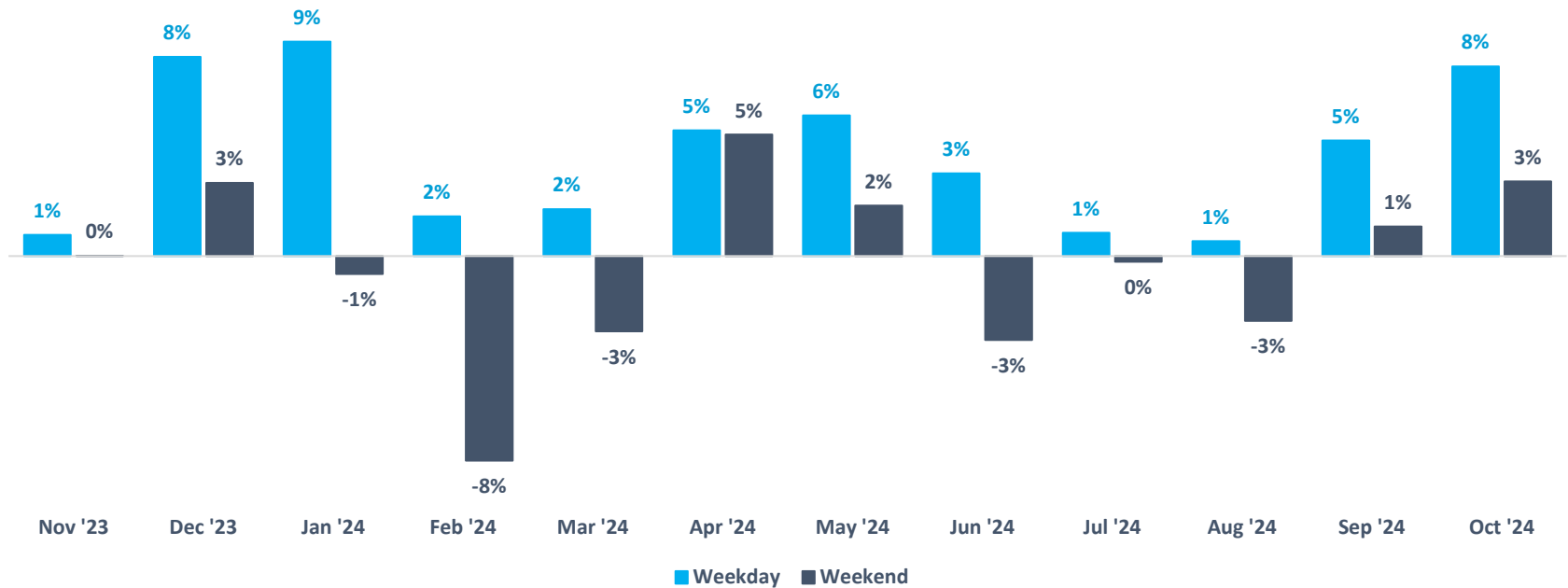


Weekday Performance Is Gaining Momentum

Improving midweek results demonstrate a continuing recovery in business travel

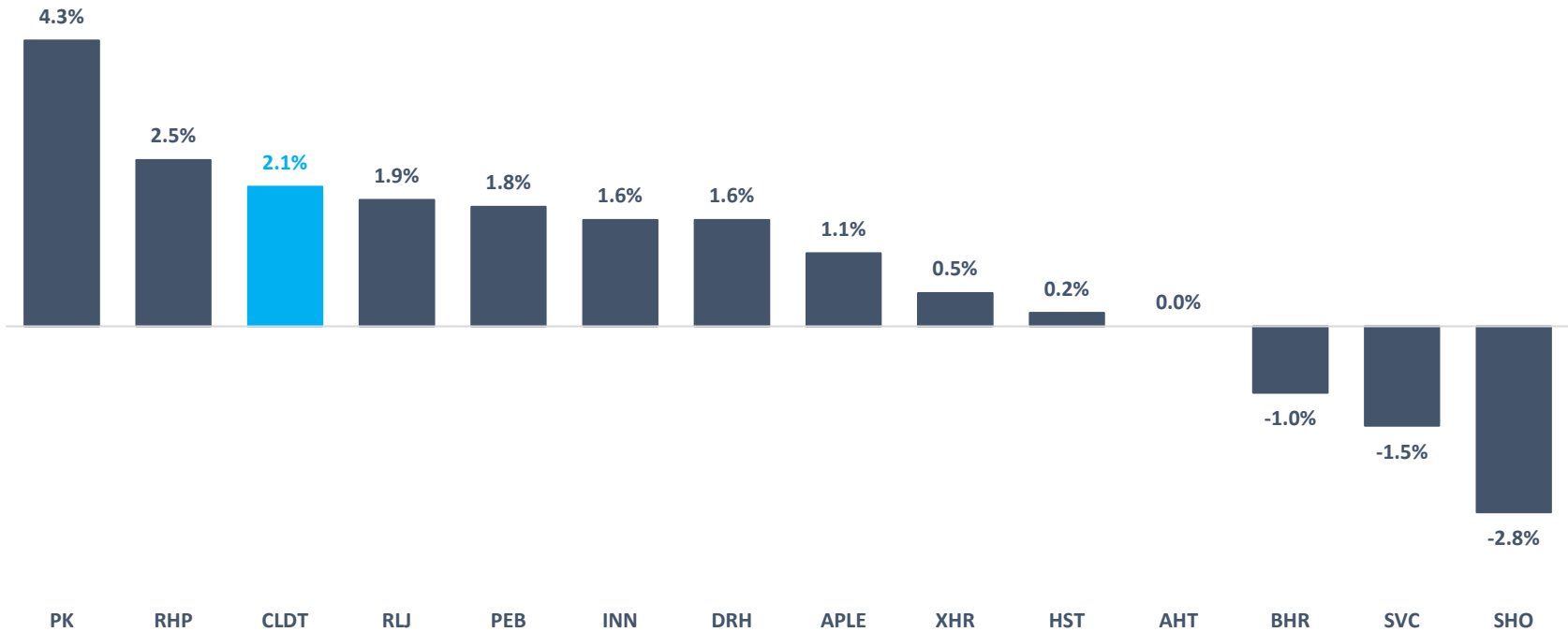
- Recovery in business travel should drive outsized results for Chatham given its significant exposure to this segment

Chatham RevPAR % Change vs Prior Year



Chatham Is Outperforming Peers

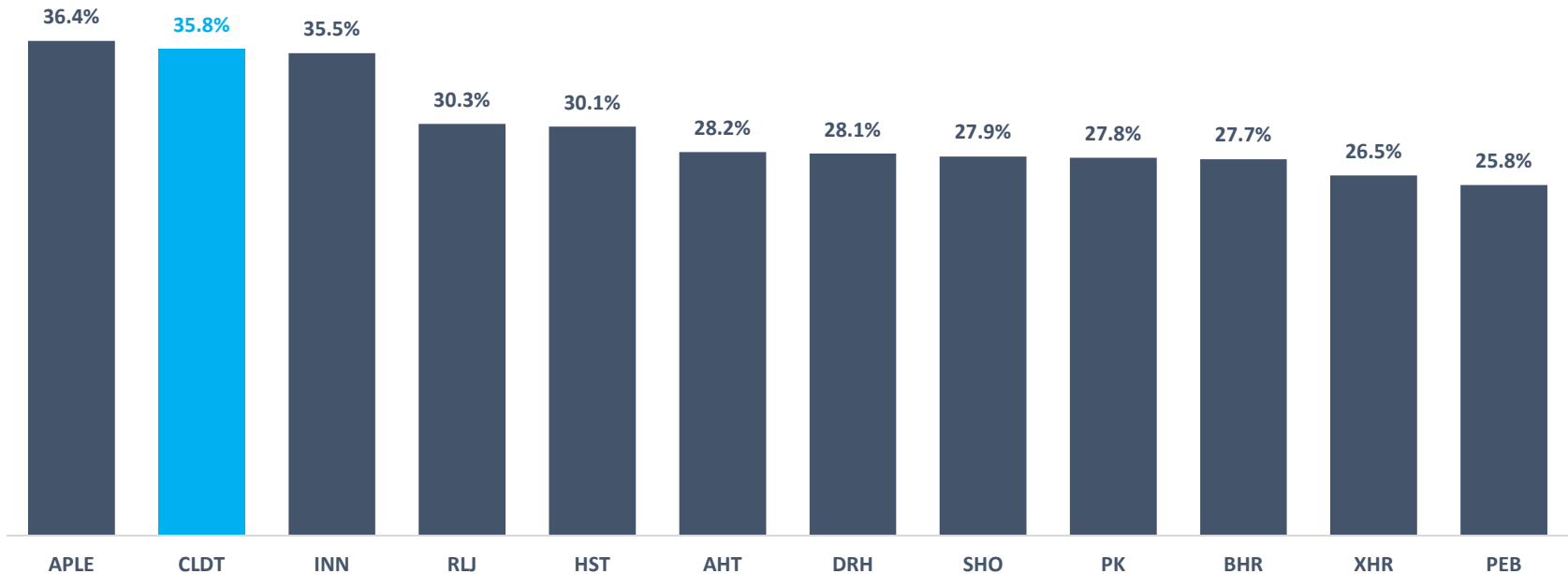
Chatham's YTD 9/30/24 RevPAR performance was better than most other lodging REITs



Superior EBITDA Margins

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

EBITDA Margin – FY 2023

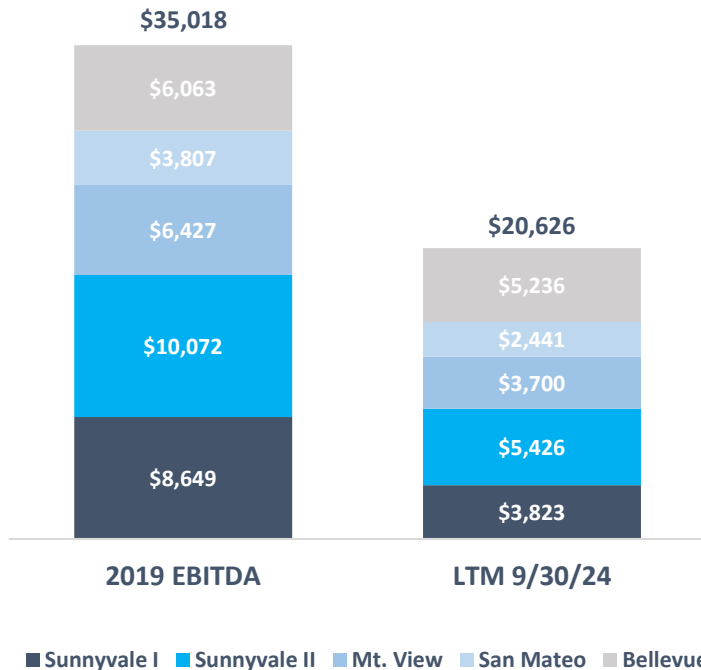


Significant Upside From Recovery in Business Travel

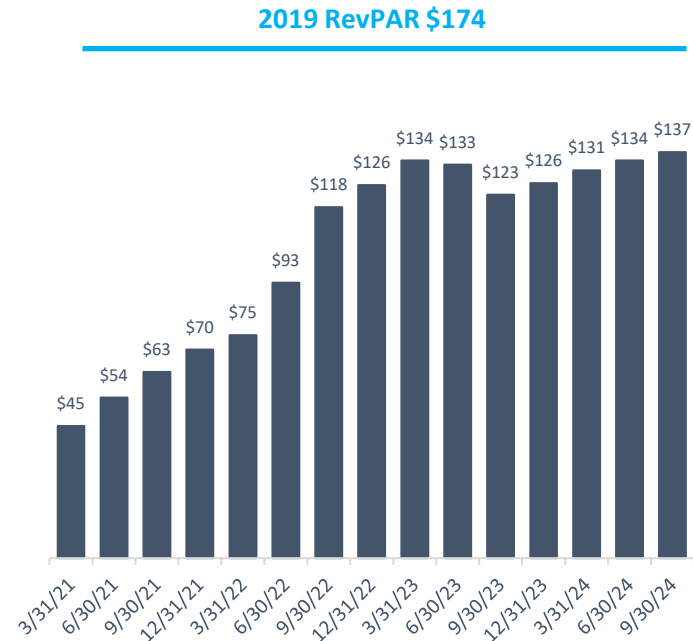
CLDT has significant upside at its largest hotels where demand is driven by business travel

- Chatham's five Residence Inns located in Silicon Valley and Bellevue generated \$20.6 million of EBITDA for the LTM ended 9/30/24 versus \$35.0 million in 2019
- Recovery of these properties to '19 levels would add \$14.4 million to LTM EBITDA / \$0.28 per share of FFO (increases of approximately 14% and 27% relative to consensus 2024 estimates)

Hotel EBITDA in Selected Hotels (\$ in 1,000s)



LTM RevPAR in Selected Hotels (\$)

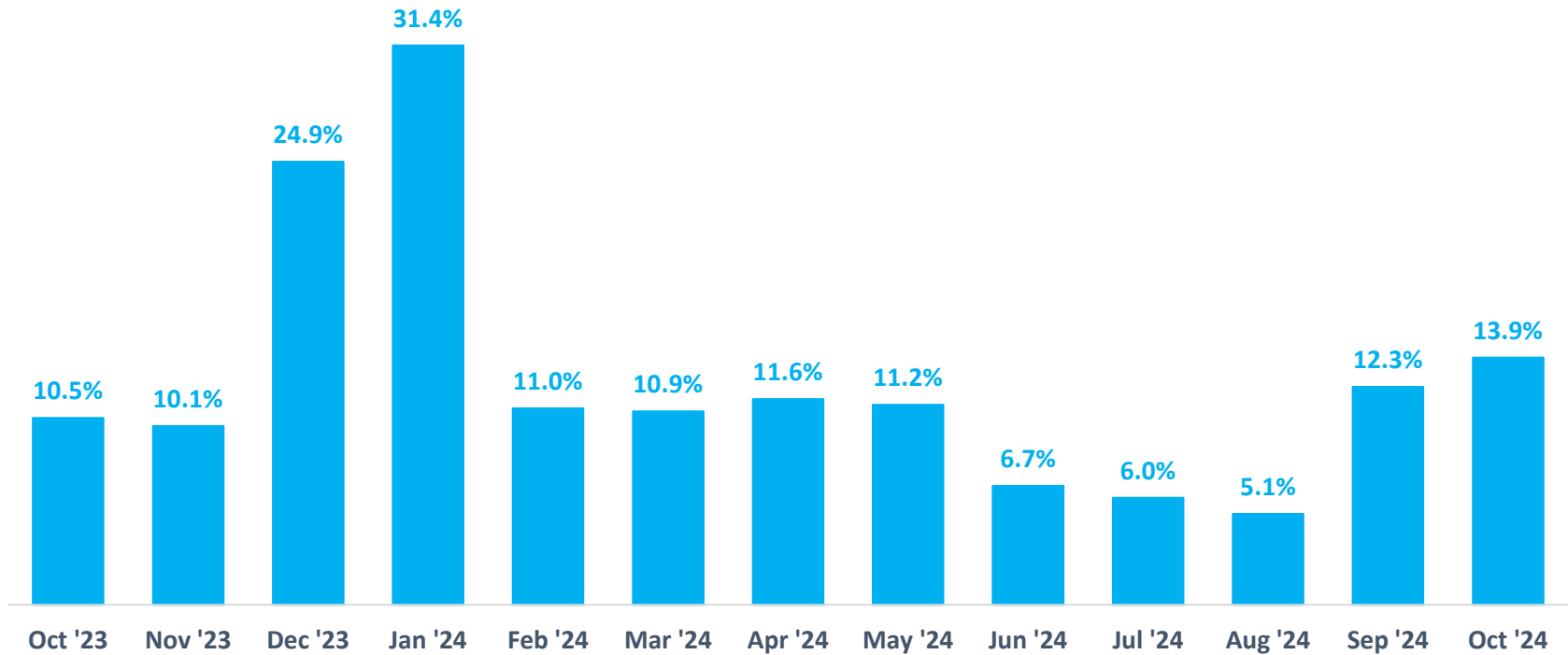


RevPAR figures LTM average for Residence Inn Sunnyvale I, Residence Inn Sunnyvale II, Residence Inn Mt. View, Residence Inn San Mateo and Residence Inn Bellevue.

CLDT's Tech Focused Hotels Delivering Strong Growth

Chatham's Silicon Valley and Bellevue properties are generating strong RevPAR growth

Chatham SV / Bellevue RevPAR % Change vs Prior Year

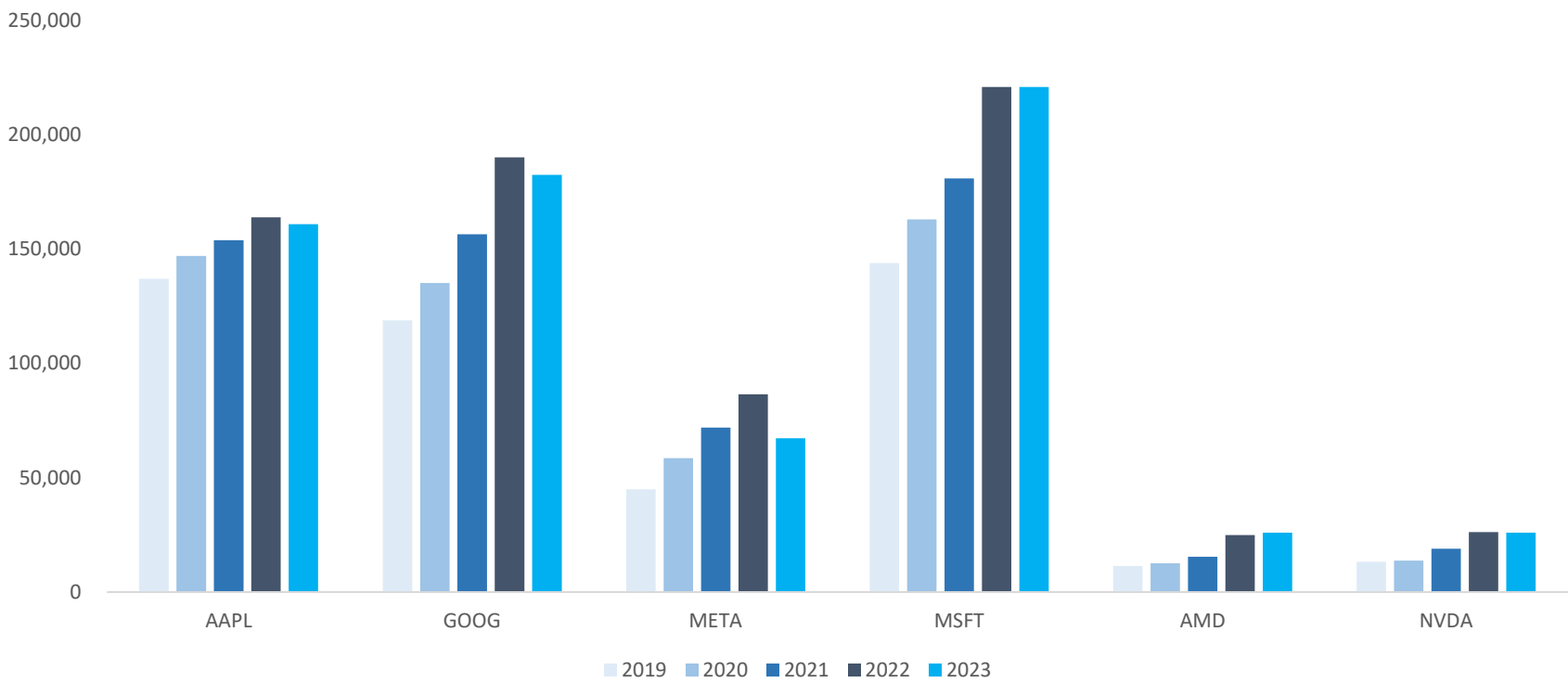


Tech Driven Employment Is Strong

Technology industry employment has grown significantly from 2019 levels

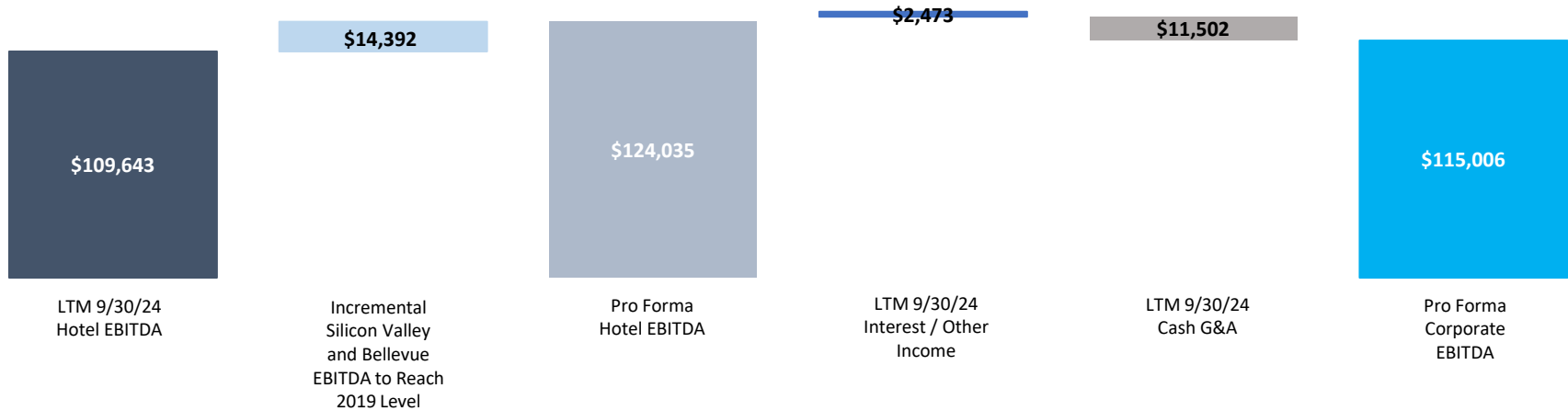
- As employers increasingly enforce return to office policies, there is the potential for significant business transient travel growth

Number of Employees

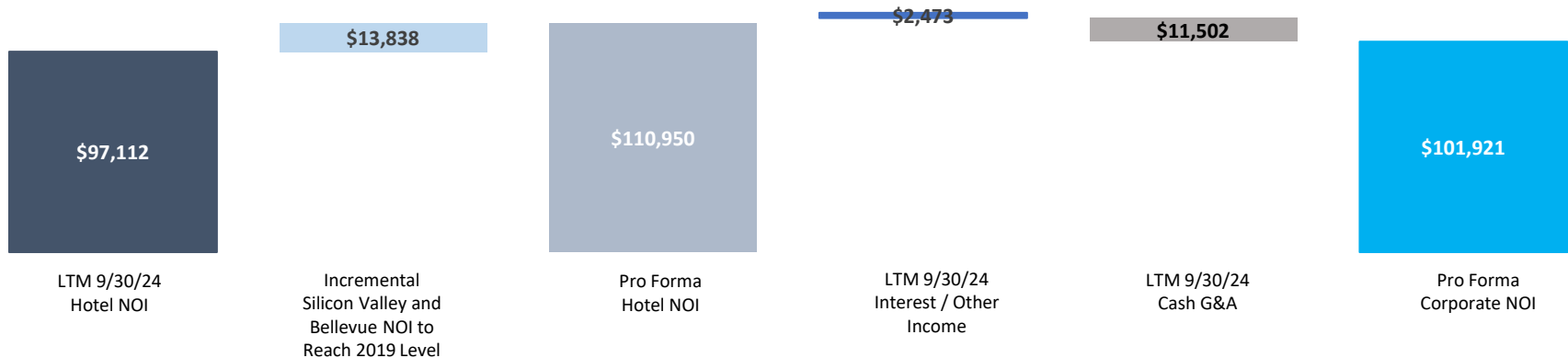


Significant Upside From Recovery in Business Travel

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



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



Capitalization / Enterprise Value

| | |
|-------------------------------------|--------------------|
| Common Shares | 48,911 |
| Vested Units | 1,909 |
| Total Shares and Units | <u>50,821</u> |
| Stock Price at 11/8/24 | \$9.23 |
| Equity Market Capitalization | \$469,076 |
| Revolving Credit Facility | \$125,000 |
| Term Loan | 140,000 |
| CMBS | 173,511 |
| Total Debt @ 9/30/24 | <u>\$438,511</u> |
| Preferred Equity | \$120,000 |
| Less Unrestricted Cash | (\$19,349) |
| Net Debt and Preferred | \$539,162 |
| Enterprise Value | \$1,008,238 |

Implied cap rate of 8.7% on LTM actual corporate NOI

Stock price as of 11/11/24, balance sheet data as of 9/30/24.

Successful Capital Recycling

Dispositions

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



Proceeds: \$165 million and \$18 million of capital savings

Average Age: 25.8 years

Additions

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



Investment: \$216 million with minimal capital needs for years

Average Age: 1.3 years

Home2 Phoenix Downtown Acquisition

- Chatham acquired the newly constructed 148-room Home2 Suites Phoenix Downtown on 5/30/24
 - ▶ Price of \$43.3 million represents \$293k per room
 - ▶ Expected stabilized cap rate of over 9%
- Outstanding location in attractive downtown Phoenix market
 - ▶ Closest hotel to Footprint Center (Phoenix Suns) and Chase Field (Arizona Diamondbacks) and only blocks from Phoenix Convention Center
 - ▶ Downtown Phoenix has 11.5 million sq ft of office space, a 28-acre / 1.6 million sq ft Bioscience Core that is expected to double in size, almost 1.0 million sq ft of retail space, and expanding downtown campuses for Arizona State University, University of Arizona Medical School and Northern Arizona University (combined total of 16k students)
- Very strong Phoenix market growth
 - ▶ Maricopa County had highest population growth in country in 2022
 - ▶ Top ranked city for talent attraction / strong job growth
 - ▶ Second highest RevPAR growth of top 25 MSAs over last five years
- Only Hilton branded extended stay hotel in downtown Phoenix / Hilton branded rooms only represent 11% of downtown Phoenix room base

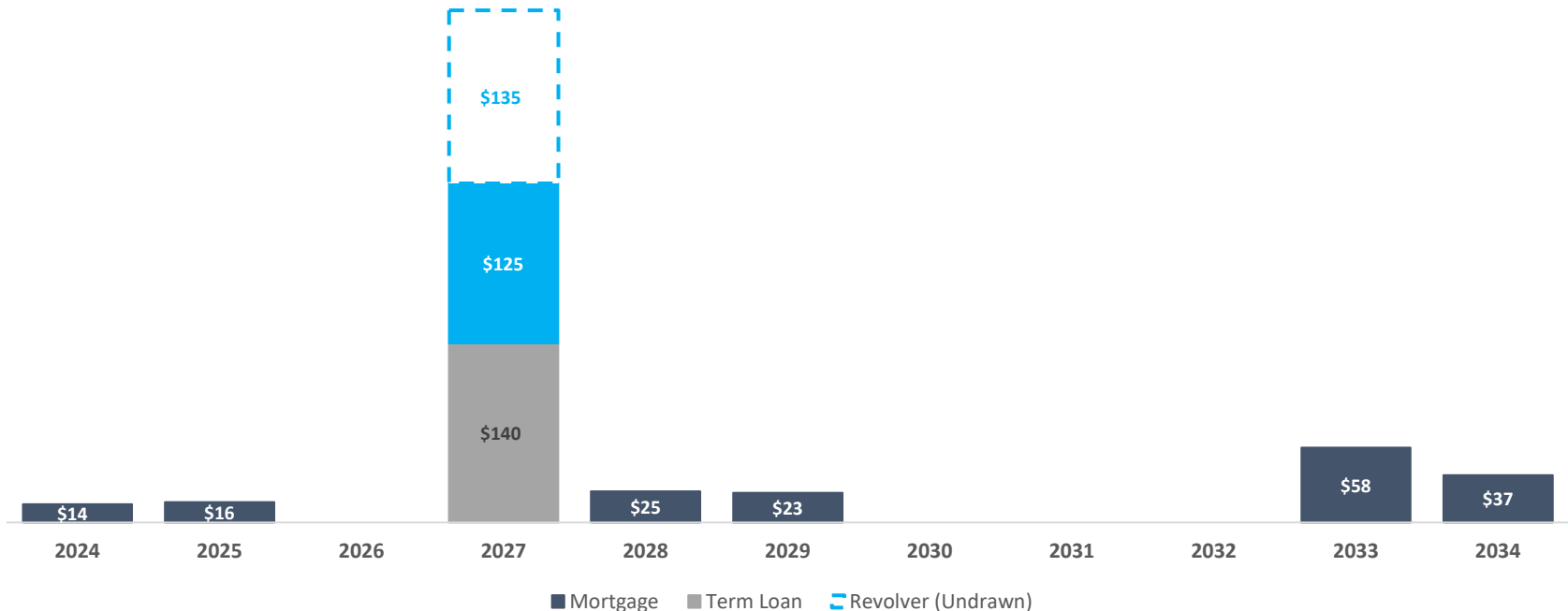


Solid Liquidity and Limited Debt Maturities

Chatham currently has \$154 million of liquidity

- Approximately \$80 million of pending asset sales will further enhance liquidity
- \$265 million / 60% of Chatham's debt is floating rate so reductions in SOFR would significantly decrease interest expense

Chatham Debt Maturities at 9/30/24 (\$ in millions)



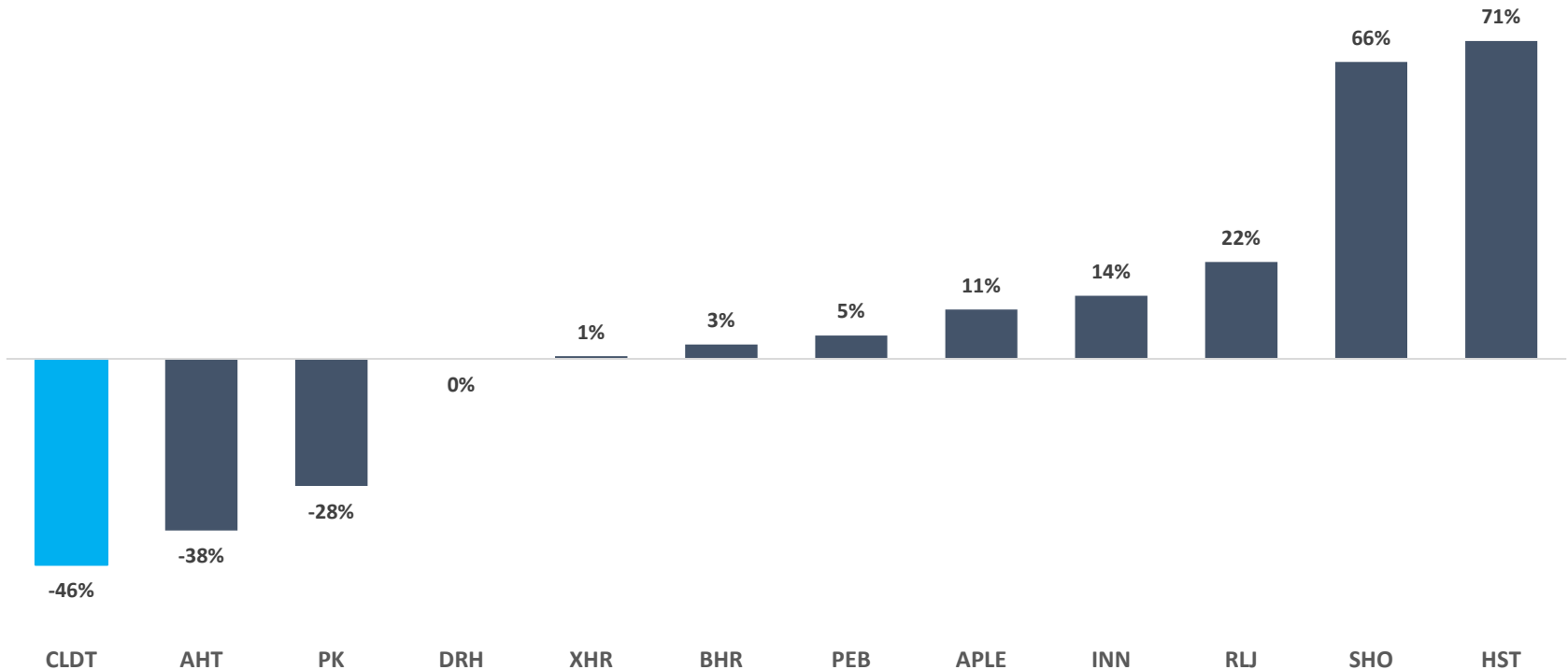
Maturities include all extension options. Liquidity calculated as unrestricted cash of \$19 million plus \$135 million of undrawn revolving credit facility.

Significant Debt Reduction

Chatham reduced its net debt by \$356 million since 3/31/20

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

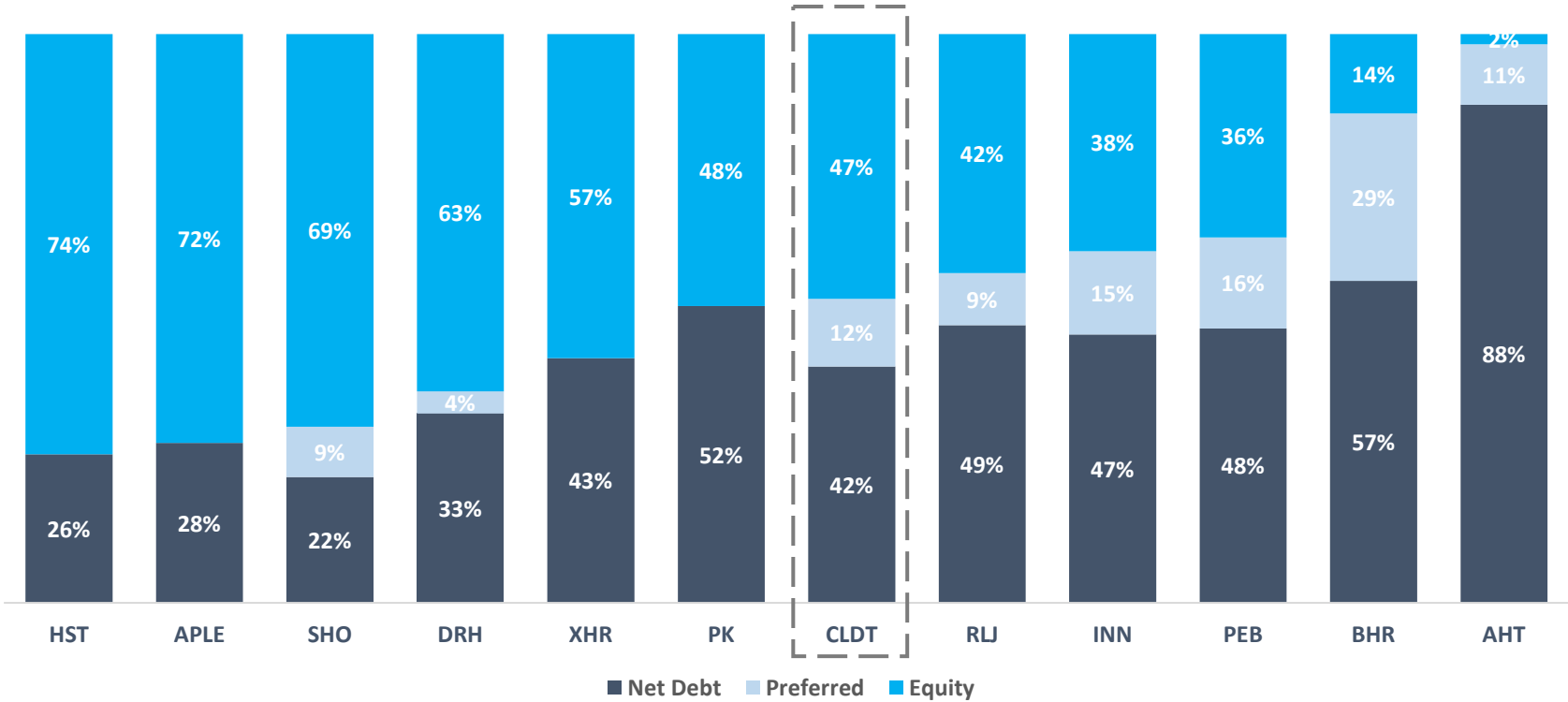
% Change in Net Debt (3/31/20 to 9/30/24)



Chatham Has Reasonable Leverage

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

Net Debt / Enterprise Value



Stock prices as of 11/11/24, balance sheet data as of 9/30/24.

Portfolio Overview



High Quality Hotels in Attractive Markets



High Quality Hotels in Attractive Markets



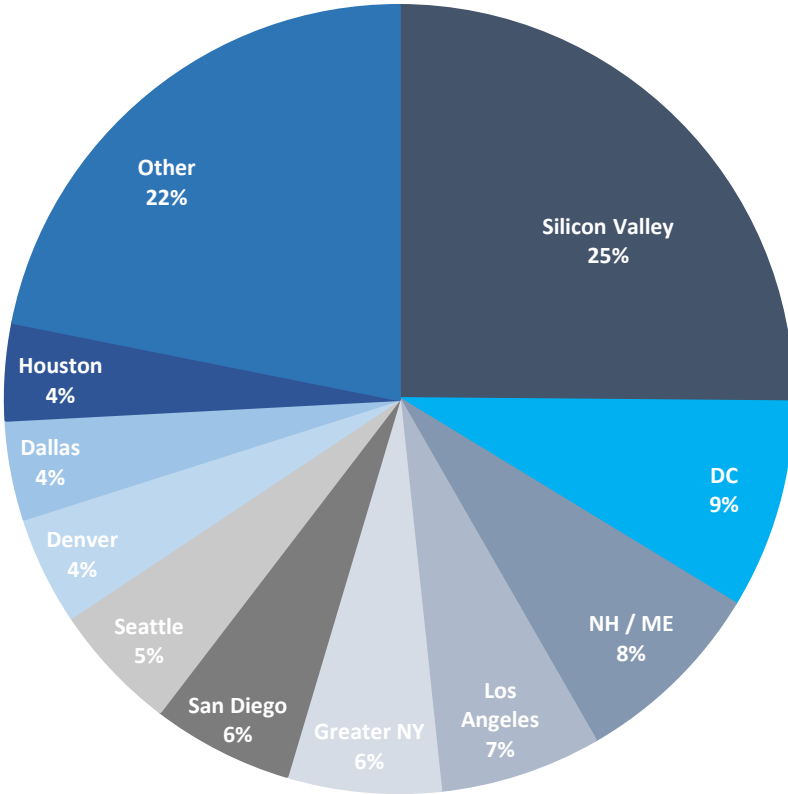
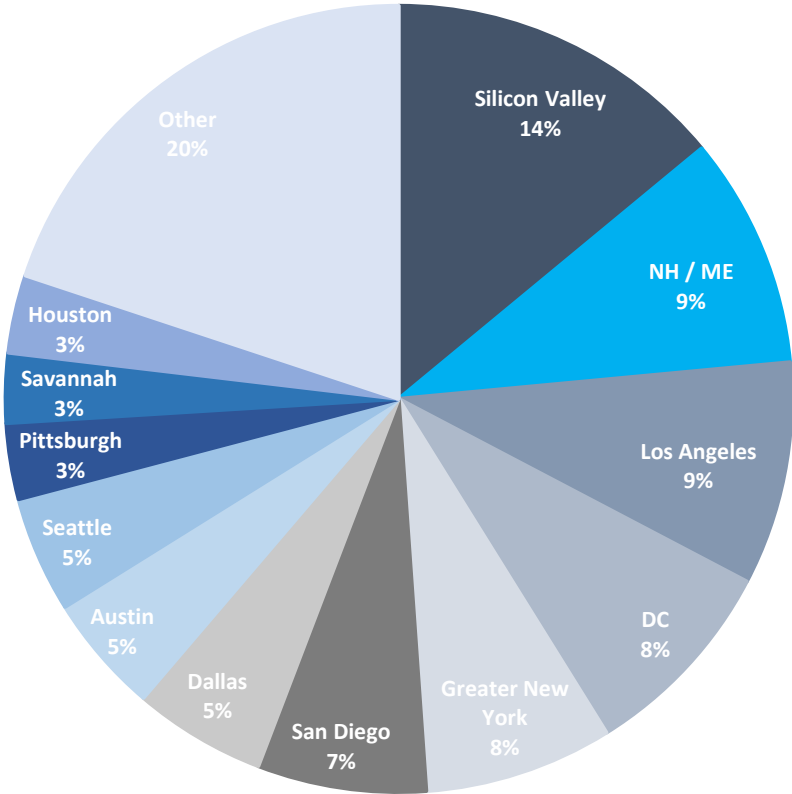
High Quality Hotels in High Quality Markets

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

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

Chatham Markets (% of LTM 9/30/24 Hotel EBITDA)

Chatham Markets (% of 2019 Hotel EBITDA)



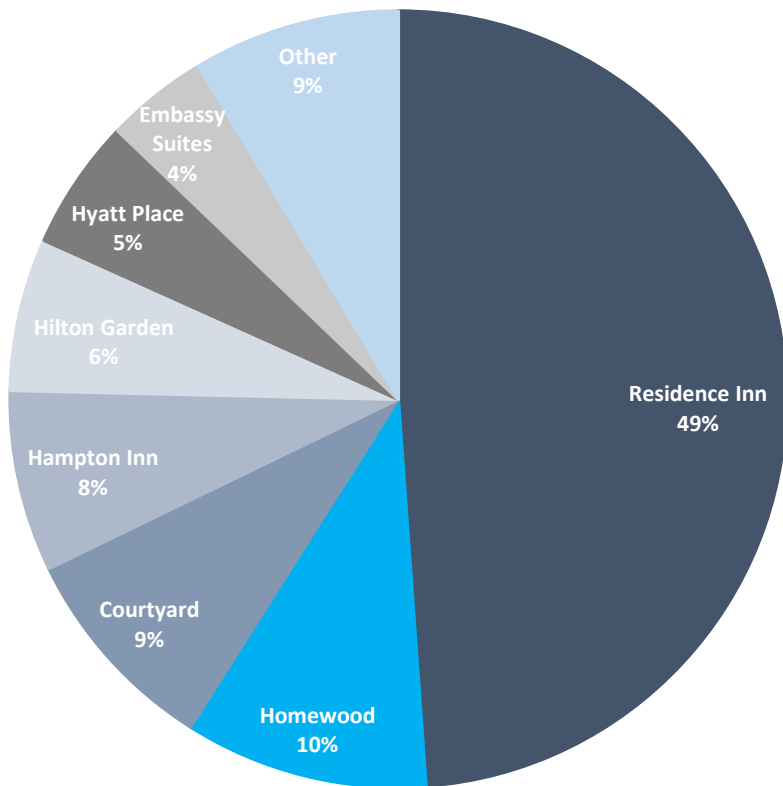
Figures reflect pro forma impact of asset sales.

High Quality Hotels in High Quality Markets

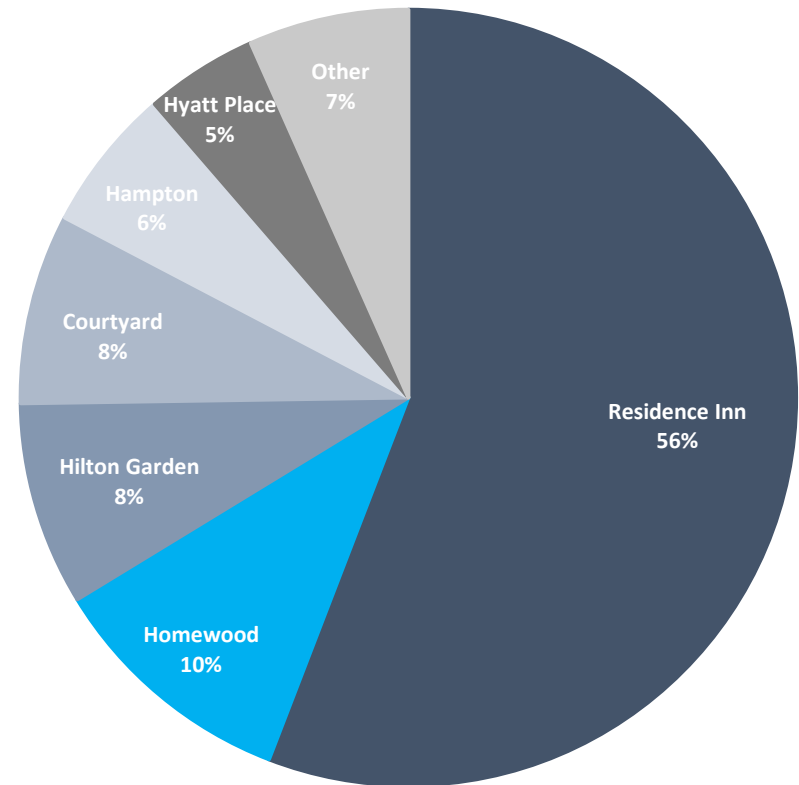
Chatham's superior portfolio is reflected by its top brands and attractive markets

- 65% of Chatham's LTM EBITDA was generated by extended stay hotels

Chatham Brands (% of LTM 9/30/24 Hotel EBITDA)



Chatham Brands (% of 2019 Hotel EBITDA)



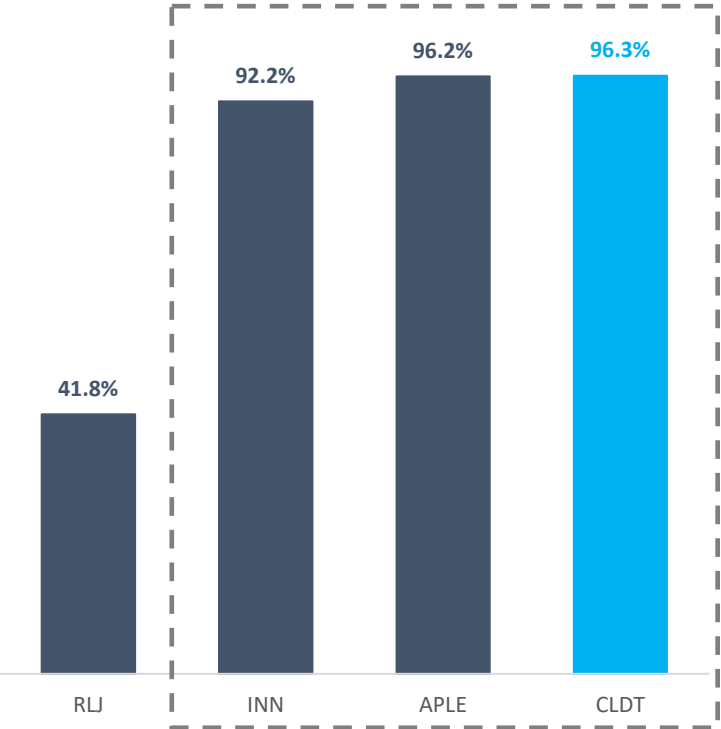
Figures reflect pro forma impact of asset sales.

Pure Play Limited-Service Portfolio with High RevPAR

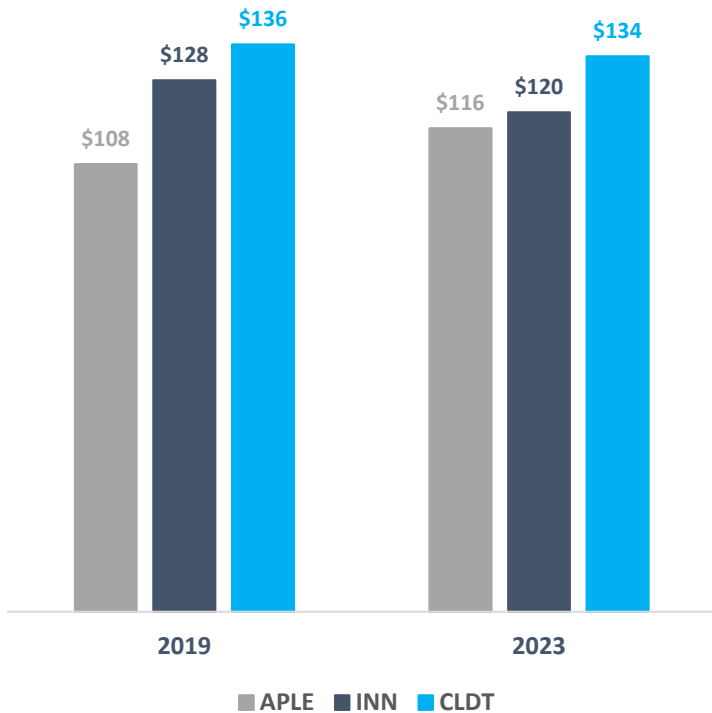
Chatham has the highest RevPAR of the three lodging REITs that are focused almost entirely on the limited-service segment and the most upside as business recovers

- High quality assets in top markets

Limited-Service Rooms as % of Total



RevPAR

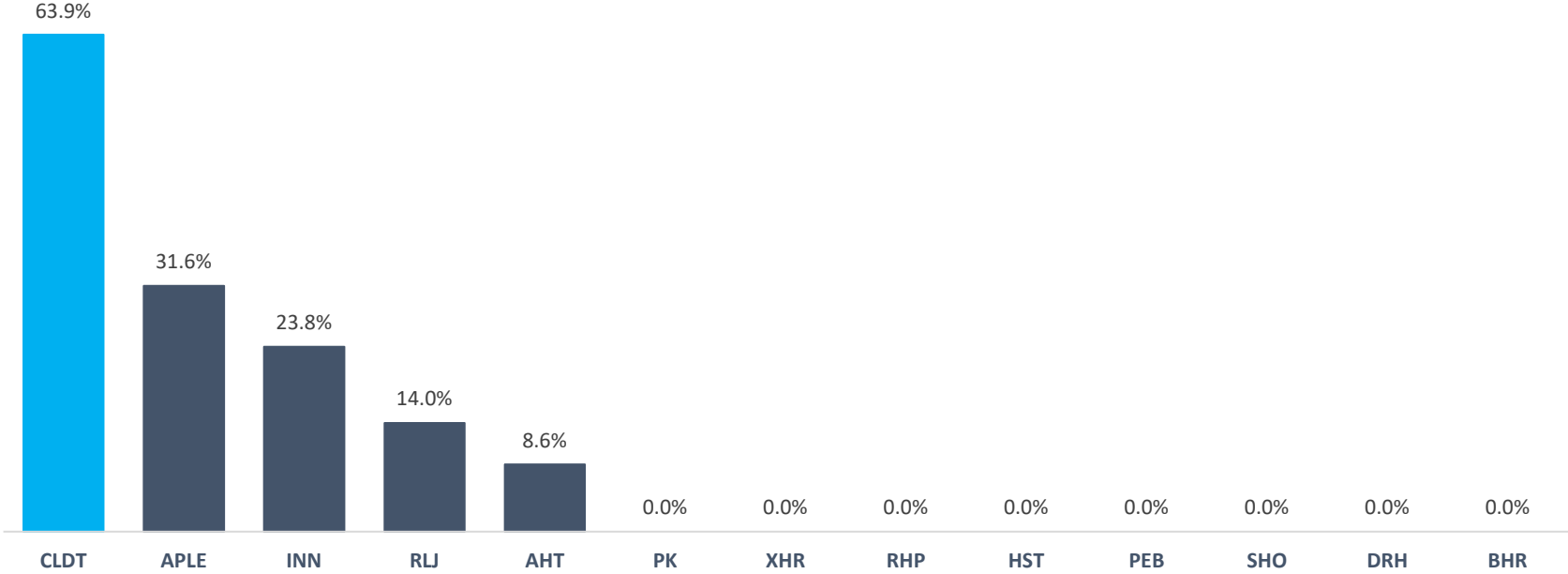


Most Extended Stay Rooms of All Lodging REITs

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

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

Extended Stay Rooms as % of Total



ESG Commitment



Chatham's ESG Approach

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

Environmental

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

Social

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

Governance

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

ESG – Recent Developments

- **Corporate Responsibility Report – In late May, we published our most recent report; this included the following disclosures:**
 - ▶ **Disclosures in compliance with the Task Force on Climate-related Financial Disclosures (TCFD)**
 - ▶ **Disclosures in compliance with Sustainability Accounting Standards Board (SASB)**
 - ▶ **Disclosures in compliance with Global Reporting Initiative (GRI)**
 - ▶ **Disclosure of waste data**
- **CEO and Chatham committed to the pledge for CEO Action for Diversity and Inclusion**
- **Recently refreshed Board of Trustees by adding two new trustees and enhanced Board diversity**
- **Formed ESG committee comprised of three trustees and members of management that will oversee ESG strategy and initiatives**
- **Chatham participated in GRESB (Global Real Estate Sustainability Benchmark) real estate assessment for first time in 2022**
 - ▶ **Achieved Green Star status in 2022 and 2023**
 - ▶ **Ranked 31st out of 115 listed companies, 2nd among peer group**

Environmental Performance

Water

56%

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

56%

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

48%

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

38%

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

Energy

80%

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

77%

Of our hotels have an environmental management system in place

81%

Of our hotels have highly efficient boilers

92%

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

Waste

100%

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

46%

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

58%

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

72%

Of our hotels have eliminated plastic straws