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

FORM 10-Q

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

For the quarterly period ended June 30, 2011

OR

o **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 216 **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. o 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). o Yes o 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 o	Accelerated filer o	Non-accelerated filer ☑ (do not check if a smaller reporting company)	Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). o Yes ☑ 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 9, 2011**
Common Shares of Beneficial Interest ($0.01 par value per share)	13,819,939

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements.

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

	June 30, 2011 (unaudited)	December 31, 2010
Assets:		
Investment in hotel properties, net	$ 210,543	$ 208,080
Cash and cash equivalents	14,971	4,768
Restricted cash	15,637	3,018
Hotel receivables (net of allowance for doubtful accounts of approximately $6 and $15, respectively)	1,351	891
Deferred costs, net	4,546	4,710
Prepaid expenses and other assets	1,794	735
Total assets	$ 248,842	$ 222,202
Liabilities and Equity:		
Debt	$ 12,174	$ 50,133
Accounts payable and accrued expenses	5,645	5,248
Distributions payable	2,464	1,657
Total liabilities	20,283	57,038
Commitments and contingencies		
Equity:		
Shareholders' Equity:		
Preferred shares, $0.01 par value, 100,000,000 shares authorized and unissued at June 30, 2011	—	—
Common shares, $0.01 par value, 500,000,000 shares authorized; 13,820,854 and 13,819,939 shares issued and outstanding, respectively at June 30, 2011 and 9,208,750 shares issued and outstanding at December 31, 2010	138	92
Additional paid-in capital	238,928	169,088
Accumulated deficit	(11,233)	(4,441)
Total shareholders' equity	227,833	164,739
Noncontrolling Interests:		
Noncontrolling Interest in Operating Partnership	726	425
Total equity	228,559	165,164
Total liabilities and equity	$ 248,842	$ 222,202

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

CHATHAM LODGING TRUST
Consolidated Statement 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,	
	2011	2010	2011	2010
Revenue:				
Room	$ 14,489	$ 4,544	$ 26,628	$ 4,544
Other operating	413	114	762	114
Total revenue	14,902	4,658	27,390	4,658
Expenses:				
Hotel operating expenses:				
Room	3,218	1,070	6,212	1,070
Other operating	5,118	1,595	10,032	1,595
Total hotel operating expenses	8,336	2,665	16,244	2,665
Depreciation and amortization	3,804	402	5,249	402
Property taxes and insurance	1,068	247	2,100	247
General and administrative	1,584	972	2,852	972
Hotel property acquisition costs	1,398	1,005	1,483	1,005
Total operating expenses	16,190	5,291	27,928	5,291
Operating loss	(1,288)	(633)	(538)	(633)
Interest and other income	6	38	12	38
Interest expense, including amortization of deferred fees	(642)	—	(1,415)	—
Loss before income tax expense	(1,924)	(595)	(1,941)	(595)
Income tax expense	(12)	(47)	(14)	(47)
Net loss attributable to common shareholders	$ (1,936)	$ (642)	$ (1,955)	$ (642)
Loss per Common Share — Basic:				
Net loss attributable to common shareholders (Note 12)	$ (0.14)	$ (0.09)	$ (0.15)	$ (0.18)
Loss per Common Share — Diluted:				
Net loss attributable to common shareholders (Note 12)	$ (0.14)	$ (0.09)	$ (0.15)	$ (0.18)
Weighted average number of common shares outstanding:				
Basic	13,757,449	7,119,725	12,784,515	3,580,028
Diluted	13,757,449	7,119,725	12,784,515	3,580,028

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, December 31, 2010	9,208,750	$ 92	$ 169,088	$ (4,441)	$ 164,739	$ 425	$ 165,164
Issuance of shares pursuant to Equity Incentive Plan	12,104	—	210	—	210	—	210
Issuance of shares, net of offering costs of $4,153	4,600,000	46	69,401	—	69,447	—	69,447
Repurchase of vested common shares	(915)	—	(15)	—	(15)	—	(15)
Amortization of share based compensation	—	—	244	—	244	391	635
Dividends declared on common shares ($0.35 per share	—	—	—	(4,837)	(4,837)	—	(4,837)
Distributions declared on LTIP units ($0.35 per unit)	—	—	—	—	—	(90)	(90)
Net Loss	—	—	—	(1,955)	(1,955)	—	(1,955)
Balance, June 30, 2011	13,819,939	$ 138	$ 238,928	$ (11,233)	$ 227,833	$ 726	$ 228,559

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

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

	For the six months ended June 30,	
	2011	2010
Cash flows from operating activities:		
Net loss	$ (1,955)	$ (642)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation	5,223	397
Amortization of deferred franchise fees	26	5
Amortization of deferred financing fees including interest expense	657	—
Share based compensation	785	224
Changes in assets and liabilities:		
Hotel receivables	(460)	(699)
Deferred costs	81	(572)
Prepaid expenses and other assets	(1,059)	(98)
Accounts payable and accrued expenses	331	2,047
Net cash provided by operating activities	3,629	662
Cash flows from investing activities:		
Improvements and additions to hotel properties	(7,560)	(15)
Acquisition of hotel properties, net of cash acquired	—	(73,514)
Restricted cash	(12,619)	(2,500)
Net cash used in investing activities	(20,179)	(76,029)
Cash flows from financing activities:		
Net repayments on secured line of credit	(37,800)	—
Payments on notes payable	(159)	—
Payment of financing costs	(600)	—
Payment of offering costs	(4,153)	(8,446)
Proceeds from issuance of common shares	73,600	182,489
Repurchase of vested common shares	(15)	—
Distributions-common shares/units	(4,120)	—
Net cash provided by financing activities	26,753	174,043
Net change in cash and cash equivalents	10,203	98,676
Cash and cash equivalents, beginning of period	4,768	24
Cash and cash equivalents, end of period	$ 14,971	$ 98,700
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ 632	$ —
Cash paid for income taxes	$ 10	$ —

Supplemental disclosure of non-cash investing and financing information:

The Company has accrued distributions payable of $2,464. These distributions were paid on July 15, 2011.

On January 11, 2011, the Company issued 12,104 shares to its independent Trustees pursuant to the Company's Equity Incentive Plan as compensation for services performed in 2010. Accrued share based compensation of $210 was included in Accounts payable and accrued expenses as of December 31, 2010.

Accrued share based compensation of $150 is included in Accounts payable and accrued expenses as of June 30, 2011.

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 was formed as a Maryland real estate investment trust on October 26, 2009 and intends to elect to qualify as a real estate investment trust ("REIT") for U.S. federal income tax purposes beginning with its short taxable year ended December 31, 2010. We are internally-managed and were organized to invest primarily in premium-branded upscale extended-stay and select-service hotels.

We completed our initial public offering (the "IPO") on April 21, 2010. The IPO resulted in the sale of 8,625,000 common shares at $20.00 price per share, generating $172.5 million in gross proceeds. Net proceeds, after underwriters' discounts and commissions and other offering costs, were approximately $158.7 million. Concurrently with the closing of the IPO, in a separate private placement pursuant to Regulation D under the Securities Act of 1933, as amended, we sold 500,000 of our common shares to Jeffrey H. Fisher, our Chairman, President and Chief Executive Officer, at the public offering price of $20.00 per share, for proceeds of $10.0 million.

On February 8, 2011, we completed a public offering that resulted in the sale of 4,600,000 common shares at $16.00 per share, generating $73.6 million in gross proceeds. Net proceeds, after underwriters' discounts and commissions and other offering costs, were approximately $69.4 million.

We had no operations prior to the consummation of the IPO. Following the closing of the IPO, we contributed the net proceeds from the IPO and the concurrent private placement, as well as the proceeds of our February 2011 offering, to Chatham Lodging, L.P. (the "Operating Partnership") in exchange for partnership interests in the Operating Partnership. Substantially all of our assets are held by and all of our 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 the limited partnership interest in the Operating Partnership. Certain of our executive officers hold unvested long-term incentive plan units in the Operating Partnership, which are presented as noncontrolling interests on the accompanying consolidated balance sheet.

As of June 30, 2011, we owned 13 hotels with an aggregate of 1,650 rooms located in 9 states. To qualify as a REIT, we cannot operate the hotels. Therefore, the Operating Partnership and its subsidiaries lease the hotels to wholly owned taxable REIT lessee subsidiaries ("TRS Lessees"). 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. Our TRS Lessees have entered into management agreements with third party management companies that provide day-to-day management for our hotels. Island Hospitality Management Inc. ("IHM"), which is 90% owned by Mr. Fisher, manages 5 hotels, Homewood Suites Management LLC, a subsidiary of Hilton Worldwide Inc. ("Hilton") manages 6 hotels and Concord Hospitality Enterprises Company manages 2 hotels.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying unaudited interim 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 considered necessary for a fair presentation of the consolidated balance sheets, consolidated statements of operations, consolidated statements of equity, and consolidated statement 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 US GAAP, and the related notes thereto as of December 31, 2010, which are included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2010.

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 December 2010, the FASB issued updated accounting guidance to clarify that pro forma disclosures should be presented as if a business combination occurred at the beginning of the prior annual period for purposes of preparing both the current reporting period and the prior reporting period pro forma financial information. These disclosures should be accompanied by a narrative description about the nature and amount of material, nonrecurring pro forma adjustments. The new accounting guidance is effective for business combinations consummated in periods beginning after December 14, 2010, and should be applied prospectively as of the date of adoption. Early adoption is permitted. We have adopted the new disclosures as of January 1, 2011.

4. Acquisition of Hotel Properties

Acquisition of Hotel Properties

No acquisitions were completed in the three and six months ended June 30, 2011. The Company incurred acquisition costs of $1.4 million and $1.5 million, respectively, during the three and six months ended June 30, 2011.

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.

6. Investment in Hotel Properties

Investment in hotel properties as of June 30, 2011 and December 31, 2010, consisted of the following (in thousands):

	June 30, 2011	December 31, 2010
Land and improvements	$ 24,695	$ 24,620
Building and improvements	180,491	176,354
Furniture, fixtures and equipment	9,176	6,138
Construction in progress	1,016	3,505
	215,378	210,617
Less accumulated depreciation	(4,835)	(2,537)
Investment in hotel properties, net	$ 210,543	$ 208,080

7. Investment in Joint Venture

On May 3, 2011, INK Acquisition LLC (the “JV”), a joint venture between Cerberus Capital Management and Chatham Lodging, L.P., was selected as the winning bidder in a bankruptcy court auction related to 64 of Innkeepers USA Trust’s (the “Sellers”) hotels. The Company paid a $2.4 million deposit into escrow upon the JV being named the winning bidder. The deposit is included in restricted cash on the Consolidated Balance Sheet at June 30, 2011. Under the terms of the winning bid, subject to the terms and conditions of the bid, the JV will acquire the hotels for a total purchase price of approximately $1.125 billion, including the assumption of approximately $725 million of mortgage debt secured by 45 of the hotels, through a plan of reorganization. The Company’s expected investment of $37 million will at closing represent less than a 10% interest in the JV and will be funded through available cash and borrowings under its secured revolving credit facility.

8. Debt

Each of the Company's mortgage loans is secured by a first-mortgage lien on the underlying property. The mortgages are non-recourse except for fraud or misapplication of funds. Mortgage debt consisted of the following (in thousands):

Collateral	Interest Rate	Maturity Date	Balance Outstanding as of June 30, 2011	Balance Outstanding as of December 31, 2010
Courtyard by Marriott Altoona, PA	5.96%	April 1, 2016	$ 6,839	$ 6,924
Springhill Suites by Marriott Washington, PA	5.84%	April 1, 2015	5,335	5,408
			$ 12,174	**$ 12,332**

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. The estimated fair value of the Company's debt in thousands as of June 30, 2011 and December 31, 2010 was $12,373 and $12,574, respectively.

On October 12, 2010, the Company entered into a $85 million senior secured revolving credit facility to fund future acquisition, redevelopment and expansion activities. At June 30, 2011, we had no outstanding borrowings under this credit facility. At June 30, 2011, there were eleven properties in the borrowing base under the credit agreement and the maximum borrowing availability under the revolving credit facility was $84.3 million.

The Company amended its $85 million senior secured revolving credit facility effective May 2011. The amendment provides for an increase to the allowable consolidated leverage ratio to 60 percent through 2012, reducing to 55 percent in 2013; and a decrease to the consolidated fixed charge coverage ratio from 2.3x to 1.7x through March 2012, increasing to 1.75x through December 2012 and 2.0x in 2013. Subject to certain conditions, the credit facility still has an accordion feature that provides the Company with the ability to increase the facility to $110 million, subject to lender approval. The Company paid $0.5 million in connection with this amendment.

As of June 30, 2011, the Company was in compliance with all of its financial covenants. Future scheduled principal payments of debt obligations as of June 30, 2011 are as follows (in thousands):

	Amount
2011 (remaining six months)	$ 176
2012	354
2013	375
2014	398
2015	4,958
Thereafter	5,913
	$ 12,174

9. Income Taxes

The Company's TRS Lessees are subject to federal and state income taxes. The Company's TRS Lessees are structured under one of two TRS holding companies that are treated separately for income tax purposes (TRS 1 and TRS 2, respectively). The consolidated income tax expense is solely attributable to the taxable income of TRS 2. TRS 1 has future taxable income deductions of $0.3 million related to accumulated net operating losses from 2010 and 2011 and the gross deferred tax asset associated with these future tax deductions is $0.1 million. TRS 1 has recorded a valuation allowance equal to 100% of the gross deferred tax asset due to the uncertainty of realizing the benefit of this deferred asset due to the TRS Lessees limited operating history and the cumulative taxable losses incurred by TRS 1 since its inception.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010
Current:				
Federal	$ (11)	$ (36)	$ (13)	$ (36)
State	(1)	(11)	(1)	(11)
Income tax expense	$ (12)	$ (47)	$ (14)	$ (47)

The tax effect of each type of temporary difference and carry forward that gives rise to the deferred tax asset as of June 30, 2011 and December 31, 2010 are as follows (in thousands):

	June 30, 2011	December 31, 2010
Deferred tax assets:		
Net operating loss carryforwards	$ 127	$ 106
Valuation allowance	(127)	(106)
Net deferred tax asset	$ —	$ —

10. Dividends Declared and Paid

The Company declared common share dividends of $0.175 per share and distributions on LTIP units of $0.175 per unit for the three months ended June 30, 2011. The dividends and distributions were paid on July 15, 2011 to common shareholders and LTIP unit holders of record on June 30, 2011. The Company paid dividends declared for the 1st quarter of 2011 on April 15, 2011.

11. Shareholders' Equity

Common Shares

The Company is authorized to issue up to 500,000,000 common shares of beneficial interest ("common shares"), $.01 par value per share. Each outstanding common share entitles the holder to one vote on all matters submitted to a vote of shareholders. Holders of the Company's common shares are entitled to receive dividends when authorized by our board of trustees.

The Company completed a public offering of common shares on February 8, 2011. The offering resulted in the sale of 4,600,000 common shares at a $16.00 price per share generating $73.6 million in gross proceeds. Net proceeds were approximately $69.4 million after underwriters' discounts and commissions and other offering costs paid to third parties. As of June 30, 2011, 13,819,939 common shares were outstanding.

During the three months ended June 30, 2011, the Company received 915 common shares of beneficial interest for a repurchase price of $16.43 per share related to an executive surrendering shares to pay taxes at the time restricted shares vested. The price per share is determined by using the closing price of our shares the day before they are surrendered.

Preferred Shares

The Company is authorized to issue up to 100,000,000 preferred shares, $.01 par value per share.

Operating Partnership Units

When issued, holders of Operating Partnership common units will have certain redemption rights, which will enable the unit holders to cause the Operating Partnership to redeem their units in exchange for, at the Company's option, cash per unit equal to the market price of the Company's common shares at the time of redemption or for the Company's common shares on a one-for-one basis. The number of shares issuable upon exercise of the redemption rights will be adjusted upon the occurrence of share splits, mergers, consolidations or similar pro-rata share transactions, which otherwise would have the effect of diluting the ownership interests of our limited partners or our shareholders. As of June 30, 2011 and December 31, 2010, there were no Operating Partnership common units held by unaffiliated third parties. At June 30, 2011, an aggregate of 257,775 LTIP Units are held by executive officers. The LTIP Units receive per unit distributions equal to the per share distribution paid on common shares.

Net proceeds from the February 8, 2011 common share offering were contributed to the Operating Partnership by the Company in exchange for 4,600,000 common units of the Operating Partnership.

12. Earnings Per Share

A two class method is used to determine earnings per share. We have no undistributed earnings. 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,	
	2011	2010	2011	2010
Numerator:				
Net loss attributable to common shareholders	$ (1,936)	$ (642)	$ (1,955)	$ (642)
Dividends paid on unvested restricted shares	(10)	—	(23)	—
Net loss attributable to common shareholders excluding amounts attributable to unvested restricted shares	$ (1,946)	$ (642)	$ (1,978)	$ (642)
Denominator:				
Weighted average number of common shares — basic	13,757,449	7,119,725	12,784,515	3,580,028
Effect of dilutive securities:				
Unvested restricted shares (1)	—	—	—	—
Weighted average number of common shares — diluted	13,757,449	7,119,725	12,784,515	3,580,028
Basic Earnings per Common Share:				
Net loss attributable to common shareholders per weighted average common share excluding amounts attributable to unvested restricted shares	$ (0.14)	$ (0.09)	$ (0.15)	$ (0.18)
Diluted Earnings per Common Share:				
Net loss attributable to common shareholders per weighted average common share excluding amounts attributable to unvested restricted shares	$ (0.14)	$ (0.09)	$ (0.15)	$ (0.18)

(1) Anti-dilutive for all periods presented.

13. Equity Incentive Plan

The Company maintains the 2010 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. Share awards under this plan generally vest over three to five years, though the independent trustees share compensation includes shares granted that vest immediately. The Company pays dividends on unvested shares and units. Certain awards may provide for accelerated vesting if there is a change in control. In January 2011, the Company issued 12,104 common shares to its independent trustees as compensation for services performed in 2010. A portion of the Company's share-based compensation to the Company's trustees for the year ended December 31, 2011 will be distributed on December 31, 2011 in the form of common shares. The quantity of shares will be calculated based on the average closing prices for the Company's common shares on the NYSE for the last ten trading days preceding the reporting date. The Company would have distributed 9,529 common shares had the liability classified award been satisfied as of June 30, 2011. As of June 30, 2011, there were 211,730 common shares available for issuance under the 2010 Equity Incentive Plan.

In the Company's 2010 Annual Report on Form 10-K, the Company separately presented unvested stock-based compensation as a contra account to shareholder's equity. In connection with the preparation of its financial statements for the three months ended June 30, 2011, the Company has presented the stock-based compensation as an addition to additional paid-in-capital when recognized as expense, in accordance with the standards which apply to stock-based compensation, for all periods presented. The Company concluded that the revision to the amounts as of December 31, 2010 do not have a material impact on any of its previously issued financial statements.

Restricted Share Awards

The Company measures compensation expense for restricted share awards based upon the fair market value of its common shares at the date of grant. 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 nonvested restricted shares.

A summary of the Company's restricted share awards for the six months ended June 30, 2011 and 2010 is as follows:

	2011		2010	
	Number of Shares	Weighted - Average Grant Date Fair Value	Number of Shares	Weighted - Average Grant Date Fair Value
Nonvested at beginning of the period	76,550	$ 19.04	87,000	$ 19.02
Granted	—	—	—	—
Vested	(22,037)	19.39	(7,200)	18.86
Forfeited	—	—	(3,250)	18.86
Nonvested at end of the period	54,513	$ 18.90	76,550	$ 19.04

As of June 30, 2011 and December 31, 2010, there were $0.9 million and $1.2 million, respectively, of unrecognized compensation costs related to restricted share awards. As of June 30, 2011, these costs were expected to be recognized over a weighted—average period of approximately 1.9 years. For the three and six months ended June 30, 2011, the Company recognized approximately $0.2 and $0.3 million respectively, in 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

LTIP Units are a special class of partnership interests in the Operating Partnership which may be issued to eligible participants for the performance of services to or for the benefit of the Company. Under the Equity Incentive Plan, each LTIP Unit issued is deemed equivalent to an award of one common share thereby reducing the availability for other equity awards on a one-for-one basis. The Company does not receive a tax deduction for the value of any LTIP Units granted to employees. LTIP Units, whether vested or not, receive the same per unit profit distributions as other outstanding units of the Operating Partnership, which profit distribution will generally equal per share dividends on the Company's common shares. Initially, LTIP Units have a capital account balance of zero, and do not have full parity with common Operating Partnership units with respect to liquidating distributions. The Operating Partnership will revalue its assets upon the occurrence of certain specified events and any increase in valuation will be allocated first to the holders of LTIP Units to equalize the capital accounts of such holders with the capital accounts of the Operating Partnership unit holders. If such parity is reached, vested LTIP Units may be converted, at any time, into an equal number of common units of limited partnership interest in the Operating Partnership ("OP Units"), which may be redeemed, at the option of the holder, for cash or at the Company's option an equivalent number of the Company's common shares.

On April 21, 2010, the Company's Operating Partnership granted 246,960 LTIP Units to the Company's executive officers pursuant to the Equity Incentive Plan, all of which are accounted for in accordance with FASB Codification Topic ("ASC") 718, "Stock Compensation". On September 9, 2010, the Company's Operating Partnership granted 26,250 LTIP units to the Company's new CFO and 15,435 LTIP units granted to the Company's former CFO were forfeited. These LTIP Units vest ratably over a five-year period beginning on the date of grant.

The LTIP Units' fair value was determined by using a discounted value approach. In determining the discounted value of the LTIP Units, the Company considered the inherent uncertainty that the LTIP Units would never reach parity with the other OP Units and thus have an economic value of zero to the grantee. Additional factors considered in reaching the assumptions of uncertainty included discounts for illiquidity; expectations for future dividends; limited or no operating history as of the date of the grant; significant dependency on the efforts and services of our executive officers and other key members of management to implement the Company's business plan; available acquisition opportunities; and economic environment and conditions. The Company used an expected stabilized dividend yield of 5.0% and a risk free interest rate of 2.33% based on a five-year U.S. Treasury yield.

The Company recorded $0.2 and $0.4 million in compensation expense related to the LTIP Units for the three and six months ended June 30, 2011. As of June 30, 2011, there was $3.0 million of total unrecognized compensation cost related to LTIP Units. This cost is expected to be recognized over approximately 3.9 years, which represents the weighted average remaining vesting period of the LTIP Units. As of June 30, 2011, none of the LTIP Units have reached parity.

14. 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 litigation threatened.

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 $7,000 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%).

In connection with the New Rochelle hotel, there is an air rights lease and garage lease that 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 fund for the cost of capital repairs.

The following is a schedule of the minimum future obligation payments required under the ground leases (in thousands):

2011 (Remaining six months)	$ 101
2012	203
2013	205
2014	207
2015	210
Thereafter	11,871
Total	$ 12,797

Hotel Acquisitions

On May 3, 2011, the JV, was selected as the winning bidder to purchase 64 hotels, subject to the terms and conditions of the bid, from Innkeepers USA Trust. The Company's expected investment of $37.0 million will at closing represent less than a 10% interest in the JV.

On May 3, 2011, the Company entered into an agreement to purchase five hotels from affiliates of Innkeepers Trust USA for $195 million. The Company closed the purchase of the five hotels on July 14, 2011.

15. Related Party Transactions

Mr. Fisher owns 90% of IHM, a hotel management company. The Company has entered into hotel management agreements with IHM to manage five of its hotels and on July 14, 2011, entered into hotel management agreements with IHM for the management of the five hotels acquired from Innkeepers. All but one of the 64 hotels acquired by the JV from Innkeepers will continue to be managed by IHM. Management and accounting fees paid to IHM for the three and six months ended June 30, 2011 were $0.2 million and $0.4 million, respectively, and for the three and six months ended June 30, 2010 $0.0 million.

16. Subsequent Events

As noted above, on May 3, 2011, the JV was selected as the winning bidder in a bankruptcy court auction related to 64 hotels described above under Note 7, Investment in Joint Venture. The Company paid a $2.4 million deposit into escrow upon the JV being named the winning bidder. The deposit is included in restricted cash on the Consolidated Balance Sheet at June 30, 2011. Under the terms of the winning bid, subject to the terms and conditions of the bid, the JV will acquire the hotels for a total purchase price of approximately $1.125 billion, including the assumption of approximately $725 million of mortgage debt secured by 45 of the hotels, through a plan of reorganization. The Company's expected investment of $37.0 million will at closing represent a 10% interest in the JV and will be funded through available cash and borrowings under its secured revolving credit facility.

Also, on May 3, 2011, the Company was selected as the winning bidder in a bankruptcy court auction related to five additional hotels owned by affiliates of the Sellers. The Company has executed a purchase agreement with the Sellers to acquire the five hotels, ("the five sisters") comprising 764 rooms in the aggregate, for $195 million:

Hotel	Rooms
Residence Inn Anaheim Garden Grove, CA	200
Residence Inn San Diego Mission Valley, CA	192
Residence Inn Tysons Corner, VA	121
Doubletree Guest Suites Washington D.C.	105
Homewood Suites San Antonio Riverwalk, TX	146
	764

The five-hotel acquisition was funded through the assumption of five individual loans aggregating $134.2 million at a weighted average interest rate of 6 percent and with maturity dates in 2016 with the remainder funded from available cash and borrowings under the Company's secured revolving credit facility. The five loans will amortize based on a 30-year amortization period, other than the loan related to the hotel in Garden Grove which will be interest only for the first two years after closing. The Company closed on the acquisition of the five sisters on July 14, 2011.

All of the 5 hotels acquired by the Company from the Sellers will continue to be managed by IHM, a hotel management company 90 percent-owned by Jeff Fisher.

The Company borrowed $57.0 million under the senior secured credit facility on July 15, 2011 to partially fund the acquisition of the 5 sister hotels.

The allocation of the purchase price of the hotels acquired after June 30, 2011 is based on preliminary estimates of fair value as follows (in thousands), unaudited:

	5 Sisters Acquisition
Acquistion date	07/14/11
Land	$ 27,075
Building and improvements	162,451
Furniture, fixtures and equipment	3,868
Cash	26
Restricted cash	1,460
Accounts receivable, net	144
Deferred costs, net	1,389
Prepaid expenses and other assets	134
Debt	(134,160)
Accounts payable and accrued expenses	(630)
Net assets acquired	$ 61,757
Net assets acquired, net of cash	$ 61,731

The following condensed pro forma financial information presents the Company's results of operations as if the five sisters acquisitions were acquired on January 1, 2010. The 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 acquisition taken place on January 1, 2010, nor do they purport to represent the results of operations for future periods (in thousands, except share and per share data):

	For the six months ended June 30, 2011 (unaudited)	For the six months ended June 30, 2010 (unaudited)
Pro forma total revenue	$ 44,190	$ 21,432
Pro forma total hotel expense	25,359	11,317
Pro forma total operating expenses	41,112	19,187
Pro forma operating income	3,078	2,245
Pro forma net loss	$ (3,858)	$ (1,975)
Pro forma loss per share:		
Basic and diluted	$ (0.30)	$ (0.38)
Weighted average Common Shares Outstanding		
Basic and diluted	12,784,515	5,217,599

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

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, 2010.

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 or 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, 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, 2010, as updated elsewhere in this report.

Overview

We are a self-advised hotel investment company organized in October 2009. 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®, Summerfield Suites by Hyatt®, Courtyard by Marriott®, Hampton Inn® and Hampton Inn and Suites®.

We focus on premium-branded, select-service hotels in high growth markets with high barriers to entry concentrated primarily in the 25 largest metropolitan markets in the United States. We believe the opportunities to acquire our target hotels are very attractive based on the belief that we are in the early stages of a lodging recovery.

In February 2011, we completed a $73.6 million follow-on common share equity offering, adding capital to our balance sheet. With these funds we had available for investment as well as borrowing capacity, we have acquired 5 hotels for $195 million.

Our long-term goal is to maintain our leverage at a ratio of net debt to investment in hotels (at cost) at less than 35 percent. However, at this early stage of the lodging cycle recovery, we may temporarily increase our leverage to take advantage of available opportunities. In the 2011 second quarter, our Board of Trustees approved the increase in our targeted leverage to not more than 55 percent, excluding our pro rata share of assets and liabilities of the JV.

Future growth through acquisitions will be funded by both issuances of common and preferred shares, draw-downs under our credit facility, as well as the incurrence or assumption of individually secured hotel debt.

We believe 2011 and beyond will offer attractive growth for the industry and for Chatham. 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 intend to elect 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 will be treated as a taxable REIT subsidiary for federal income tax purposes and will be evaluated for consolidation 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.

Financial Condition and Operating Performance Metrics

We measure financial condition and hotel operating performance by evaluating financial metrics 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 is calculated as total room revenue divided by total number of available rooms and is a metric for monitoring hotel operating performance.

Please refer to "Non-GAAP Financial Measures" for 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, a GAAP measurement.

Results of Operations

Industry outlook

We believe that the hotel industry's performance is correlated to the performance of the economy overall, and with key economic indicators such as GDP growth, employment trends and corporate profits improving, we expect continuing improvement in the performance of the hotel industry. As reported by Smith Travel Research, after 19 consecutive months of declining year over year RevPAR, monthly industry RevPAR has been higher year over year since March 2010.

While the U.S. hotel industry has shown improvement since the time of our IPO and we are encouraged by these improvements, industry operating performance remains significantly below peak pre-2008 levels. Hotel industry operating performance historically has correlated with U.S. GDP growth, and a number of economists and government agencies currently predict that the U.S. economy will grow over the next several years. We believe that U.S. GDP growth, coupled with limited supply of new hotels, will lead to increases in lodging industry RevPAR and hotel operating profits.

Comparison of the Three Months Ended June 30, 2011 ("2011") to the Three Months Ended June 30, 2010 ("2010")

Results of operations for the three months ended June 30, 2011 include the operating activities of the 13 hotels owned at June 30, 2011 and are not indicative of the results we expect when our investment strategy has been fully executed. We owned 6 hotels at June 30, 2010 for 69 days during the quarter. The Company completed its initial public offering on April 21, 2010.

As reported by Smith Travel Research, industry RevPar for the three months ended June 30, 2011 and 2010 was up 8.1% and up 6.2% respectively. RevPar at our hotels was up 3.3% and 4.5% in 2011 and 2010, which includes periods prior to our ownership for the three months ended June 30, 2010. In addition, five of our 13 hotels were undergoing significant renovations in 2011.

Revenues

Total revenue was $14.9 million for the quarter ended June 30, 2011 compared to total revenue of $4.7 million for the 2010 period. 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 $14.5 and $4.5 million for the quarters ended June 30, 2011 and 2010, respectively.

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 are presented in the

following table in each period to reflect operation of the hotels from the date of acquisition of the hotels:

	For the three months ended June 30, 2011	69 Days Ended June 30, 2010
Portfolio		
ADR	$ 115.97	$ 103.55
Occupancy	83.2%	78.2%
RevPar	$ 96.49	$ 81.00

Other operating revenue, comprised of meeting room, gift shop, in-room movie and other ancillary amenities revenue, was $0.4 and $0.1 million for the quarters ended June 30, 2011 and 2010. The overall increase is due primarily to the 2010 acquisition properties resulting in 13 hotels owned for the three months ended June 30, 2011 as compared to owning the six initial acquisition hotels owned for only 69 days in 2010.

Hotel Operating Expenses

Hotel operating expenses increased $5.6 million from $2.7 million for the three months ended June 30, 2010 compared to $8.3 million for the three months ended June 30 2011. As a percentage of total revenue, hotel operating expenses were 56% for 2011 and 57% for 2010, which decrease is expected as ADR grows year over year. Room expenses, which are the most significant component of hotel operating expenses, increased $2.1 million from $1.1 million in 2010 to $3.2 million in 2011. Other direct expenses, which include management and franchise fees, insurance, utilities, repairs and maintenance, advertising and sales, and hotel general and administrative expenses increased $3.5 million from $1.6 million in 2010 to $5.1 million in 2011. The overall increase is due primarily to the fact that the Company owned the 13 hotels during the quarter ended June 20, 2011 compared to 69 days of ownership of the six initial acquisition hotels in 2010.

Depreciation and Amortization

Depreciation and amortization expense increased $3.4 million from $0.4 million for the three months ended June 30, 2010 to $3.8 million for the three months ended June 30, 2011. The increase is due to the increased number of hotels during the 2011 period and the disposition and replacement of furniture and fixtures at five hotels where major property improvement plans were completed during the quarter. Depreciation is recorded on our hotel buildings over 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 over the term of the respective franchise agreement.

Real Estate and Personal Property Taxes

Total property tax and insurance expenses increased $0.9 million from $0.2 million for the three months ended June 30, 2010 to $1.1 million for the three months ended June 30, 2011. The increase is due primarily to the increased number of hotels owned during the 2011 period.

Corporate General and Administrative

Corporate general and administrative expenses principally consist of employee-related costs, including base payroll 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 corporate general and administrative expenses (excluding amortization of unearned compensation of $0.4 and $0.2 million for the three months ended June 30, 2011 and for the three months ended June 30, 2010, respectively) increased $0.4 million to $1.2 million in 2011 from $0.8 million in 2010. This increase was primarily due to the fact the 2010 second quarter comprised only 69 days while the 2011 second quarter comprised 91 days.

Hotel Property Acquisition Costs

Hotel property acquisition costs increased $0.4 million from $1.0 million for the three months ended June 30, 2010 to $1.4 million for the three months ended June 30, 2011. These expenses relate to the acquisition of hotels formerly owned by Innkeepers USA Trust (“Innkeepers”) described in Note 16, Subsequent Events, in the notes to our financial statements above. These acquisition-related costs are expensed when incurred.

Interest and Other Income

Interest income on cash and cash equivalents decreased $32,000 from $38,000 for the three months ended June 30, 2010 to $6,000 for the three months ended June 30, 2011. This decrease was due to the decrease in cash and cash equivalents of $83.7 million from $98.7 million at June 30, 2010 to $15.0 million at June 30, 2011. We had not fully invested the cash from its IPO in the 2010 period.

Interest Expense

Interest expense increased $0.6 million from $0.0 million for the three months ended June 30, 2010 to $0.6 million for the three months ended June 30, 2011 due to interest cost on two loans we assumed in the third quarter of 2010, unused commitment fees on our senior secured revolving credit facility originated in the third quarter of 2010 and amortization of deferred financing fees of $0.4 million for the three months ended June 30, 2011 relating to the two loans and the credit facility. There were no loans outstanding during the three months ended June 30, 2010.

Income Tax Expense

Income tax expense decreased $35,000 from $47,000 for the three months ended June 30, 2010 to $12,000 for the three months ended June 30, 2011. We are subject to income taxes based on the taxable income of our TRS holding companies at a tax rate of approximately 40%.

Net loss applicable to Common Shareholders

Net loss applicable to common shareholders increased $1.3 million from a loss of $0.6 million, or ($0.09) per diluted share for the three months ended June 30, 2010 to a loss of $1.9 million, or ($0.14) per diluted share for the three months ended June 30, 2011. This increase was due to the factors discussed above.

Comparison of the Six Months Ended June 30, 2011 ("2011") to the Six Months Ended June 30, 2010 ("2010")

Results of operations for the six months ended June 30, 2011 include the operating activities of the 13 hotels owned at June 30, 2011 and are not indicative of the results we expect when our investment strategy has been fully executed. We owned 6 hotels at June 30, 2010 for 69 days during the year. The Company completed its initial public offering on April 21, 2010.

As reported by Smith Travel Research, industry RevPar for the six months ended June 30, 2011 and 2010 was up 8.5% and up 2.3% respectively. RevPar at our hotels was up 0.9% and 2.5% in 2011 and 2010, which includes periods prior to our ownership for the six months ended June 30, 2010. In addition five of our 13 hotels were undergoing significant renovations in 2011.

Revenues

Total revenue was $27.4 million for the six months ended June 30, 2011 compared to total revenue of $4.7 million for the 2010 period. 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 $26.6 and $4.5 million for the six months ended June 30, 2011 and 2010, respectively.

Since room revenue is the primary component of total revenue, our revenue results are dependent on maintaining and improving occupancy, ADR and RevPAR at our hotels. Occupancy, ADR, and RevPAR results are presented in the following table in each period to reflect operations of the hotels form the date of our acquisition of the hotels:

	For the six months ended June 30, 2011	69 Days Ended June 30, 2010
Portfolio		
ADR	$ 115.27	$ 103.55
Occupancy	77.3%	78.2%
RevPar	$ 89.16	$ 81.00

Other operating revenue, comprised of meeting room, gift shop, in-room movie and other ancillary amenities revenue, was $0.8 and $0.1 million for the six months ended June 30, 2011 and 2010. The overall increase is due primarily to the 2010 acquisition properties resulting in 13 hotels owned for the six months ended June 30, 2010 as compared to the six initial acquisition hotels owned for only 69 days in 2010.

Hotel Operating Expenses

Hotel operating expenses increased $13.5 million from $2.7 million for the six months ended June 30, 2010 compared to $16.2 million for the six months ended June 30, 2011. As a percentage of total revenue, hotel operating expenses were 59% for 2011 and 57% for 2010. Room expenses, which are the most significant component of hotel operating expenses, increased $5.1 million from $1.1 million in 2010 to $6.2 million in 2011. Other direct expenses, which include management and franchise fees, insurance, utilities, repairs and maintenance, advertising and sales, and hotel general and administrative expenses increased $8.4 million from $1.6 million in 2010 to $10.0 million in 2011. The overall increase is due primarily to the fact that the Company owned 13 hotels during the six months ended June 30, 2011 compared to 69 days of ownership of the six initial acquisition hotels in the 2010 period.

Depreciation and Amortization

Depreciation and amortization expense increased $4.8 million from $0.4 million for the six months ended June 30, 2010 to $5.2 million for the six months ended June 30, 2011. The increase is due to the increased number of hotels owned during the 2011 period and the disposition and replacement of furniture and fixtures at five hotels where major property improvement plans were completed during the six months ended June 30, 2011. Depreciation is recorded on our hotel buildings over 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 over the term of the respective franchise agreement.

Real Estate and Personal Property Taxes

Total property tax and insurance expenses increased $1.9 million from $0.2 million for the six months ended June 30, 2010 to $2.1 million for the six months ended June 30, 2011. The increase is due primarily to increased number of hotels owned during the 2011 period.

Corporate General and Administrative

Corporate general and administrative expenses principally consist of employee-related costs, including base payroll 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 corporate general and administrative expenses (excluding amortization of unearned compensation of $0.8 and $0.2 million for the six months ended June 30, 2011 and for the six months ended June 30, 2010, respectively) increased $1.3 million to $2.1 million in 2011 from $0.8 million in 2010. This increase was primarily due to the fact the 2010 period comprised only 69 days while the 2011 period comprised 181 days.

Hotel Property Acquisition Costs

Hotel property acquisition costs increased $0.5 million from $1.0 million for the six months ended June 30, 2010 to $1.5 million for the six months ended June 30, 2011. These expenses relate to the acquisition of hotels formerly owned by Innkeepers USA Trust (“Innkeepers”) described in Note 16, Subsequent Events, in the notes to our financial statements above. These acquisition-related costs are expensed when incurred in accordance with GAAP.

Interest and Other Income

Interest income on cash and cash equivalents deceased $26,000 from $38,000 for the six months ended June 30, 2010 to $12,000 for the six months ended June 30, 2011. This decrease was due to the decrease in cash and cash equivalents of $83.7 million in 2011 from $98.7 million at June 30, 2010 to $15.0 million at June 30, 2011. The Company had not fully invested the cash from its IPO in the 2010 period.

Interest Expense

Interest expense increased $1.4 million from $0.0 for the six months ended June 30, 2010 to $1.4 million for the six months ended June 30, 2011 due to interest cost on two loans we assumed in the third quarter of 2010, interest on our senior secured revolving credit facility originated in the third quarter of 2010 related to weighted average borrowings of $8.6 million at 4.5%, unused commitment fees of 50 basis points on the unused portion of our credit facility and amortization of deferred financing fees of $0.7 million for the six months ended June 30, 2011 relating to the two loans and the credit facility.

Income Tax Expense

Income tax expense decreased $33,000 in 2011 from $47,000 for the six months ended June 30, 2010 to $14,000 for the six months ended June 30, 2011. We are subject to income taxes based on the taxable income of our TRS holding companies at a tax rate of approximately 40%.

Net loss applicable to Common Shareholders

Net loss applicable to common shareholders increased $1.4 million in 2011 from a loss of $0.6 million, or $0.18 per diluted share for the six months ended June 30, 2010 to a loss of $2.0 million, or $0.15 per diluted share for the six months

ended June 30, 2011. This increase 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 our Annual Report on Form 10-K for the year ended December 31, 2010, as filed with the SEC.

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 a measure of our operating performance prescribed by GAAP.

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, 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. 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. 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 loss to FFO and Adjusted FFO for the three and six months ended June 30, 2011 and 2010 (in thousands, except share data):

	For the three months ended June 30,		*For the six months ended June 30,*	
	2011	**2010**	**2011**	**2010**
Funds From Operations ("FFO"):				
Net loss attributable to common shareholders	$ (1,936)	$ (642)	$ (1,955)	$ (642)
Depreciation	3,791	397	5,223	397
FFO	1,855	(245)	3,268	(245)
Hotel property acquisition costs	1,398	1,005	1,483	1,005
Adjusted FFO	**$ 3,253**	**$ 760**	**$ 4,751**	**$ 760**
Weighted average number of common shares and units outstanding:				
Basic	13,757,449	7,119,725	12,784,515	3,580,028
Diluted	13,757,449	7,119,725	12,784,515	3,580,028

We calculate EBITDA as net income or loss excluding: (1) interest expense; (2) provision for income taxes, including income taxes applicable to sale of assets; and (3) 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 amortization of non-cash share-based compensation which we believe are not indicative of the performance of our underlying hotel properties. 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 reconciliation of net loss to EBITDA and Adjusted EBITDA for the three and six months ended June 30, 2011 and 2010 (in thousands):

	For the three months ended June 30,		*For the six months ended June 30,*	
	2011	**2010**	**2011**	**2010**
Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA"):				
Net loss attributable to common shareholders	$ (1,936)	$ (642)	$ (1,955)	$ (642)
Interest expense	642	—	1,415	—
Income tax expense	12	47	14	47
Depreciation and amortization	3,804	402	5,249	402
EBITDA	**2,522**	**(193)**	**4,723**	**(193)**
Hotel property acquisition costs	1,398	1,005	1,483	1,005
Share based compensation	393	224	786	224
Adjusted EBITDA	**$ 4,313**	**$ 1,036**	**$ 6,992**	**$ 1,036**

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 and debt repayments and distributions to equity holders.

As of June 30, 2011 and December 31, 2010, we had cash and cash equivalents of approximately $15.0 and $4.7 million, respectively. Additionally, the Company had $85.0 million available under the senior secured revolving credit facility as of June 30, 2011. Subsequent to June 30, 2011, we borrowed $57 million under the credit facility to fund a portion of the purchase of the five sister hotels.

For the six months ended June 30, 2011, net cash flows provided by operations were $3.6 million, as our net loss of $1.9 million was due in significant part to non-cash expenses, including $5.9 million of depreciation and amortization and $0.7 million of share-based compensation expense. In addition, changes in operating assets and liabilities due to the timing of cash receipts and payments from our hotels resulted in net cash outflow of $1.1 million. Net cash flows used in investing activities were $20.2 million, which represents additional capital improvements to the thirteen hotels of $7.6 million and $12.6 million of funds placed into escrows for future acquisitions and lender or manager required escrows. Net cash flows provided by financing activities were $26.8 million, comprised primarily of proceeds generated from the February common share offering, net of underwriting fees and offering costs paid or payable to third parties, of $69.4 million, offset by net repayments on our secured credit facility of $37.8 million, payment of mortgages of $0.1 million, payment of financing costs associated with our amended line of credit of $0.6 million and distributions to shareholders of $4.1 million.

For the six months ended June 30, 2010, net cash flows provided by operations were $662,000, as our net loss of $642,000 was due in significant part to non-cash expenses, including $402,000 of depreciation and amortization and $224,000 of share-based compensation expense. In addition, changes in operating assets and liabilities due to the timing of cash receipts and payments from our hotels resulted in net cash inflow of $678,000. Net cash flows used in investing activities were $76.0 million, which represents acquisition of the six initial hotels of $73.5 million and $2.5 million of funds placed into escrows for future hotel acquisitions. Net cash flows provided by financing activities were $174.0 million, comprised primarily of proceeds generated from the initial public offering, net of underwriting fees and offering costs paid or payable to third parties, of $174.0 million.

We have paid regular quarterly dividends and distributions on common shares and LTIP units since the third quarter of 2010. Dividends and distributions for each of the first and second quarters of 2011 were $0.175 per common share and LTIP unit. On July 15, 2011, we paid an aggregate of $2.5 million in second quarter dividends on our common shares and distributions on our LTIP units. We intend to use available cash and borrowings under our revolving secured line of credit to fund the cash requirements related to our pending hotel acquisition.

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 less than 35 percent measured at the time we incur debt, and a subsequent decrease in hotel property values will not necessarily cause us to repay debt to comply with this limitation. Our board of trustees may modify or eliminate this policy at any time without the approval of our shareholders. In the 2011 second quarter, our Board of Trustees approved the temporary increase in our targeted leverage to not more than 55 percent, not including our share of assets and liabilities of the JV. Our Board of Trustees believes that temporarily increasing our leverage limit at this stage of the lodging cycle recovery is prudent to take advantage of the opportunity to buy hotels in the near term.

On October 12, 2010, we entered into a $85 million senior secured revolving credit facility to fund future acquisition, redevelopment and expansion activities. At June 30, 2011, we had no outstanding borrowings under this credit facility. At June 30, 2011, there were eleven properties in the borrowing base under the credit agreement and the maximum borrowing availability under the revolving credit facility was $84.3 million. Subsequent to June 30, 2011, we borrowed $57 million under the credit facility to fund a portion of the purchase of the five sister hotels.

The credit agreement 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. The two mortgage loans we assumed contain financial covenants concerning the maintenance of a minimum debt service coverage ratio. The loan encumbering the Altoona Courtyard hotel requires a minimum ratio of 1.5x and our ratio is 2.0x. The loan encumbering the Washington SpringHill Suites hotel requires a minimum ratio of 1.65x and our ratio is 2.4x. We were in compliance with these financial covenants at June 30, 2011.

We amended our $85 million senior secured revolving credit facility effective May 2011. The amendment provides for an increase in the allowable consolidated leverage ratio to 60 percent through 2012, reducing to 55 percent in 2013; and a decrease in the consolidated fixed charge coverage ratio from 2.3x to 1.7x through March 2012, increasing to 1.75x through December 2012 and 2.0x in 2013. Subject to certain conditions, the line of credit still has an accordion feature that provides the Company with the ability to increase the facility to $110 million.

On February 8, 2011, we completed a public offering of 4.6 million common shares, raising net proceeds of $69.4 million. We used $42.8 million to pay down debt outstanding on the revolving credit facility. We used the remaining funds to fund a portion of our acquisition of the five sister hotels under Note 16, Subsequent Events, in the notes to our financial statements above.

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. 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 and the issuance of additional equity or debt securities.

We intend to continue to invest in hotel properties only as suitable opportunities arise. In the near-term, we intend to fund future investments in properties with the net proceeds of offerings of our securities. Longer term, we intend to finance our 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 out long-term investment objectives as a means to provide liquidity.

Dividend Policy

Our current policy on common dividends is generally to distribute, annually, 100% of our annual taxable income. The amount of any dividends will be determined by our Board of Trustees. On May 25, 2011, our Board of Trustees declared a dividend of $0.175 per common share and LTIP unit. The dividends to our common shareholders and the distributions to our LTIP unit holders were paid on July 15, 2011 to holders of record as of June 30, 2011.

Capital Expenditures

We intend to maintain each hotel property in good repair and condition and in conformity with applicable laws and regulations in accordance with the franchisor's standards and any agreed-upon requirements in our management and loan agreements. After we have acquired a hotel property, in certain instances, 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 make available for such purposes, at the hotels collateralizing these loans, amounts up to 5% of gross revenue from such hotels. We intend to cause the expenditure of amounts in excess of such obligated amounts, if necessary, to comply with any reasonable requirements and otherwise to the extent that we deem such expenditures to be in the best interests of the hotel. To the extent that we spend more on capital expenditures than is available from our operations, which is the case with respect to the PIPs we are required to complete during 2011, we intend to fund those capital expenditures with available cash and borrowings under the revolving credit facility.

For the three and six months ended June 30, 2011, we invested approximately $2.4 and $7.3 million, respectively, on capital investments in our hotels. We expect to invest approximately $13 million on capital improvements in 2011 on our 13 existing hotels owned at June 30, 2011, and $1.0 million on capital improvements on the five wholly owned hotels acquired from Innkeepers.

Contractual Obligations

The following table sets forth our contractual obligations as of June 30, 2011, 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, 2011.

	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	$ 160	$ 19	$ 77	$ 64	$ —
Revolving credit facility, including interest (1)	957	213	744	—	—
Ground leases	12,797	101	408	417	11,871
Property loans, including interest (1)	14,900	525	2,100	12,275	—
	$ 28,814	$ 858	$ 3,329	$ 12,756	$ 11,871

(1) Does not reflect additional borrowings under the revolving credit facility after June 30, 2011 and interest payments are based on the interest rate in effect as of June 30, 2011. See Note 8, “Debt” to our 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.

On January 31, 2011, we entered into a contract to purchase a hotel located in the greater Pittsburgh, Pennsylvania area for a total purchase price of approximately $24.9 million, which includes the assumption of approximately $7.3 million in existing mortgage debt secured by the property. The acquisition of this hotel is subject to customary closing requirements and conditions. The Company signed an agreement on June 22, 2011 to amend the closing date for the Pittsburgh hotel acquisition extending the closing date to September 30, 2011 with the ability to extend the date to October 31, 2011. The extension was required to accommodate the loan assumption process. The Company can give no assurance that the transaction will be completed within the expected time frame or at all.

On May 3, 2011, a joint venture between Cerberus Capital Management and Chatham Lodging LP, INK Acquisition, LLC was selected as the winning bidder to purchase 64 hotels, subject to the terms and conditions of the bid, from Innkeepers USA Trust. The Company’s expected investment of $37.0 million will at closing represent less than a 10% interest in the JV and will be funded through borrowings under the revolving credit facility.

On May 3, 2011, the Company entered into an agreement to purchase five hotels from affiliates of Innkeepers Trust USA for $195 million. The Company completed the acquisition of the five hotels on July 14, 2011. The acquisition was funded with available cash, borrowings under the revolving credit facility and assumption of existing mortgage debt on the hotels.

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 the hotels we acquire.

Critical Accounting Policies

Our consolidated financial statements have been prepared in conformity with U.S. 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, 2010.

Recently Issued Accounting Standards

In December 2010, the FASB issued updated accounting guidance to clarify that pro forma disclosures should be presented as if a business combination occurred at the beginning of the prior annual period for purposes of preparing both the current reporting period and the prior reporting period pro forma financial information. These disclosures should be

accompanied by a narrative description about the nature and amount of material, nonrecurring pro forma adjustments. The new accounting guidance is effective for business combinations consummated in periods beginning after December 14, 2010, and should be applied prospectively as of the date of adoption. Early adoption is permitted. We have adopted the new disclosures as of January 1, 2011.

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 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.

At June 30, 2011, our consolidated debt was comprised only of 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 our financial instruments that are sensitive to changes in interest rates (in thousands):

	2011	2012	2013	2014	2015	Thereafter	Total	Fair Value
Liabilities								
Floating rate:								
Debt	$ —	$ —	$ —				$ —	$ —
Average interest rate (1)	4.50%	4.50%	4.50%				4.50%	
Fixed rate:								
Debt	$ 176	$ 354	$ 375	$ 398	$ 4,958	$ 5,913	$ 12,174	$ 12,373
Average interest rate	5.90%	5.90%	5.90%	5.90%	5.85%	5.96%	5.91%	

(1) LIBOR floor rate of 1.25% plus a margin of 3.25% at June 30, 2011. The one-month LIBOR rate was 0.25% at June 30, 2011.

Item 4. Controls and Procedures.

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.

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 currently involved in any material litigation nor, to our knowledge, is any material litigation pending or threatened against us.

Item 1A. Risk Factors.

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, 2010.

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

None.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Removed and Reserved

Item 5. Other information.

None.

Item 6. Exhibits.

The following exhibits are filed as part of this report:

Exhibit Number	Description of Exhibit
10.1	Agreement of Purchase and Sale, dated as of May 3, 2011, by and among Chatham Lodging LP, as purchaser, and KPA RIMV, LLC, KPA RIGG LLC, KPA Tysons Corner RI, LLC, KPA Washington DC, LLC and KPA San Antonio, LLC, as sellers, for the Residence Inn, San Diego, CA, Residence Inn, Anaheim, CA, Residence Inn Tysons Corner, VA, Double Tree Washington, DC and Homewood Suites, San Antonio, TX
10.2	First Amendment to Agreement of Purchase and Sale, dated as of May 12, 2011, by and among Chatham Lodging LP, as purchaser, and KPA RIMV, LLC, KPA RIGG LLC, KPA Tysons Corner RI, LLC, KPA Washington DC, LLC and KPA San Antonio, LLC, as sellers, for the Residence Inn, San Diego, CA, Residence Inn, Anaheim, CA, Residence Inn Tysons Corner, VA, Double Tree Washington, DC and Homewood Suites, San Antonio, TX

Exhibit Number	Description of Exhibit
10.3	Amended and restated binding commitment agreement regarding the acquisition and restructuring of certain subsidiaries of Innkeepers USA Trust dated as of May 16, 2011
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

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 10, 2011

/s/ DENNIS M. CRAVEN

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

Exhibit 10.1

AGREEMENT OF PURCHASE

AND SALE

dated as of May 3, 2011

between

KPA RIMV, LLC, KPA RIGG, LLC

KPA TYSONS CORNER RI, LLC,

KPA WASHINGTON DC, LLC and

KPA SAN ANTONIO, LLC

collectively, as SELLERS,

and

CHATHAM LODGING, L.P.,

as PURCHASER

Double Tree, Washington, DC
Homewood Suites, San Antonio, TX
Residence Inn, Tysons Corner, VA
Residence Inn, San Diego, CA
Residence Inn, Anaheim, CA

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Exhibit A — Seller and Property
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Exhibit F — Existing Warranties and Guaranties
Exhibit G — Assumed Loans
Exhibit H — Plans of Reorganization

AGREEMENT OF PURCHASE AND SALE

THIS AGREEMENT OF PURCHASE AND SALE (this "Agreement"), dated as of May 3, 2011 ("Effective Date"), between KPA RIMV, LLC, a Delaware limited liability company ("KPA Mission Valley"), KPA RIGG, LLC, a Delaware limited liability Company ("KPA Garden Grove"), KPA TYSONS CORNER RI, LLC, a Delaware limited liability company ("KPA Tysons Corner"). KPA WASHINGTON DC LLC, a Delaware limited liability company ("KPA Washington DC"), and KPA SAN ANTONIO, LLC, a Delaware limited liability company ("KPA San Antonio," and each of KPA Mission Valley, KPA Garden Grove, KPA Tysons Corner and KPA Washington DC, a "Seller," and collectively, the "Sellers"), and CHATHAM LODGING, L.P., a Delaware limited partnership (the "Purchaser").

RECITALS:

WHEREAS, each Seller owns a fee simple interest in its respective Real Property (as defined below), as more particularly described on Exhibit B attached hereto;

WHEREAS, on July 19, 2010, the Sellers, together with the Sellers' Affiliates (defined below), commenced cases under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code") by filing voluntary petitions for relief (the "Sellers' Chapter 11 Cases") with the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court"); and

WHEREAS, pursuant to the terms of the Debtors' Plans of Reorganization Pursuant to Chapter 11 of the Bankruptcy Code to which this Agreement is attached as Exhibit H (as amended, revised, modified or supplemented from time to time, the "Plan"), and subject to the terms and conditions set forth in this Agreement, Purchaser desires to acquire from the Sellers and, subject to the entry of the Confirmation Order (as defined in the Plan), Seller desires to sell to Purchaser, the Property for the Purchase Price upon the terms and conditions of this Agreement.

NOW THEREFORE, in consideration of the foregoing and the representations, warranties, covenants and agreements contained in this Agreement and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

ARTICLE 1
DEFINITIONS; RULES OF CONSTRUCTION

1.1 Definitions.

The following terms shall have the indicated meanings:

"Affiliate" shall, with respect to any Person, mean any other Person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the Person specified, where "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management policies of a Person, through ownership of voting securities or rights, by contract, as trustee, executor or otherwise.

"Agreement" has the meaning set forth in the preamble hereto.

"Applicable Laws" means all statutes, laws (including common law), regulations, rules, ordinances, codes and other requirements of any Governmental Body, including any Orders.

"Assignment and Assumption Agreement" means the assignment and assumption agreement pursuant to which the Sellers and each Operating Tenant (notwithstanding its joinder to this Agreement) shall assign and the Purchaser shall assume from the Sellers and each Operating Tenant the Assumed Contracts and the Assumed Leases, in such form and substance as Purchaser, the Operating Tenants, and Sellers shall mutually agree.

"Assignment and Consent Agreement" means an agreement (in a form to be agreed upon) between Purchaser, the Sellers and the Servicer, whereby, amongst other things, the Servicer will consent to the assignment of the Assumed Loans from the Sellers to Purchaser, as such Assumed Loans have been modified in accordance with the Assumed Loan Modification Terms set forth on Exhibit D attached hereto.

"Assumed Contracts" means, collectively, the Contracts set forth in Exhibit E attached hereto, which Contracts shall be assumed by the Sellers and assigned to the Purchaser pursuant to Section 365 of the Bankruptcy Code, the Confirmation Order or other order of the Bankruptcy Court and the Assignment and Assumption Agreement.

"Assumed Leases" means, collectively, the Leases set forth in Exhibit E attached hereto, which Leases shall be assumed by the Sellers and assigned to the Purchaser pursuant to Section 365 of the Bankruptcy Code, the Confirmation Order, or other order of the Bankruptcy Court and the Assignment and Assumption Agreement.

"Assumed Loan Modification Terms" means the modified loan terms of the Assumed Loans previously agreed to by Servicer and Purchaser pursuant to that certain term sheet with respect to the Assumed Loans and set forth on Exhibit D attached hereto.

"Assumed Loans" means the loans identified on Exhibit G attached hereto having an aggregate, current and actual balance equal to (x) One Hundred Fifty Nine Million One Hundred Fifty Nine Thousand Six Hundred Ninety Five and 40/100 Dollars ($159,159,695.40) minus (y) the Paydown Amount, as such Assumed Loans have been modified in accordance with the Assumed Loan Modification Terms, provided, that the Assumed Loans shall not include any Pre-Closing Date Interest/Principal Payments.

"Assumption Application" has the meaning set forth in Section 2.4.

"Authorizations" means all licenses, permits and approvals required by any Governmental Body, quasi-governmental agency, or officer for the ownership, operation and use of such Property or any part thereof.

"Bill of Sale (Inventory)" means the bill of sale conveying title to the Inventory to the Purchaser, it's property manager, lessee or designee, in such form and substance as the Purchaser and each Seller shall mutually agree.

"Bill of Sale (Personal Property)" means the bill of sale conveying title to the Tangible Personal Property, and Intangible Personal Property, to the extent assignable, from each Seller to the Purchaser.

"Break-Up Fee" means an amount in cash equal to Two Million Dollars ($2,000,000.00).

"Break-Up Fee and Expense Reimbursement Motion" has the meaning set forth in Section 3.1.

"Business Day" shall mean any day other than a Saturday, Sunday, any other day on which commercial banks in New York, New York are authorized or obligated to close under Applicable Laws or, for purposes of any provision of this Agreement requiring the filing of papers with the Bankruptcy Court or the entry of an Order by the Bankruptcy Court no later than a specified day, any other day on which the Bankruptcy Court is closed.

"Cash Purchase Price" means a cash amount equal to Thirty Five Million Eight Hundred Forty Thousand Three Hundred and Four Dollars and 60/100 Dollars ($35,840,304.60).

"Claims" means claims, suits, proceedings, causes of action, Liabilities, losses, damages, penalties, judgments, settlements, costs, expenses, fines, disbursements, demands, reasonable costs, fees and expenses of counsel, including in respect of investigation, interest, demands and actions of any nature or any kind whatsoever.

"Closing" means a consummation of a purchase and sale of the Property pursuant to this Agreement.

"Closing Date" means the date on which the Closing occurs, but in no event later than the date identified in Section 7.1.

"Commission" has the meaning set forth in Section 4.12.

"Confirmation Order" has the meaning set forth in the preamble hereto.

"Contracts" shall mean any contracts, agreements, licenses and leases (other than the Leases) entered into by each Seller and each Operating Tenant, as applicable (whether oral or written), affecting or related to the Property by which any Seller or the Operating Tenant, as applicable, is bound.

"Deed" means a special warranty deed conveying title to the Real Property from each Seller to the Purchaser, subject only to Permitted Encumbrances, in such form and substance as Purchaser and each Seller shall mutually agree.

"Deposit" has the meaning set forth in Section 2.2.

"Deposit Escrow Agent" means Wells Fargo Bank, N.A.

"Deposit Interest" has the meaning set forth in Section 2.2.

"DIP PIP Payment" has the meaning set forth in Section 6.1(d).

"Effective Date" has the meaning set forth in the preamble hereto.

"Encumbrances" means all mortgages, pledges, charges, liens, debentures, trust deeds, claims, assignments by way of security or otherwise, security interests, conditional sales contracts or other title retention agreements or similar interests or instruments charging, or creating a security interest in the Property or any part thereof or interest therein, and any agreements, leases, licenses, occupancy agreements, options, easements, rights of way, restrictions, executions or other encumbrances (including notices or other registrations in respect of any of the foregoing) affecting the title, current use, occupancy or operation of the Property or any part thereof or interest therein.

"Existing PIP Work Hotels" means the Hotels located in Tysons Corner, VA and Mission Valley, CA.

"Expense Reimbursement" means the reimbursement of any and all reasonable and documented fees (including attorneys' fees), expenses and other costs incurred by Purchaser or its Affiliates in connection with the negotiation, documentation and diligence with respect to the Transaction in an amount not to exceed Five Hundred Thousand Dollars ($500,000.00).

"Final Closing Statement" has the meaning set forth in Section 7.5(e).

"FIRPTA Certificate" means the affidavit of each Seller conveying Real Property under Section 1445 of the Internal Revenue Code certifying that such Seller is not a foreign corporation, foreign partnership, foreign trust, foreign estate or foreign person (as those terms are defined in the Internal Revenue Code and the Income Tax Regulations), in such form and substance as Purchaser and each Seller shall mutually agree.

"Governmental Body" means any federal, state, municipal or other governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign.

"Guest Ledger" means the collection of all open balances, whether secured by some form of payment or unsecured, for all in house Hotel guests remaining as of the Closing Date.

"Hearing" means the hearing to be held by the Bankruptcy Court to consider the Confirmation Order and the approval of the Transaction.

"Hotel" means the hotels owned by each Seller (as of the Closing Date), as the case may be, named and set forth on Exhibit A attached hereto and the related amenities and appurtenances thereto.

"Improvements" means the Hotel and all other buildings, improvements, fixtures and other items of real estate located on the Land.

"Intangible Personal Property" means all intangible personal property owned by the Sellers and used in connection with the ownership, operation, leasing, occupancy or maintenance of the Property, including, without limitation, the right to use the trade name associated with the

Property and all variations thereof, the Authorizations, escrow accounts, insurance policies, general intangibles, business records, plans and specifications, surveys and title insurance policies pertaining to the Real Property and the Personal Property, all licenses, permits and approvals with respect to the construction, ownership, operation, leasing, occupancy or maintenance of the Property, any unpaid award for taking by condemnation or any damage to the Land by reason of a change of grade or location of or access to any street or highway, and the share of the Tray Ledger determined under Section 7.5, excluding (a) any of the aforesaid rights the Purchaser elects not to acquire, (b) the Sellers' cash on hand, in bank accounts and invested with financial institutions and (c) accounts receivable except for the above described share of the Tray Ledger.

"Interim Liquor Agreement" has the meaning set forth in Section 4.13.

"Inventory" means all inventory located at the Hotels and owned by the Sellers, including without limitation, all mattresses, pillows, bed linens, towels, paper goods, soaps, cleaning supplies and other such supplies.

"July 31 Expense Reimbursement" means the sum of One Million Dollars ($1,000,000.00).

"Knowledge" shall mean the actual knowledge of Marc Beilinson, Mark Murphy or Tim Walker after discussions with the manager of the Hotels, without any other duty of inquiry or investigation. For the purposes of this definition, the term "actual knowledge" means, with respect to any Person, the conscious awareness of such Person at the time in question, and expressly excludes any constructive or implied knowledge of such Person.

"KPA Garden Grove" has the meaning set forth in the preamble hereto.

"KPA Mission Valley" has the meaning set forth in the preamble hereto.

"KPA San Antonio" has the meaning set forth in the preamble hereto.

"KPA Tysons Corner" has the meaning set forth in the preamble hereto.

"KPA Washington DC" has the meaning set forth in the preamble hereto.

"Land" means each of the Sellers' land legally described on Exhibit B attached hereto, together with all easements, rights, privileges, remainders, reversions and appurtenances thereunto belonging or in any way appertaining, and all of the estate, right, title, interest, claim or demand whatsoever of each Seller therein, in the streets and ways adjacent thereto and in the beds thereof, either at law or in equity, in possession or expectancy, now or hereafter acquired.

"Leases" means any agreements to lease, leases, renewals of leases, subtenancy agreements and other rights (including licenses) granted by or on behalf of, or to, any Seller or any of its predecessors in title which entitle any Person to possess or occupy any space on or within the Real Property.

"Liability" means any debt, liability, commitment or other obligation (whether direct or indirect, known or unknown, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, or due or not yet due) and including all costs, fees and expenses relating thereto.

"Liquor License" means those certain liquor licenses set forth on Exhibit C attached hereto and any other liquor licenses required by applicable governing bodies for lawful service of liquor at the Hotels.

"Loan Assumption" has the meaning set forth in Section 2.4.

"Operating Tenant" (i) with respect to KPA RIMV, Grand Prix RIMV Lessee LLC, a Delaware limited liability company, (ii) with respect to KPA Washington DC, KPA Washington DC, LLC, a Delaware limited liability company, (iii) with respect to KPA Garden Grove, Grand Prix RIGG Lessee LLC, a Delaware limited liability company, (iv) with respect to KPA San Antonio, Grand Prix General Lessee LLC, a Delaware limited liability company, and (v) with respect to KPA Tysons Corner, Grand Prix General Lessee LLC, a Delaware limited liability company.

"Order" means any order, court order, writ, judgment, injunction, decree, stipulation, determination, decision, verdict, ruling, or award entered by or with any Governmental Body (whether temporary, preliminary or permanent).

"Owner's Title Policy" means an owner's title insurance policy, pro forma, or marked and signed title commitment issued to the Purchaser by the Title Company, pursuant to which the Title Company insures the Purchaser's ownership of fee simple title to the Real Property (including the marketability thereof) subject only to Permitted Encumbrances. The Owner's Title Policy shall insure the Purchaser in the amount of the Purchase Price and shall be acceptable in form and substance to the Purchaser. The description of the Land in the Owner's Title Policy shall be identical to the description shown on the Survey.

"Party" means Seller or Purchaser, individually, and "Parties" means Seller and Purchaser, collectively.

"Paydown Amount" means an amount not to exceed Twenty Five Million Dollars ($25,000,000.00) paid (or caused to be paid) by Purchaser (or its designee) to Servicer (or its designee) on the Closing Date to be applied against the Assumed Loans.

"Permitted Encumbrances" means: (i) the Assumed Loans; (ii) minor discrepancies, conflicts in boundary lines, shortage in area, encroachments and any other state of facts shown on any accurate survey prepared by a professionally licensed land surveyor made available to the Purchaser and any easements, rights of way, covenants, conditions, limitations and restrictions of record that are shown on Schedule B-2 of the Owner's Title Policy (provided that any item set forth therein relating to any Tax, or "claim of lien" shall not be a Permitted Encumbrance from and after the entry of the Confirmation Order); (iii) laws, regulations, resolutions or ordinances, including building, zoning and environmental protection, as to the use, occupancy, subdivision, development, conversion or redevelopment of the Real Property imposed by any Governmental Body, but only to the extent that such laws, regulations, resolutions or ordinances have not been

violated in any material respect; and (iv) liens for real estate and personal property Taxes not yet due and payable.

"Person" means an individual, a partnership, a joint venture, a corporation, a business trust, a limited liability company, a trust, an unincorporated organization, a joint stock company, a labor union, an estate, a Governmental Body or any other entity.

"Personal Property" means the Tangible Personal Property and the Intangible Personal Property.

"PIP" has the meaning set forth in Section 6.1(d).

"Plan" has the meaning set forth in the recitals.

"Pre-Closing Date Interest/Principal Payments" means the amount (if any) of principal or interest payments owed to the Servicer by the Seller or Sellers, as the case may be, with respect to the Assumed Loans, that accrued with respect to each such Assumed Loan up to and including the Closing Date.

"Property" means collectively the Real Property, the Inventory and the Personal Property owned by each of the Sellers or each Operating Tenant, as applicable.

"Purchase Price" means the sum of the (i) Cash Purchase Price, (ii) Paydown Amount and (iii) Assumed Loans, as such amounts may be reduced in accordance with Sections 6.1(d) and 7.5 herein (or as otherwise provided in this Agreement).

"Purchaser" has the meaning set forth in the preamble hereto.

"Real Property" means the Land and the Improvements.

"Representative" means with respect to any Person, such Person's officers, directors, managers, employees, agents, representatives and financing sources (including any investment banker, financial advisor, accountant, legal counsel, agent, representative or expert retained by or acting on behalf of such Person or its subsidiaries).

"Seller" or "Sellers" has the meaning set forth in the preamble hereto.

"Sellers' Chapter 11 Cases" has the meaning set forth in the recitals.

"Seller's Organizational Documents" means the current limited liability company or operating agreement and certificate of formation of each Seller.

"Servicer" means LNR Partners, LLC, as special servicer under the Assumed Loans.

"Specified Termination Event" has the meaning set forth in Section 9.4.

"Survey" means each survey ordered by Purchaser prepared delineating the boundary lines of the Land, location of the Improvements, all rights of way and easements and contiguous public roads, the same prepared for the benefit of and certified to Purchaser and the Title

Company; Purchaser shall pay all costs and expenses of, and incurred in connection with, such survey. The Survey shall be adequate for the Title Company to delete any exception for general survey matters in the Owner's Title Policy. If there is a discrepancy between the description of the Land attached hereto as Exhibit B and the description of the Land as shown on the Survey, the survey shall confirm that the property description identifies the Property.

"Tangible Personal Property" means the items of tangible personal property consisting of all furniture, fixtures and equipment situated on, attached to or used in the operation of the Hotels, and all furniture, furnishings, equipment, machinery and other personal property of every kind located on or used in the operation of the Hotels and owned by the Sellers.

"Tax" or "Taxes" means any federal, state, local or foreign net income, gross income, gross receipts, windfall profit, severance, property, production, sales, use, license, excise, franchise, employment, unemployment, payroll, withholding, alternative or add on minimum, ad valorem, value added, transfer, stamp, or environmental tax, escheat payments or any other tax, custom, duty, impost, levy, governmental fee or other like assessment or charge (together with any and all interest, penalties, additions to tax and additional amounts imposed with respect thereto).

"Title Company" means Madison Title Agency, LLC.

"Transaction" means the transactions contemplated by this Agreement to be consummated at the Closing, including, but no limited to, the purchase and sale of the Property.

"Tray Ledger" means the final night's room revenue (revenue from rooms occupied as of 12:01 a.m. on the Closing Date, exclusive of food, beverage, telephone and similar charges which shall be retained by the Seller), including any sales taxes, room taxes or other taxes thereon.

1.2 Rules of Construction.

The following rules shall apply to the construction and interpretation of this Agreement:

(a) Singular words shall connote the plural number as well as the singular and vice versa, and the masculine shall include the feminine and the neuter.

(b) All references herein to particular articles, sections, subsections, clauses or exhibits are references to articles, sections, subsections, clauses or exhibits of this Agreement.

(c) The table of contents and headings contained herein are solely for convenience of reference and shall not constitute a part of this Agreement nor shall they affect its meaning, construction or effect.

(d) Each Party and its counsel have reviewed and revised (or requested revisions of) this Agreement, and therefore any usual rules of construction requiring that ambiguities are to be resolved against a particular Party shall not be applicable in the construction and interpretation of this Agreement or any exhibits hereto.

ARTICLE 2
PURCHASE AND SALE; DEPOSIT; PAYMENT OF PURCHASE PRICE

2.1 Purchase and Sale. The Sellers agree to sell, transfer, assign, set over and convey to the Purchaser and the Purchaser agrees to purchase, acquire and assume from the Sellers and each Operating Tenant, as applicable, the Property, for the Purchase Price, in accordance with the terms and conditions set forth herein.

2.2 Deposit. If Purchaser is determined by the Sellers to have made the highest and best bid and declared the "winner" of the auction for the Properties (scheduled to be held on May 3, 2011), then within one (1) Business Day following the conclusion of such auction, the Purchaser will deposit in escrow with the Deposit Escrow Agent (in accordance with an escrow agreement to be negotiated between the Parties and the Deposit Escrow Agent) the sum of Ten Million Dollars ($10,000,000.00) as a deposit (the "Deposit"). The Deposit shall be in the form of cash and shall be invested by the Deposit Escrow Agent in an interest-bearing account reasonably acceptable to the Purchaser and the Sellers. All interest earned on the Deposit shall be credited against the Purchase Price (the "Deposit Interest").

2.3 Payment of Purchase Price. On the Closing Date, the Purchaser shall (subject to Section 2.4 and an executed Assignment and Consent Agreement) (A) assume the Assumed Loans, (B) pay an amount equal to the Paydown Amount to the Servicer and (C) pay an amount equal to the Cash Purchase Price to Sellers (for themselves and for the benefit of each Operating Tenant in respect of their interest in the Property, as applicable) less the sum of (i) the Deposit and (ii) the Deposit Interest, and as adjusted in the manner specified in Sections 6.1(d) and 7.5 herein, in cash or by confirmed wire transfer of immediately available federal funds to the account of the Title Company, or as otherwise agreed to by the parties. Wire instructions shall be sent by the Sellers to the Purchaser at least five (5) Business Days before the Closing Date.

2.4 Assumption of Assumed Loans. Purchaser shall, subject to the finalization of the Assignment and Consent Agreement, assume the Assumed Loans on the Closing Date. With respect to Purchaser's assumption of the Assumed Loans, (a) not later than two (2) Business Days after the Effective Date, Purchaser shall, with the cooperation of Seller, use commercially reasonable efforts to commence its efforts to process the assumption of the Assumed Loans by Purchaser ("Loan Assumption"), including, but not limited to, providing to the Servicer all reasonable information concerning the assignment of the Assumed Loans to the Purchaser ("Assumption Application"), (b) Purchaser and Seller shall cooperate and use all reasonable and diligent efforts to cause the Servicer to consent to the Loan Assumption and to cause the applicable Seller and all applicable guarantors, if any, to be released from any and all liability under the Assumed Loans following the Closing Date (but Sellers shall not be required to spend any funds to do so but only to the extent all Sellers are in compliance with this Section 2.4(b)) and (c) Purchaser shall pay all reasonable (i) fees (including all reasonable recording fees and the cost of title insurance endorsements to the existing title insurance policies for the Properties), (ii) assumption fees, and (iii) expenses and/or costs required by the Servicer to process the Assumption Application and the Loan Assumption.

2.5 Instructions to Deposit Escrow Agent. Whenever the terms of this Agreement provide for the return or the release of the Deposit and Deposit Interest (if any), Purchaser and

Seller agree to promptly notify the Deposit Escrow Agent by sending a Joint Notice (as defined in the escrow agreement to be entered into by the Parties and the Deposit Escrow Agent) in accordance with the terms of the escrow agreement in order to effectuate the return or the release of the Deposit and Deposit Interest (if any).

ARTICLE 3
COURT APPROVAL

3.1 Bankruptcy Court Approval/Bid Protections. The Agreement is subject to Bankruptcy Court approval, which the Seller shall promptly seek in connection with confirmation of the Plan and through the Confirmation Order. Purchaser hereby acknowledges that (a) the Hearing is scheduled for June 23, 2011, which such date may be extended in Sellers' sole discretion and (b) the hearing to consider approval of the disclosure statement relative to the Plan is scheduled for May 10, 2011, which such date may be extended in Sellers' sole discretion. Sellers shall use its best efforts to cause the Bankruptcy Court to enter the Confirmation Order as soon as practicable after confirmation of the Plan. The Sellers shall file a motion with the Bankruptcy Court seeking the entry and approval of the Break-Up Fee, the Expense Reimbursement and the July 31 Expense Reimbursement by no later than May 6, 2011 (the "Break-Up Fee and Expense Reimbursement Motion"). The Sellers will use their best efforts to cause the Bankruptcy Court to enter the Break-Up Fee and Expense Reimbursement Motion as soon as practicable after the filing of the Break-Up Fee and Expense Reimbursement Motion, but in no event later than May 24, 2011. Purchaser and the Sellers acknowledge that the Sellers must take reasonable steps to demonstrate that they have sought to obtain the highest or best offer for the Property, including giving notice thereof to the creditors of the Sellers and other interested parties, providing information about the Property to prospective bidders entertaining higher or better qualified offers from such prospective bidders, and, in the event that additional qualified prospective bidders desire to bid for the Property, conducting an auction. The Sellers and the Purchaser agree that the provisions of this Agreement, including this Article 3 and Section 9.4 are reasonable, were a material inducement to Purchaser to enter into this Agreement and are designed to achieve the highest or best offer for the Property.

3.2 The Confirmation Order. At the Hearing the Sellers shall seek the entry of the Confirmation Order. The Confirmation Order shall, among other matters:

(a) approve this Agreement and the consummation of the Transaction upon the terms and subject to the conditions of this Agreement;

(b) find that, as of the Closing Date, the transactions contemplated by this Agreement effect a legal, valid, enforceable and effective sale and transfer of the Property to and the assumption of the Assumed Loans by the Purchaser and shall vest the Purchaser with title to the Property free and clear of all Encumbrances other than Permitted Encumbrances;

(c) find that the Assumed Loans have, net of the Paydown Amount, an outstanding principal balance not exceeding One Hundred Thirty Four Million and One Hundred and Fifty-Nine Thousand Eight Hundred and Fifteen Dollars and 40/100 Dollars ($134,159,815.40), and as

of the Closing Date and giving effect to the Paydown Amount (i) the Assumed Loans are in full force and effect, (ii) there is no event of default (or an event that through the passage of time would give rise to an event of default) with respect to the Assumed Loans (iii) the Assumed Loans are secured by duly perfected liens against and security interests in the Property and are enforceable in accordance with their terms and upon the assumption of the Assumed Loans, will be valid, enforceable and binding obligations of Purchaser in accordance with their terms and (iv) from and after the Closing Date until the date of any subsequent default or event of default the Assumed Loans will accrue interest at the non-default rate (as such non-default rates are more particularly described in each Assumed Loan);

(d) find that the consideration provided by the Purchaser pursuant to this Agreement constitutes reasonably equivalent value and fair consideration for the Property;

(e) (i) authorize the Sellers and each of the Operating Tenants to assume and assign to the Purchaser each of the Assumed Contracts and Assumed Leases, (ii) find that, as of the Closing Date, the Contracts and Leases to be assumed by the Sellers and each Operating Tenant assigned to the Purchaser pursuant to this Agreement and the Assignment and Assumption Agreement will have been duly assigned to the Purchaser in accordance with Section 365 of the Bankruptcy Code and (iii) order that any Cure Costs (as defined in the Confirmation Order) under the Assumed Contracts and Assumed Leases shall be paid by the Sellers as soon as practicable and in no event later than the date on which the Assumed Contract or Assumed Lease is deemed assumed and assigned in accordance with the Cure Procedures (as defined in the Confirmation Order) (unless the Bankruptcy Court orders otherwise);

(f) find that the Purchaser is a good faith purchaser of the Property pursuant to Section 363(m) of the Bankruptcy Code;

(g) find that the Purchaser did not engage in any conduct that would cause or permit this Agreement or the consummation of the Transaction to be avoided, or costs or damages to be imposed, under Section 363(n) of the Bankruptcy Code;

(h) order that the Assumed Contracts and the Assumed Leases will be transferred to, and remain in full force and effect for the benefit of, the Purchaser, notwithstanding any provision in any such Contract or Lease or any requirement of Applicable Law (including those described in Sections 365(b)(2) and (f) of the Bankruptcy Code) that prohibits, restricts or limits in any way such assignment or transfer;

(i) approve any other agreement to the extent provided by this Agreement;

(j) find that the Sellers gave due and proper notice of the Transaction to each party entitled thereto;

(k) find that the Purchaser has satisfied all requirements under Sections 365(b)(1) and 365(f)(2) of the Bankruptcy Code to provide adequate assurance of future performance of the Assumed Contracts and Assumed Leases and that the Purchaser has guaranteed the obligations of any assign which has assumed each Assumed Contract and Assumed Lease;

(l) enjoin and forever bar the non-debtor party or parties to each Assumed Contract or Assumed Lease from asserting against the Purchaser or any of the Property: (a) any default, Claim, Liability or other cause of action existing as of the Closing Date whether asserted or not and (b) any objection to the assumption and assignment of such non-debtor party's Assumed Contract and Assumed Lease;

(m) find that, to the extent permitted by Applicable Law, the Purchaser is not a successor to any Seller or its bankruptcy estate by reason of any theory of law or equity, and the Purchaser shall not assume or in any way be responsible for any Liability of a Seller and/or its bankruptcy estate, except as otherwise expressly provided in this Agreement;

(n) make this Agreement expressly binding (based upon language satisfactory to the Purchaser) upon any United States bankruptcy court or trustee in the event of conversion of any of the Seller Chapter 11 Cases to chapter 7, appointment of a chapter 11 trustee in any Seller Chapter 11 Case, or transfer of venue of any Seller Chapter 11 Case to a bankruptcy court other than the Bankruptcy Court; and

(o) order that, notwithstanding the provisions of Federal Rules of Bankruptcy Procedure 6004(h) and 6006(d), the Confirmation Order is effective immediately upon entry.

ARTICLE 4
SELLERS' REPRESENTATIONS, WARRANTIES AND COVENANTS

To induce the Purchaser to enter into this Agreement and to purchase the Property, each Seller, hereby makes the following representations, warranties and covenants, upon each of which the Seller acknowledges and agrees that the Purchaser is entitled to rely and has relied. Each such representation shall be materially true and correct on the Effective Date and shall be materially true and correct on the Closing Date.

4.1 Organization and Power. Each Seller is a limited liability company, duly formed, validly existing and in good standing under the laws of its state of formation and has all requisite powers and all governmental licenses, authorizations, consents and approvals to carry on its business as now conducted and to enter into and perform its obligations hereunder and under any document or instrument required to be executed and delivered on behalf of each Seller hereunder.

4.2 Authorization and Execution. This Agreement has been duly authorized by all necessary action on the part of each Seller, has been duly executed and delivered by each Seller, constitutes the valid and binding agreement of each Seller and is enforceable in accordance with its terms. There is no other Person or entity who has an ownership interest in the Property to be sold hereunder by each Seller or whose consent is required in connection with each Seller's performance of its obligations hereunder.

4.3 Noncontravention. Subject to any consent to the assignment of any particular Assumed Contract or Assumed Lease required by the terms thereof or by Applicable Laws, to each Seller's Knowledge, the execution and delivery of, and the performance by each Seller of its obligations under, this Agreement do not and will not contravene, or constitute a default under, any provision of applicable law or regulation, each Seller's Organizational Documents or

any agreement, judgment, injunction, order, decree or other instrument binding upon each Seller. There are no outstanding agreements (written or oral) pursuant to which any Seller (or any predecessor to or Representative of the Seller) or any Person has agreed to sell or has granted an option or right of first refusal, right of first offer or similar right to purchase or otherwise dispose of the Property or any part thereof.

4.4 No Special Taxes. Each Seller has no Knowledge of, nor has it received any notice of, any special taxes or assessments relating to the Property to be sold hereunder by the Seller or any part thereof or any planned public improvements that may result in a special tax or assessment against the Property.

4.5 Compliance with Existing Laws. To each Seller's Knowledge, and except as would not reasonably be expected to have a material adverse effect on the use operation of each Hotel, each Seller possesses all Authorizations, each of which is valid and in full force and effect, and no provision, condition or limitation of any of the Authorizations has been materially breached or violated.

4.6 Contracts and Leases. Except in the ordinary course of business, the Seller will not (and shall cause the applicable Operating Tenant to not) (i) enter into any new Contract or Lease with respect to the Property and (ii) enter into any agreements modifying any Contract or Lease, unless (a) any such agreement is terminable without any penalty whatsoever to Purchaser upon thirty (30) days' notice, (b) any such agreement or modification will not bind the Purchaser or the Property after the date of Closing or (c) the Seller or the applicable Operating Tenant, as applicable, has obtained the Purchaser's prior written consent to such agreement or modification. All of the Contracts and Leases in force and effect as of the date hereof are listed on Exhibit E attached hereto.

4.7 Warranties and Guaranties. Each Seller shall not before or after Closing, release or modify any warranties or guarantees, if any, of manufacturers, suppliers and installers relating to the Improvements and the Personal Property or any part thereof, except with the prior written consent of the Purchaser (such consent not to be unreasonably withheld or delayed). A complete list of all such warranties and guaranties in effect as of this date is attached hereto as Exhibit F.

4.8 Litigation. Except for all Claims or pending motions that have been asserted or filed prior to the date hereof by third parties against the Sellers in the Sellers' Chapter 11 Cases, including any adversary proceedings in connection therewith, there is not pending or, to the Knowledge of the Sellers, threatened, any action, suit, proceeding, claim, investigation, application or complaint (whether or not purportedly on behalf of a Seller) against or affecting a Seller which in any way could materially and adversely affect the Property, in law or in equity, or which could affect the validity of this Agreement.

4.9 Title. As of the Effective Date, each Seller has good and marketable fee simple title to, and the exclusive right to possess, use and occupy, consistent with its current use and occupation, its respective Real Property, subject to Permitted Encumbrances. The Real Property constitutes all of the owned real property of the Sellers, and there is no real property used in connection with the Property which is not part of the Property being sold to Purchaser pursuant to this Agreement. As of the Closing Date, Purchaser shall have good and marketable title to

each of the Hotels free and clear of all Claims as more fully set forth in the Confirmation Order. As of the Effective Date, each Seller has provided Purchaser with all existing surveys and title insurance policies, pro formas and commitments with respect to the Real Property.

4.10 Operation of Property. Seller covenants (i) that between the Effective Date and the Closing Date, it will (and it will cause the applicable Operating Tenant to) continue to direct the manager of the Hotels to operate the Hotels in a manner consistent with the use and operations in place at the Hotels as of the Effective Date and (ii) that it shall not (and shall cause the applicable Operating Tenant to not) take any action that would have a material adverse effect on the Property or the Purchaser's ability to continue to use and operate the Hotels after the Closing Date in a manner consistent with the use and operations in place at the Hotels as of the Effective Date.

4.11 Personal Property. All of the Personal Property and Inventory being conveyed by the Sellers (and the Operating Tenant, as applicable pursuant to the Assignment and Assumption Agreement) to the Purchaser or its designee are free and clear of all liens, leases and other encumbrances and will be so on the Closing Date, and the Sellers have good, merchantable title thereto and the right to convey same in accordance with the terms of the Agreement.

4.12 Independent Audit. Immediately upon execution of this Agreement, each Seller (and shall cause the applicable Operating Tenant) shall cooperate fully and provide access for Purchaser's Representatives to the Real Property and all financial and other information relating to the Property which would be sufficient to enable them to prepare audited financial statements in conformity with Regulation S-X of the Securities and Exchange Commission (the "Commission") and to enable them to prepare a registration statement, report or disclosure statement for filing with the Commission, all at Purchaser's sole cost and expense. Each Seller shall also provide to Purchaser's Representatives a signed representative letter which would be sufficient to enable an independent public accountant to render an opinion on the financial statements related to the Property.

4.13 Liquor License. Only with respect to the Real Property owned by KPA Mission Valley and KPA Tysons Corner, if by the Closing Date the Purchaser is unable to (1) obtain the permanent transfer of the Liquor License; or (2) obtain another arrangement pending the permanent transfer of the Liquor License to the Purchaser, then, on the Closing Date, the Sellers shall use commercially reasonable efforts to enter into an agreement with the Purchaser, to the extent legally permissible and on terms and conditions reasonably acceptable to the Purchaser and the Sellers, providing for an interim arrangement (the "Interim Liquor Agreement") of up to six (6) months whereby the Sellers shall allow the Purchaser, the Purchaser's designee, lessee or the Purchaser's hotel management company, as applicable, to operate all food and beverage areas within the Hotels under the existing Liquor License pending the temporary or permanent transfer of the Liquor License to the Purchaser, the Purchaser's lessee, designee or the Purchaser's hotel management company, as applicable. The Interim Liquor Agreement may be structured in the form of a short term lease or other agreement to consummate the intent of the parties, cancelable at any time by the Purchaser. The Purchaser shall indemnify, defend and hold the Seller and its Affiliates harmless against any liabilities incurred in such operation (unless caused by the Seller's willful or grossly negligent conduct or omission or material breach of the

Interim Liquor Agreement) and provide adequate insurance (including, without limitation, liquor liability insurance) naming the Sellers as an additional insured.

4.14 Bankruptcy. Subject to the entry of the Confirmation Order and any order approving the assumption and assignment of the Assumed Contracts and Assumed Leases, the Sellers have complied with all requirements of the Bankruptcy Code and Federal Rules of Bankruptcy Procedure in connection with obtaining approval of the sale of the Property (including the assumption and assignment to Purchaser of any Assumed Contracts and Assumed Leases) to the Purchaser pursuant to this Agreement.

In the event Purchaser obtains actual knowledge on or before Closing of any material inaccuracy in any of the representations and warranties contained in this Article 4, and such material inaccuracy is not promptly corrected or resolved by the Sellers following notice from Purchaser, Purchaser may at Purchaser's sole and exclusive remedy either: (i) terminate this Agreement, whereupon neither Party shall have any further rights or obligations pursuant to this Agreement, other than as set forth herein with respect to rights or obligations that survive termination; or (ii) waive any and all Claims against Seller on account of such inaccuracy and close the transaction.

ARTICLE 5
PURCHASER'S REPRESENTATIONS, WARRANTIES AND COVENANTS

To induce the Sellers to enter into this Agreement and to sell the Property, the Purchaser hereby makes the following representations, warranties and covenants, upon each of which the Purchaser acknowledges and agrees that the Sellers are entitled to rely and has relied. Each such representation shall be materially true and correct on the Effective Date and shall be materially true and correct on the Closing Date.

5.1 Organization and Power. The Purchaser is a limited partnership duly organized, validly existing and in good standing under the laws of the state of Delaware, and has all trust powers and all governmental licenses, authorizations, consents and approvals to carry on its business as now conducted and to enter into and perform its obligations under this Agreement and any document or instrument required to be executed and delivered on behalf of the Purchaser hereunder.

5.2 Noncontravention. The execution and delivery of this Agreement and the performance by the Purchaser of its obligations hereunder do not and will not contravene, or constitute a default under, any provisions of Applicable Law, the Purchaser's declaration of trust or other trust document, or any agreement, judgment, injunction, order, decree or other instrument binding upon the Purchaser.

5.3 Litigation. To the knowledge of Purchaser, there is no action, suit or proceeding, pending or known by the Purchaser to be threatened against or affecting the Purchaser in any court or before any arbitrator or before any Governmental Body which (a) in any manner raises any question affecting the validity or enforceability of this Agreement or any other agreement or instrument to which the Purchaser is a party or by which it is bound and that is to be used in connection with, or is contemplated by, this Agreement, (b) could affect the ability of the

Purchaser to perform its obligations hereunder, or under any document to be delivered pursuant hereto, (c) could create a lien on the Property, any part thereof or any interest therein or (d) could adversely affect the Property, any part thereof or any interest therein, or the use, operation, condition or occupancy thereof.

ARTICLE 6
CONDITIONS AND ADDITIONAL COVENANTS

6.1 Conditions to Purchaser's Obligations. The Purchaser's obligations hereunder are subject to the satisfaction of the following conditions precedent with respect to the Property and the compliance by the Seller with the following covenants, to the extent applicable to the Seller:

(a) Seller's Deliveries. The Seller shall have delivered to the Title Company or the Purchaser, as the case may be, on or before the date of Closing, all of the documents and other information required of the Seller pursuant to Section 7.2.

(b) Representations, Warranties and Covenants; Obligations of the Seller; Certificate. All of the Seller's representations and warranties made in this Agreement shall be materially true and correct as of the date hereof and as of the date of Closing as if then made, there shall have occurred no material adverse change in the condition of the Property since the date hereof, each Seller shall have performed all of the covenants and other obligations under this Agreement applicable to each such Seller.

(c) Condition of Improvements. Except to the extent that repair or restoration of a Property is required hereunder, in which case the Improvements and the Tangible Personal Property shall be in the condition required by this Agreement, the Improvements and the Tangible Personal Property shall be in the same or better condition at Closing as they are as of the date hereof, reasonable wear and tear excepted. The Sellers shall not (and cause the applicable Operating Tenant to not) have removed or caused or permitted to be removed any material part or material portion of the Real Property or the Tangible Personal Property unless the same is replaced, prior to Closing, with similar items of at least equal quality acceptable to the Purchaser.

(d) Property Improvement Plans. The Sellers shall provide documentation to Purchaser that Six Million Four Hundred Thousand Dollars ($6,400,000.00) (the "DIP PIP Payment") has been spent on the Property Improvement Plan ("PIP") work at the Existing PIP Work Hotels, provided, however, to the extent the PIP work at the Existing PIP Work Hotels is completed but all of the DIP PIP Payment has not been spent for the PIP work, then the Purchase Price (as otherwise adjusted in accordance with this Agreement) required to be delivered by the Purchaser on the Closing Date will be equal to the Purchase Price less the difference between the DIP PIP Payment and the amount actually spent on the PIP work at the Existing PIP Work Hotels.

(e) Assumption of the Assumed Loans. The Servicer shall have consented to the Purchaser's assumption of the Assumed Loans pursuant to an executed Assignment and Consent Agreement entered into before or as of the Closing Date, it being understood

and agreed that Purchaser's only obligation (financial or otherwise) with respect to obtaining Servicer's consent to such assumption is set forth in Section 2.4 hereof.

(f) Independent Audit. As of the Effective Date, Seller shall cooperate with Purchaser and provide Purchaser and/or Purchaser's Representatives immediate access to the Real Property to allow the timely preparation, at Purchaser's sole cost and expense, of audited financial statements in conformity with Regulation S-X of the Commission.

(g) Bankruptcy Court Approval. After notice and a hearing as defined in Section 102(1) of the Bankruptcy Code, the Bankruptcy Court shall have entered the Confirmation Order (i) shall not have been stayed, stayed pending appeal or vacated and (ii) shall not have been amended, supplemented or otherwise modified in a manner that results in such Confirmation Order no longer being an order of the Bankruptcy Court, in form and substance reasonably satisfactory to the Purchaser, authorizing the matters referred to in Section 3.2.

(h) Assignment of Contracts and Leases; Rejection. Notwithstanding the joinder to this Agreement by each Operating Tenant, the Sellers or the Operating Tenants, as applicable, shall have assumed and assigned to Purchaser the Assumed Contracts and Assumed Leases in accordance with the Assignment and Assumption Agreement, in each case pursuant to Section 365 of the Bankruptcy Code and the Confirmation Order, subject to Purchaser's provision of adequate assurance as may be required under Section 365 of the Bankruptcy Code.

6.2 Conditions to Sellers' Obligations. The Seller's obligations hereunder are subject to the satisfaction of the following conditions precedent with respect to the Property and the compliance by the Purchaser with the following covenants, to the extent applicable to the Purchaser:

(a) Purchaser's Deliveries. The Purchaser shall have delivered to the Title Company or the Seller, as the case may be, on or before the date of Closing, all of the documents and other information required of the Seller pursuant to Section 7.3.

(b) Representations, Warranties and Covenants; Obligations of the Purchaser; Certificate. All of the Purchaser's representations and warranties made in this Agreement shall be materially true and correct as of the date hereof and as of the date of Closing as if then made, there shall have occurred no material adverse change in the financial condition of the Purchaser since the date hereof, the Purchaser shall have performed all of the covenants and other obligations under this Agreement applicable to the Purchaser.

ARTICLE 7
CLOSING

7.1 Closing. Closing shall take place at 10:00 a.m. on the third Business Day following the date on which all of the conditions set forth in Article 6 and Article 7 hereof have been satisfied or waived (other than any conditions that can only be satisfied as of the Closing, but subject to the satisfaction or waiver of such conditions) (the "Closing Date"), at the offices of

Kirkland & Ellis LLP, 601 Lexington Avenue, New York, New York 10022, or at such other time or place as may be mutually agreed to by the Parties.

7.2 Sellers' Deliveries. Each Seller shall deliver to Purchaser all of the following instruments, each of which shall have been duly executed and, where applicable, acknowledged on behalf of such Seller and shall be dated as of the date of Closing:

(a) The Deed for each Seller's Real Property;

(b) The Bill of Sale (Inventory) for each Seller's Inventory;

(c) The Bill of Sale (Personal Property) for each Seller's Personal Property;

(d) The Assignment and Assumption Agreement;

(e) Three certified copies of the Confirmation Order;

(f) Certificate(s)/Registration of Title for any vehicles owned by the Seller and used in connection with the Property;

(g) Such agreements, affidavits or other documents as may be required by the Title Company to issue the Owner's Title Policy with affirmative coverage over mechanics' and materialmen's liens;

(h) The FIRPTA Certificate;

(i) True, correct and complete copies of all warranties, if any, of manufacturers, suppliers and installers possessed by the Sellers and relating to the Improvements and the Personal Property, or any part thereof;

(j) An assignment of all warranties and guarantees from all contractors and subcontractors, manufacturers, and suppliers in effect with respect to the Improvements;

(k) A certificate of good standing from each of the Sellers;

(l) Any other document or instrument reasonably requested by the Purchaser or required hereby.

7.3 Purchaser's Deliveries. At Closing, the Purchaser shall pay or deliver to the Seller the following:

(a) The portion of the Purchase Price described in Section 2.3;

(b) The Bill of Sale (Inventory) for each Seller's Inventory;

(c) The Bill of Sale (Personal Property) for each Seller's Personal Property;

(d) The Assignment and Assumption Agreement; and

(e) Any other document or instrument reasonably requested by the Seller or required hereby.

7.4 Closing Costs. Purchaser shall pay for all costs and expenses associated with the conveyance of the Property, including, but not limited to, Survey costs and expenses, title insurance premiums and fees, recording fees and taxes, and all costs associated with the assignment and assumption of the Assumed Contracts and Assumed Leases (including, for purposes of clarity, the assumption fee and the "paydown" fee owed to Servicer in an amount not to exceed One Million Five Hundred Ninety-One Thousand Five Hundred Ninety-Six Dollars ($1,591,596.00)). Seller and Purchaser shall be responsible for the payment of its own attorney's fees incurred in connection with transaction which is the subject of this Agreement.

7.5 Income and Expense Allocations.

(a) All income, except any Intangible Personal Property, and expenses with respect to the Property, and applicable to the period of time before and after Closing, determined in accordance with sound accounting principles consistently applied, shall be allocated between the Seller and the Purchaser. The Seller shall be entitled to all income and responsible for all expenses for the period of time up to but not including the Closing Date, and the Purchaser shall be entitled to all income and responsible for all expenses for the period of time from, after and including the Closing Date. Without limiting the generality of the foregoing, the following items of income and expense shall be allocated at Closing:

(i) Current and prepaid rents, including, without limitation, prepaid room receipts, function receipts and other reservation receipts (all of which Purchaser shall honor);

(ii) Real estate and personal property taxes;

(iii) Amounts under the Assumed Contracts and Assumed Leases to be assigned to and assumed by Purchaser, Purchaser's property manager, lessee or designee;

(iv) Utility charges (including but not limited to charges for water, sewer and electricity);

(v) License and permit fees, where transferable;

(vi) All prepaid reservations and contracts for rooms confirmed by each Seller prior to the Closing Date for dates after the Closing Date, all of which Purchaser shall honor;

(vii) The Tray Ledger, which shall be divided equally between the parties; and

(viii) All secured balances on the Guest Ledger which Purchaser shall purchase at face amount subject to a three percent (3%) discount for any balances secured by credit cards.

(b) The Seller shall receive a credit for any prepaid expenses accruing to periods on or after the Closing Date. At Closing, each Seller shall sell to Purchaser, and Purchaser shall purchase from the Seller, all petty cash funds located at the Property.

(c) Each Seller shall be required to pay all sales taxes, hotel occupancy taxes, and similar impositions through the date of Closing.

(d) The Purchaser shall not be obligated to collect any accounts receivable or revenues accrued prior to the Closing Date on behalf of each Seller, but if the Purchaser collects same, the Purchaser will promptly remit to each Seller such amounts in the form received.

(e) If accurate allocations of any item cannot be made at Closing because current bills are not obtainable, the parties shall allocate such income or expenses at Closing on the best available information, subject to adjustment upon receipt of the final bill or other evidence of the applicable income or expense. Any income received or expense incurred by the Sellers or the Purchaser with respect to the Property after the date of Closing shall be promptly allocated in the manner described herein and the parties shall promptly pay or reimburse any amount due. Within ninety (90) days following the Closing Date, Seller and Purchaser shall jointly prepare a final closing statement reasonably satisfactory to Seller and Purchaser in form and substance (the "Final Closing Statement") setting forth the final determination of the adjustments and prorations provided for herein. The net amount due to Seller or Purchaser, if any, as shown in the Final Closing Statement, shall be paid in cash by the Party obligated therefor within ten (10) Business Days following that Party's receipt of the approved Final Closing Statement. The adjustments, prorations and determinations agreed to by Seller and Purchaser in the Final Closing Statement shall be conclusive and binding on the Parties.

ARTICLE 8
CONDEMNATION; RISK OF LOSS

8.1 Condemnation. In the event of any actual or threatened taking, pursuant to the power of eminent domain, of all or any portion of the Real Property owned by each Seller, or any proposed sale in lieu thereof, the Sellers shall give written notice thereof to the Purchaser promptly after such Seller learns or receives notice thereof. If all or any part of a Seller's Real Property which would materially adversely interfere with the operation or use of the Hotel is, or is to be, so condemned or sold, the Purchaser shall have the right to terminate this Agreement pursuant to Section 9.3. If the Purchaser elects not to terminate this Agreement, all proceeds, awards and other payments arising out of such condemnation or sale (actual or threatened) shall be paid or assigned, as applicable, to the Purchaser at Closing.

8.2 Risk of Loss. In the event of any fire or other casualty at any of the Hotels, Seller shall give written notice thereof to Purchaser promptly after Seller learns or receives notice thereof. Seller shall pay or assign, as applicable, all insurance proceeds and rights to proceeds arising out of such loss or damage to Purchaser at Closing less any reasonable costs incurred by Seller to collect such proceeds and any portion of such proceeds that Seller uses to make temporary or emergency repairs that are reasonably consented to by Purchaser.

ARTICLE 9
LIABILITY OF PURCHASER; LIABILITY OF SELLER;
TERMINATION RIGHTS

9.1 Liability of Purchaser and Seller. Except for any obligation expressly assumed or agreed to be assumed by the Purchaser hereunder or pursuant to the Confirmation Order, the Purchaser does not assume any obligation of the Seller or any liability for Claims arising out of any occurrence prior to Closing. Except as provided in this Agreement and by Applicable Law, the Sellers shall not be responsible for any obligation of the Purchaser or any liability for Claims arising out of any occurrence on or after the Closing.

9.2 Termination by Purchaser. Purchaser may terminate this Agreement (i) in accordance with Section 8.1 hereof, (ii) if the Closing has not occurred prior to August 5, 2011, (iii) if the Confirmation Order is not entered on or before July 31, 2011, (iv) if the Sellers do not file the Break-Up Fee and Expense Reimbursement Motion with the Bankruptcy Court by May 6, 2011, (v) if the Bankruptcy Court does not enter an order approving the Break-Up Fee and Expense Reimbursement Motion by May 24, 2011, or (vi) if a Seller materially defaults in performing any of its obligations under this Agreement (including its obligation to sell the Property), and such Seller fails to cure any such matter within ten (10) Business Days after notice thereof from the Purchaser, the Purchaser, at its option, may elect either (a) to terminate this Agreement, in which event the Deposit and the Deposit Interest shall be forthwith returned to the Purchaser and all other rights and obligations of the Seller and the Purchaser hereunder shall terminate immediately (except those which expressly survive the termination of this Agreement), or (b) to waive its right to terminate and, instead, to proceed to Closing.

9.3 Termination by Seller. If the Purchaser materially defaults in performing any of its obligations under this Agreement (including its obligation to purchase the Property), and the Purchaser fails to cure any such default within ten (10) Business Days after notice thereof from the Seller, then the Seller's sole remedy for such default shall be to terminate this Agreement and retain the Deposit. The Seller and the Purchaser agree that, in the event of such a default, the damages that the Seller would sustain as a result thereof would be difficult if not impossible to ascertain. Therefore, the Seller and the Purchaser agree that the Seller shall retain the Deposit as full and complete liquidated damages and as the Seller's sole remedy.

If upon the determination of Seller's directors, trustees, or members, as applicable, and upon advice of counsel, any term or provision of this Agreement shall prevent, amend, alter, or reduce Seller's ability to exercise its fiduciary duties under applicable law, Seller shall have the right to terminate this Agreement, whereupon Seller shall promptly, but no later than three (3) Business Days from the date of such termination, pay to Purchaser (or its designee) the sum of (i) the Deposit, (ii) the Deposit Interest, (iii) the Break-Up Fee and (iv) the Expense Reimbursement, and neither Party shall have any further rights or obligations pursuant to this Agreement, other than as set forth herein with respect to rights or obligations that survive termination.

Seller may terminate this Agreement if the Confirmation Order is not entered on or before July 31, 2011, whereupon Seller shall promptly, but not later than three (3) Business Days from July 31, 2011, pay to Purchaser the sum of (i) the Deposit, (ii) the Deposit Interest, if any,

(iii) the July 31 Expense Reimbursement and (iv) the Break-Up Fee, and neither Party shall have any further rights or obligations pursuant to this Agreement, other than as set forth herein with respect to rights or obligations that survive termination.

9.4 Break-Up Fee and Expense Reimbursement. In the event that this Agreement is terminated by Purchaser pursuant to any of the rights of termination granted to Purchaser under subsections 9.2(ii)-(iii) or 9.2(vi), or if the Seller terminates this Agreement pursuant to the second paragraph of Section 9.3 hereof, (each of subsections 9.2(ii)-(iii), 9.2(vi) and the second paragraph of Section 9.3 hereof, a "Specified Termination Event"), provided that a breach by Purchaser of any material term or provision of this Agreement was not the material cause of or a material contributing factor to the Specified Termination Event, the Sellers shall pay the Break-Up Fee and the Expense Reimbursement to the Purchaser or its designee not later than three Business Days following any Specified Termination Event; provided, however, to the extent the Sellers shall have used commercially reasonable efforts seeking the entry of the Confirmation Order by July 31 2011, and notwithstanding such efforts, each or all of the Sellers did not cause (or directed to cause), directly or indirectly, the action or contribute, in anyway, to the reason or circumstances that resulted in the failure of the Bankruptcy Court to enter the Confirmation Order by July 31, 2011, then to the extent Purchaser chooses to terminate this Agreement in accordance with Sections 9.4 (ii)-(iii), Seller shall only pay (in accordance with this Section 9.4) to Purchaser the July 31 Expense Reimbursement.

The Seller's obligation to make any payment on account of the Break-Up Fee and the Expense Reimbursement shall have super-priority administrative expense status, senior to all other administrative expense claims (other than Seller's obligations pursuant to the Lehman DIP Facility and the Five Mile DIP Facility and the DIP Orders (as such terms are defined in the Plan), which obligations shall be pari passu with the Seller's obligation to pay the Break-Up and Expense Reimbursement, under Section 364(c)(1) of the Bankruptcy Code, until such payment is made.

ARTICLE 10
MISCELLANEOUS PROVISIONS

10.1 Completeness; Modification. This Agreement constitutes the entire agreement between the parties hereto with respect to the transactions contemplated hereby and supersedes all prior discussions, understandings, agreements and negotiations between the parties hereto. This Agreement may be modified only by a written instrument duly executed by the parties hereto.

10.2 Assignments. Purchaser may assign its rights hereunder with the consent of Seller (which consent shall not be unreasonably withheld) to any Affiliate of Purchaser; provided, however, that Purchaser shall remain liable under this Agreement and shall not be released from its obligations hereunder.

10.3 Successors and Assigns. This Agreement shall inure to the benefit of and bind the Purchaser and the Seller and their respective successors and assigns.

10.4 Days. If any action is required to be performed, or if any notice, consent or other communication is given, on a day that is a Saturday or Sunday or a legal holiday in the jurisdiction in which the action is required to be performed or in which is located the intended recipient of such notice, consent or other communication, such performance shall be deemed to be required, and such notice, consent or other communication shall be deemed to be given, on the first (1st) business day following such Saturday, Sunday or legal holiday. Unless otherwise specified herein, all references herein to a "day" or "days" shall refer to calendar days and not business days.

10.5 Governing Law. This Agreement and all documents referred to herein shall be governed by and construed and interpreted in accordance with the laws of the state of New York.

10.6 Counterparts. To facilitate execution, this Agreement may be executed in as many counterparts as may be required. It shall not be necessary that the signature on behalf of both parties hereto appear on each counterpart hereof. All counterparts hereof shall collectively constitute a single agreement.

10.7 Severability. If any term, covenant or condition 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, covenant or condition to other persons or circumstances, shall not be affected thereby, and each term, covenant or condition of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

10.8 Costs. Regardless of whether Closing occurs hereunder, and except as otherwise expressly provided herein, each Party shall be responsible for its own costs in connection with this Agreement and the transactions contemplated hereby, including without limitation fees of attorneys, engineers and accountants.

10.9 Notices. All notices, requests, demands and other communications hereunder shall be in writing and shall be delivered by hand, transmitted by facsimile transmission, sent by electronic mail in ".pdf' format, sent prepaid by Federal Express (or a comparable overnight delivery service) or sent by the United States mail, certified, postage prepaid, return receipt requested, at the addresses and with such copies as designated below. Any notice, request, demand or other communication delivered or sent in the manner aforesaid shall be deemed given or made (as the case may be) when actually delivered to the intended recipient.

If to the Seller: 304 Royal Poinciana Way
Suite 306
Palm Beach, Florida 33480
Attn: Marc Beilinson and Mark Murphy
Fax: (561)650-0958
Email: mbeilinson@beilinsonpartners.com
Email: mmurphy@innkeepersusa.com

with a copy to: Kirkland & Ellis LLP
300 North LaSalle
Chicago, Illinois 60654
Attn: Anup Sathy, P.C. and Brian S. Lennon
Fax: (312)862-2200
Email: asathy@kirkland.com
Email: blennon@kirkland.com

If to the Purchaser: Chatham Lodging Trust
50 Cocoanut Row
Suite 211
Palm Beach, Florida 33480
Attn: Jeffrey H. Fisher
Fax: (561)659-7318

with a copy to: Wachtell, Lipton, Rosen & Katz
51 West 52nd Street
New York, New York 10019
Attn: Scott K. Charles
Fax: (212)403-2202
Attn: David Fischman
Fax: (212)403-2311

Or to such other address as the intended recipient may have specified in a notice to the other party. Any party hereto may change its address or designate different or other persons or entities to receive copies by notifying the other party in the manner described in this Section.

10.10 Incorporation by Reference. All of the exhibits attached hereto are by this reference incorporated herein and made a part hereof.

10.11 Further Assurances. The Seller and the Purchaser each covenant and agree to sign, execute and deliver, or cause to be signed, executed and delivered, and to do or make, or cause to be done or made, upon the written request of the other Party, any and all agreements, instruments, papers, deeds, acts or things, supplemental, confirmatory or otherwise, as may be reasonably required by either Party for the purpose of or in connection with consummating the transactions described herein.

10.12 No Partnership. This Agreement does not and shall not be construed to create a partnership, joint venture or any other relationship between the parties hereto except the relationship of seller and purchaser specifically established hereby.

10.13 Time of Essence. Time is of the essence with respect to every provision hereof.

10.14 No Third-Party Beneficiary. The provisions of this Agreement and of the documents to be executed and delivered at Closing are and will be for the benefit of the Seller and the Purchaser only and are not for the benefit of any third (3rd) party, and accordingly, no

third (3rd) party shall have the right to enforce the provisions of this Agreement or of the documents to be executed and delivered at Closing.

10.15 Waiver of Jury Trial. The Seller and the Purchaser each hereby waive any right to jury trial in connection with the enforcement by the Purchaser, or the Seller, of any of their respective rights and remedies hereunder.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the Sellers and the Purchaser have caused this Agreement to be executed as of the day and year first above written.

SELLERS:

KPA RIMV, LLC, a Delaware limited liability company

By: /s/ Mark A. Murphy
Name: Mark A. Murphy
Title: VP

KPA TYSONS CORNER RI, LLC, a Delaware limited liability company

By: /s/ Mark A. Murphy
Name: Mark A. Murphy
Title: VP

KPA WASHINGTON DC DT LLC, a Delaware limited liability company

By: /s/ Mark A. Murphy
Name: Mark A. Murphy
Title: VP

KPA SAN ANTONIO, LLC, a Delaware limited liability company

By: /s/ Mark A. Murphy
Name: Mark A. Murphy
Title: VP

KPA RIGG, LLC, a Delaware limited liability company

By: /s/ Mark A. Murphy
Name: Mark A. Murphy
Title: VP

PURCHASER:

CHATHAM LODGING L.P., a Delaware limited partnership

By: /s/ Dennis Craven
Name: Dennis Craven
Title: Vice President

Joinder of Operating Tenants

The undersigned Operating Tenants hereby join this Agreement for the purpose of transferring each of its interest(s) in the Property, as applicable, and shall be bound to the provisions of this Agreement applicable to each Operating Tenant with respect thereto.

OPERATING TENANTS:

GRAND PRIX RIMV LESSEE LLC, a
Delaware limited liability company

By: /s/ Mark A. Murphy
Name: Mark A. Murphy
Title: VP

GRAND PRIX GENERAL LESSEE LLC, a
Delaware limited liability company

By: /s/ Mark A. Murphy
Name: Mark A. Murphy
Title: VP

GRAND PRIX RIGG LESSEE LLC, a
Delaware limited liability company

By: /s/ Mark A. Murphy
Name: Mark A. Murphy
Title: VP

EXHIBIT A

SELLER AND PROPERTY

Seller	Site Name	Location
KPA RIMV, LLC	Residence Inn San Diego, Mission Valley	1865 Hotel Circle South San Diego, CA 92108
KPA San Antonio, LLC	Homewood Suites, San Antonio	432 West Market Street San Antonio, TX 78205
KPA Tysons Corner RI, LLC	Residence Inn, Tysons Corner Mall	8400 Old Courthouse Road Vienna, VA 22182
KPA WASHINGTON DC LLC	DoubleTree Guest Suites, Washington DC	801 New Hampshire Avenue, NW Washington, DC 20005
KPA RIGG, LLC	Residence Inn, Anaheim (Garden Grove)	11931 Harbor Boulevard, Garden Grove, California

EXHIBIT B

LEGAL DESCRIPTIONS OF THE REAL PROPERTY

See attached.

EXHIBIT C

LIQUOR LICENSES

[To be delivered by Seller within three (3) business days following the date of this Agreement.]

EXHIBIT D

ASSUMED LOAN MODIFICATION TERMS

EXHIBIT E

CONTRACTS AND LEASES

[To be delivered by Seller within three (3) business days following the date of this Agreement.]

EXHIBIT F

EXISTING WARRANTIES AND GUARANTIES

[To be delivered by Seller within three (3) business days following the date of this Agreement.]

EXHIBIT G

ASSUMED LOANS

Hotel	Outstanding Principal Amount
Residence Inn San Diego, Mission Valley	$47,168,769.26
Homewood Suites, San Antonio	$24,062,695.40
Residence Inn, Tysons Corner Mall	$25,057,021.67
DoubleTree Guest Suites, Washington DC	$25,454,752.20
Residence Inn, Anaheim (Garden Grove)	$37,416,576.45

EXHIBIT H

PLANS OF REORGANIZATION

Exhibit 10.2

FIRST AMENDMENT TO AGREEMENT OF PURCHASE AND SALE

This First Amendment to Agreement of Purchase and Sale Agreement (this "Amendment") is dated effective the 12th day of May, 2011, by and among KPA RIMV, LLC, a Delaware limited liability company ("KPA Mission Valley"), KPA RIGG, LLC, a Delaware limited liability Company ("KPA Garden Grove"), KPA TYSONS CORNER RI, LLC, a Delaware limited liability company ("KPA Tysons Corner"), KPA SAN ANTONIO, LLC, a Delaware limited liability company ("KPA San Antonio"), KPA WASHINGTON DC LLC, a Delaware limited liability company ("KPA Washington DC") and INNKEEPERS USA LIMITED PARTNERSHIP, a Virginia limited partnership ("Innkeepers USA"), and CHATHAM LODGING, L.P., a Delaware limited partnership (the "Purchaser").

WHEREAS, KPA Mission Valley, KPA Garden Grove, KPA Tysons Corner, KPA San Antonio, KPA Washington DC and Purchaser entered into a certain Agreement of Purchase and Sale dated on May 3, 2011 (the "Purchase Agreement"), concerning the purchase and sale of the real property and hotel facilities located at (i) 1865 Hotel Circle South, San Diego, California, (ii) 432 West Market Street, San Antonio, Texas, (iii) 8400 Old Courthouse Road, Vienna, Virginia, (iv) 11931 Harbor Boulevard, Garden Grove, California, and (v) 801 New Hampshire Avenue, NW, Washington, DC (the "DC Hotel"), all as more specifically described in the Purchase Agreement;

WHEREAS, Innkeepers USA is the fee owner of the real property located at the DC Hotel and more particularly described in the Purchase Agreement, pursuant to that certain Special Warranty Deed dated as of December 17, 2004 and recorded on December 29, 2004 as Document Number 2004176320 with the Washington DC Recorder of Deeds;

WHEREAS, KPA Washington DC is the ground lessee under that certain Ground Lease made as of September 21, 2006 by and between Innkeepers USA, as ground lessor, and KPA Washington DC (as successor by name change to KPA Washington DC DT LLC) (the "DC Ground Lessee"), as ground lessee, as evidenced by that certain Memorandum of Ground Lease dated as of September 21, 2006 and recorded on September 26, 2006 as Document Number 2006130673 with the Washington DC Recorder of Deeds (the "DC Ground Lease");

WHEREAS, the Purchase Agreement erroneously did not include Innkeepers USA as a Seller with respect to the real property located at the DC Hotel;

WHEREAS, Servicer, in connection with the assumption of the Assumed Loans, is requiring that certain direct or indirect subsidiaries of Purchaser that are organized as special purpose vehicles take title to the Real Property at Closing; and

WHEREAS, the Parties desire to amend the Purchase Agreement, to provide, among other things, that (i) Innkeepers USA be included as a Seller with respect to the real property located at the DC Hotel and (ii) Seller, at Closing, will transfer and convey title to the Real Property (in accordance with the Purchase Agreement) to the special purpose vehicles so designated by Purchaser.

Now therefore, in consideration of the foregoing premises and other good and valuable consideration, the receipt of which is hereby acknowledged, the Parties hereto agree that the Purchase Agreement shall be amended as follows:

1. Definitions. All initial capitalized terms used, but not defined, in this Amendment shall have the meanings set forth in the Purchase Agreement.

2. Amendment.

a. The definitions of "Seller" and "Sellers" are hereby amended and restated in its entirety to mean:

"KPA RIMV, LLC, a Delaware limited liability company ("KPA Mission Valley"), KPA RIGG, LLC, a Delaware limited liability Company ("KPA Garden Grove"), KPA TYSONS CORNER RI, LLC, a Delaware limited liability company ("KPA Tysons Corner"), KPA SAN ANTONIO, LLC, a Delaware limited liability company ("KPA San Antonio,"), and INNKEEPERS USA LIMITED PARTNERSHIP, a Delaware limited liability company ("Innkeepers USA" and each of KPA Mission Valley, KPA Garden Grove, KPA Tysons Corner, KPA San Antonio and Innkeepers USA, a "Seller," and collectively, the "Sellers").

b. The third recital in the preamble to the Purchase Agreement is hereby amended to replace the reference "to which this Agreement is attached as Exhibit H" to "to which this Agreement is attached as an exhibit" and all other references to Exhibit H and the Exhibit H in the Purchase Agreement are hereby deleted.

c. The definition of "Assignment and Assumption Agreement" is hereby amended and restated in its entirety to mean:

"the assignment and assumption agreement pursuant to which the Sellers, the DC Ground Lessee and each Operating Tenant (notwithstanding its joinder to this Agreement), as applicable, shall assign and the Purchaser (or its Permitted Designee) shall assume from the Sellers, the DC Ground Lessee and each Operating Tenant, as applicable, the Assumed Contracts and the Assumed Leases, in such form and substance as Purchaser, the Operating Tenants, and Sellers shall mutually agree."

d. The definition of "Assumed Contracts" is hereby amended and restated in its entirety to mean:

"collectively, the Contracts set forth in Exhibit E attached hereto, which Contracts shall be assumed by the Sellers, DC Ground Lessee or Operating Tenants (as applicable) and assigned to the Purchaser (or its Permitted Designee) pursuant to Section 365 of the Bankruptcy Code, the Confirmation Order or other order of the Bankruptcy Court and the Assignment and Assumption Agreement."

e. The definition of "Assumed Leases" is hereby amended and restated in its entirety to mean:

"collectively, the Leases set forth in Exhibit E attached hereto, which Leases shall be assumed by the Sellers, DC Ground Lessee or Operating Tenants (as applicable) and assigned to the Purchaser (or its Permitted Designee) pursuant to Section 365 of the Bankruptcy Code, the Confirmation Order, or other order of the Bankruptcy Court and the Assignment and Assumption Agreement."

f. The definition of "Contracts" is hereby amended and restated in its entirety to mean:

"any contracts, agreements, licenses and leases (other than the Leases) entered into by each Seller, the DC Ground Lessee, and each Operating Tenant, as applicable (whether oral or written), affecting or related to the Property by which any Seller, the DC Ground Lessee or the Operating Tenant, as applicable, is bound."

g. Subsection "(ii)" of the definition of "Operating Tenant" is hereby amended and restated in its entirety to mean:

"(ii) with respect to Innkeepers USA Limited Partnership, Grand Prix General Lessee LLC, a Delaware limited liability company,"

h. Section 2.1 of the Purchase Agreement is hereby amended to replace the reference to "Sellers and each Operating Tenant" with "Sellers, the DC Ground Lessee and each Operating Tenant" and to replace all references to "Purchaser" with "Purchaser (or its Permitted Designee)."

i. The first sentence of Section 2.3 of the Purchase Agreement is hereby amended to replace all references to "Purchaser shall" with "Purchaser shall, or shall cause its Permitted Designee to,".

j. The first sentence of Section 2.4 of the Purchase Agreement is hereby amended to replace the reference to "Purchaser shall," with "Purchaser shall, or shall cause its Permitted Designee to,".

k. The second sentence of Section 2.4 is hereby amended to replace the reference to "Purchaser's" with "Purchaser's (or its Permitted Designee's)."

l. Section 2.4(a) is hereby amended to replace the reference to "Assumed Loans to the Purchaser" with "Assumed Loans to the Purchaser (or its Permitted Designee)."

m. Section 2.4(b) is hereby amended to replace the reference to "Purchaser and Seller shall" with "Purchaser and Seller shall, and Purchaser shall cause its Permitted Designee to,".

n. Section 2.4(c) is hereby amended to replace the reference to "Purchaser shall pay" with "Purchaser shall, or Purchaser shall cause its Permitted Designee to, pay".

o. Section 3.2(b) of the Purchase Agreement is hereby amended to replace the reference to “Purchaser” with “Purchaser (or its Permitted Designee).”

p. Section 3.2(c) of the Purchase Agreement is hereby amended to replace the reference to “Purchaser” with “Purchaser (or its Permitted Designee).”

q. Section 3.2(d) of the Purchase Agreement is hereby amended to replace the reference to “Purchaser” with “Purchaser (or its Permitted Designee).”

r. Section 3.2(e)(i) of the Purchase Agreement is hereby amended to replace the reference to “Sellers and each of the Operating Tenants” with “Sellers, the DC Ground Lessee and each Operating Tenant (as applicable)” and to replace all references to “Purchaser” with “Purchaser (or its Permitted Designee).”

s. Section 3.2(e)(ii) of the Purchase Agreement is hereby amended to replace the reference to “Sellers and each Operating Tenant” with “Sellers, the DC Ground Lessee and each Operating Tenant (as applicable)” and to replace all references to “Purchaser” with “Purchaser (or its Permitted Designee).”

t. Section 3.2(f) of the Purchase Agreement is hereby amended to replace the reference to “Purchaser” with “Purchaser (or its Permitted Designee).”

u. Section 3.2(h) of the Purchase Agreement is hereby amended to replace the reference to “Purchaser” with “Purchaser (or its Permitted Designee).”

v. Section 3.2(k) of the Purchase Agreement is hereby amended to replace the reference to “Purchaser” with “Purchaser (or its Permitted Designee).”

w. Section 3.2(l) of the Purchase Agreement is hereby amended to replace the reference to “Purchaser” with “Purchaser (or its Permitted Designee).”

x. Section 3.2(m) of the Purchase Agreement is hereby amended to replace the reference to “Purchaser” with “Purchaser (or its Permitted Designee).”

y. Section 4.1 of the Purchase Agreement is hereby amended to replace the reference to “Each Seller is a limited liability company” with “Each Seller is a limited liability company or limited partnership, as the case may be.”

z. Section 4.6 of the Purchase Agreement is hereby amended to replace the reference to “shall cause the applicable Operating Tenant to” with “shall cause the DC Ground Lessee or the applicable Operating Tenant to” and to replace the reference in subsection (c) to “Seller or the applicable Operating Tenant” with “Seller, the DC Ground Lessee or the applicable Operating Tenant.”

aa. Section 4.9 of the Purchase Agreement is hereby amended to replace the reference to “Purchaser” with “Purchaser (or its Permitted Designee).”

bb. Section 4.10 of the Purchase Agreement is hereby amended to replace each of the two (2) references to "cause the applicable Operating Tenant to" with "cause the DC Ground Lessee or the applicable Operating Tenant to."

cc. Section 4.11 of the Purchase Agreement is hereby amended to replace the two (2) references to "and the Operating Tenant" with "and the DC Ground Lessee and the Operating Tenant" and to replace the reference to "Purchaser" with "Purchaser (or its Permitted Designee)."

dd. Section 4.12 of the Purchase Agreement is hereby amended to replace the reference to "cause the applicable Operating Tenant to" with "cause the DC Ground Lessee and the applicable Operating Tenant."

ee. Section 4.14 of the Purchase Agreement is hereby amended to replace the reference to "Purchaser" with "Purchaser (or its Permitted Designee)."

ff. Subsection (i) in the last paragraph in Article 4 of the Purchase Agreement is hereby amended and restated in its entirety and replaced with "(i) whereupon Seller shall promptly, but no later than three (3) Business Days from the date of such termination, pay to Purchaser the sum of (A) the Deposit and (B) the Deposit Interest, and neither Party shall have any further rights or obligations pursuant to this Agreement, other than as set forth herein with respect to rights or obligations that survive termination.

gg. Section 6.1(c) of the Purchase Agreement is hereby amended to replace the reference to "cause the applicable Operating Tenant to" with "cause the DC Ground Lessee and the applicable Operating Tenant."

hh. Section 6.1(d) of the Purchase Agreement is hereby amended to replace the reference to "Purchaser" with "Purchaser (or its Permitted Designee)."

ii. Section 6.1(e) of the Purchase Agreement is hereby amended to replace the reference to "Purchaser's assumption" with "Purchaser (or its Permitted Designee's) assumption."

jj. Section 6.1(h) of the Purchase Agreement is hereby amended to replace the reference to "Sellers or the Operating Tenant" with "Sellers, the DC Ground Lessee, or the Operating Tenant" and to replace the reference to "Purchaser" with "Purchaser (or its Permitted Designee)."

kk. Section 6.2(a) of the Purchase Agreement is hereby amended to replace the reference to "Purchaser shall have delivered" with "Purchaser shall have delivered, or shall have caused its Permitted Designee to have delivered,".

ll. Section 7.2 of the Purchase Agreement is hereby amended to replace the reference to "Purchaser" with "Purchaser (or its Permitted Designee)."

mm. Section 7.3 of the Purchase Agreement is hereby amended to replace the reference to “Purchaser shall pay or deliver” with “Purchaser shall pay or deliver, or shall cause its Permitted Designee to pay or deliver,”.

nn. The first sentence of Section 7.4 of the Purchase Agreement is hereby amended to replace the reference to “Purchaser shall pay” with “Purchaser shall pay, or shall cause its Permitted Designee to pay,”.

oo. The second sentence of Section 7.4 of the Purchase Agreement is hereby amended to replace the reference to “Seller and Purchaser shall be responsible for the payment” to “Seller and Purchaser shall be responsible, and Purchaser shall cause its Permitted Designee to be responsible (to the extent of any designation), for the payment.”

pp. The first and second sentences of Section 7.5(a) of the Purchase Agreement are hereby amended to replace the reference to “Purchaser” with “Purchaser (or its Permitted Designee).”

qq. Section 7.5(a)(i) of the Purchase Agreement is hereby amended to replace the reference to “Purchaser shall” with “Purchaser shall, or shall cause its Permitted Designee to,”.

rr. Section 7.5(a)(iii) of the Purchase Agreement is hereby amended to replace the reference to “Purchaser, Purchaser’s property manager” with “Purchaser (or its Permitted Designee), Purchaser’s property manager.”

ss. Section 7.5(a)(vi) of the Purchase Agreement is hereby amended to replace the reference to “Purchaser shall” with “Purchaser shall, or shall cause its Permitted Designee to,”.

tt. Section 7.5(a)(viii) of the Purchase Agreement is hereby amended to replace the reference to “Purchaser shall” with “Purchaser shall, or shall cause its Permitted Designee to,”.

uu. Section 7.5(b) of the Purchase Agreement is hereby amended to replace the reference to “to Purchaser, and Purchaser shall” with “to Purchaser (or its Permitted Designee), and Purchaser shall, or shall cause its Permitted Designee to,”.

vv. Section 7.5(d) of the Purchase Agreement is hereby amended and restated in its entirety:

“(d) Neither the Purchaser nor any of its Permitted Designees (to the extent of any designation) shall be obligated to collect any accounts receivable or revenues accrued prior to the Closing Date on behalf of each Seller, but if the Purchaser (or its Permitted Designee) collects same, the Purchaser will, or will cause its Permitted Designee to, promptly remit to each Seller such amounts in the form received.”

ww. Section 7.5(e) of the Purchase Agreement is hereby amended to replace all references to "Purchaser" with "Purchaser (or its Permitted Designee)."

xx. Exhibit A to the Purchase Agreement is hereby amended to replace the reference to "KPA WASHINGTON DC LLC" with "Innkeepers USA Limited Partnership."

yy. Exhibit E to the Purchase Agreement is hereby amended and restated in its entirety with the Exhibit E attached hereto.

zz. Permitted Designee. Purchaser shall have the right, in its sole and absolute discretion, on or before the Closing Date, to designate one or more designees (chosen in Purchaser's sole and absolute discretion) that as of the Closing Date, will, in accordance with this Amendment, the Purchase Agreement and the Assignment and Consent Agreement, become the title holder to all or any part of the Property (as determined by Purchaser in its sole and absolute discretion) (each such designee, a "Permitted Designee"). Purchaser shall cause its Permitted Designee to comply with all terms and conditions of the Purchase Agreement (as amended by this Amendment) applicable to such Permitted Designee.

3. No Other Amendments. Except as otherwise expressly amended by this Amendment, (i) this Amendment shall not otherwise operate to waive, modify, release, consent to or in any manner affect any rights or obligations of Seller and Purchaser under the Purchase Agreement, and (ii) the Purchase Agreement (as amended by this Amendment) shall remain in full force and effect.

4. Conflict. Any conflict between the terms of the Purchase Agreement and the terms of this Amendment shall be resolved in favor of the terms of this Amendment.

5. Incorporation of Recitals and Schedules. The recitals to this Amendment are incorporated herein by such reference and made a part of this Amendment.

6. Execution of Amendment. A Party may deliver executed signature pages to this Amendment by facsimile or other electronic transmission to any other Party, which facsimile or electronic copy shall be deemed to be an original executed signature page. This Amendment may be executed in any number of counterparts, each of which shall be deemed an original and all of which counterparts together shall constitute one agreement with the same effect as if the Parties had signed the same signature page.

7. Full Force and Effect. The Agreement shall remain in full force and effect as amended herein.

[Remainder of page intentionally left blank;
Signatures on following pages.]

In witness hereof, each party has caused this Amendment to be executed and delivered in its name by a duly authorized officer or representative as of the day and year above first written.

SELLERS:

KPA RIMV, LLC, a Delaware limited liability company

By: /s/ Mark A. Murphy
Name: Mark A. Murphy
Title: VP

KPA TYSONS CORNER RI, LLC, a Delaware limited liability company

By: /s/ Mark A. Murphy
Name: Mark A. Murphy
Title: VP

KPA SAN ANTONIO, LLC, a Delaware limited liability company

By: /s/ Mark A. Murphy
Name: Mark A. Murphy
Title: VP

KPA RIGG, LLC, a Delaware limited liability company

By: /s/ Mark A. Murphy
Name: Mark A. Murphy
Title: VP

INNKEEPERS USA LIMITED
PARTNERSHIP, a Virginia limited partnership

By: Mark A. Murphy
Name: Mark A. Murphy
Title: VP

DC GROUND LESSEE:

KPA WASHINGTON DC DT LLC, a Delaware limited liability company

By: /s/ Mark A. Murphy
Name: Mark A. Murphy
Title: VP

PURCHASER:

CHATHAM LODGING, L.P., a Delaware limited partnership

By: /s/ Dennis Craven
Name: Dennis Craven
Title: Vice President

OPERATING TENANTS:

GRAND PRIX RIMV LESSEE LLC, a Delaware limited liability company

By: /s/ Mark A. Murphy
Name: Mark A. Murphy
Title: VP

GRAND PRIX GENERAL LESSEE LLC, a Delaware limited liability company

By: /s/ Mark A. Murphy
Name: Mark A. Murphy
Title: VP

GRAND PRIX RIGG LESSEE LLC, a Delaware limited liability company

By: /s/ Mark A. Murphy
Name: Mark A. Murphy
Title: VP

EXHIBIT E

CONTRACTS AND LEASES

Contract No	Counter Party	Contract Type	Entity	Property Description
27 - 1	Hess Corporation	Utility Service — Energy	Grand Prix General Lessee LLC	Doubletree Washington DC
28 - 1	Washington Gas Energy Services	Utility Service — Energy	Grand Prix General Lessee LLC	Doubletree Washington DC
	Doubletree Hotel Systems, Inc.	Amended and Restated Franchise License Agreement	Grand Prix General Lessee LLC	Doubletree Washington DC
	Promus Hotels, Inc.	Franchise License Agreement	Grand Prix General Lessee LLC	Homewood Suites San Antonio
31 - 1	Marriott International, Inc.	Marriott Franchise Agreement	Grand Prix General Lessee LLC	Residence Inn Tyson’s Corner
47 - 1	Jean Te Enterprises DBA Holiday Gifts	Gift Shop Lease	Grand Prix RIGG Lessee LLC	Residence Inn Anaheim/Garden Grove
50 - 1	Hotel Partners, L.P. dba Homewood Suites Hotel	Assignment of Restaurant Leases	Grand Prix General Lessee LLC	Homewood Suites San Antonio
75 - 1	Marriott International, Inc.	Marriott Franchise Agreement	Grand Prix RIGG Lessee LLC	Residence Inn Anaheim/Garden Grove
82 - 1	Marriott International, Inc.	Marriott Franchise Agreement	Grand Prix RIMV Lessee, LLC	Residence Inn San Diego/Mission Valley
330 - 1	DMX Music	Music Service	Grand Prix General Lessee LLC	Doubletree Washington DC
334 - 1	Brickman	Landscape Interior/Exterior Maintenance	Grand Prix RIMV Lessee, LLC	Residence Inn San Diego/Mission Valley
352 - 1	KeyLink Service Solutions, Inc.	Business Center Services Agreement	Grand Prix RIGG Lessee LLC	Residence Inn Anaheim/Garden Grove

Contract No	Counter Party	Contract Type	Entity	Property Description
355 - 1	Otis Elevator Company	Elevator Maintenance	Grand Prix General Lessee LLC	Residence Inn Tyson's Corner
372 - 1	Hyattsville Nursery, Inc.	Landscape Interior/Exterior Maintenance	Grand Prix General Lessee LLC	Doubletree Washington DC
388 - 1	Greenleaf Compaction, Inc.	Waste Management	Grand Prix General Lessee LLC	Homewood Suites San Antonio
393 - 1	Granada Homes, Inc.	Parking Space Rental	Grand Prix General Lessee LLC	Homewood Suites San Antonio
445 - 1	Dunbar Armored, Inc.	Security Services	Grand Prix RIMV Lessee, LLC	Residence Inn San Diego/Mission Valley
446 - 1	Ricoh Business Systems	Office Equipment Lease and/or Maintenance	Grand Prix RIMV Lessee, LLC	Residence Inn San Diego/Mission Valley
449 - 1	Virginia Sprinkler Company, Inc.	Fire and Security Monitoring/Maintenance	Grand Prix General Lessee LLC	Residence Inn Tyson's Corner - Mall
450 - 1	Simple Cleaners, LLC	Laundry/Linen Service	Grand Prix RIGG Lessee LLC	Residence Inn Anaheim/Garden Grove
451 - 1	Ricoh Business Systems	Equipment Maintenance Agreement	Grand Prix RIGG Lessee LLC	Residence Inn Anaheim/Garden Grove
476 - 1	Signature Metal & Marble, LLC	Cleaning Services	Grand Prix General Lessee LLC	Residence Inn Tyson's Corner - Mall
478 - 1	U.S. Lawns of Tyson's Corner	Landscape Interior/Exterior Maintenance	Grand Prix General Lessee LLC	Residence Inn Tyson's Corner - Mall
504 - 1	BFPE International	Fire and Security Monitoring/Maintenance	Grand Prix General Lessee LLC	Doubletree Washington DC
505 - 1	Capital Elevator Services Inc.	Elevator Maintenance	Grand Prix General Lessee LLC	Doubletree Washington DC
518 - 1	Winco of South Texas	Cleaning Services	Grand Prix General Lessee LLC	Homewood Suites San Antonio
519 - 1	Ace Parking	Valet Parking Contract	Grand Prix General Lessee	Homewood Suites San

Contract No	Counter Party	Contract Type	Entity	Property Description
	Management, Inc.		LLC	Antonio
520 - 1	Fire Alarm Control Systems, Inc.	Fire and Security Monitoring/Maintenance	Grand Prix General Lessee LLC	Homewood Suites San Antonio
522 - 1	F.N.G. Security and Investigations	Security Services	Grand Prix General Lessee LLC	Homewood Suites San Antonio
524 - 1 524 - 2	City Public Service Board of San Antonio	Utility Service — Energy	Grand Prix General Lessee LLC	Homewood Suites San Antonio
526 - 1	City Public Service Board of San Antonio	Utility Service — Energy	Grand Prix General Lessee LLC	Homewood Suites San Antonio
527 - 1	Fire Alarm Control Systems, Inc.	Fire and Security Monitoring/Maintenance	Grand Prix General Lessee LLC	Homewood Suites San Antonio
530 - 1	Lodgenet Entertainment Corporation	Entertainment Services - Guest TV	Grand Prix General Lessee LLC	Homewood Suites San Antonio
531 - 1	Lodgenet	Entertainment Services - Guest TV	Grand Prix General Lessee LLC	Homewood Suites San Antonio
593 - 1	Texas Wired Music, Inc.	Music Service	Grand Prix General Lessee LLC	Homewood Suites San Antonio
595 - 1	Resource Technology Management, Inc.	Internet Services Agreement	Grand Prix General Lessee LLC	Homewood Suites San Antonio
788 - 1	Marriott International, Inc.	Electronic Systems License Agreement	Grand Prix RIMV Lessee, LLC	Residence Inn San Diego/Mission Valley
790 - 1	Marriott International, Inc.	Owner Agreement	Grand Prix RIMV Lessee, LLC	Residence Inn San Diego/Mission Valley
790 - 1	Marriott International, Inc.	Owner Agreement	KPA RIMV, LLC	Residence Inn San Diego/Mission Valley
827 - 1	Marriott International, Inc.	Electronic Systems License Agreement	Grand Prix General Lessee LLC	Residence Inn Tyson’s Corner - Mall
828 - 1	Marriott	Owner Agreement	Grand Prix General Lessee	Residence Inn Tyson’s

Contract No	Counter Party	Contract Type	Entity	Property Description
	International, Inc.		LLC	Corner
828 - 1	Marriott International, Inc.	Owner Agreement	KPA Tysons Corner RI, LLC	Residence Inn Tyson's Corner
867 - 1	On Command	Entertainment Services	Grand Prix RIGG Lessee LLC	Residence Inn Anaheim/Garden Grove
868 - 1	TeleCheck	Check Protection Service Agreement	Grand Prix RIGG Lessee LLC	Residence Inn Anaheim/Garden Grove
901 - 1	Xeta Technologies	Office Equipment Lease and/or Maintenance	Grand Prix General Lessee LLC	Doubletree Washington DC
902 - 1	Xeta Technologies	Maintenance Agreement	Grand Prix General Lessee LLC	Doubletree Washington DC
903 - 1	DMX Music, Inc.	Music Service	Grand Prix General Lessee LLC	Doubletree Washington DC
922 - 1	Hilton Systems Solutions LLC	Attachment to Internet Service Agreement	Grand Prix General Lessee LLC	Doubletree Washington DC
923 - 1	Hilton Systems Solutions LLC	Internet Services Agreement	Grand Prix General Lessee LLC	Doubletree Washington DC
924 - 1	Hilton Systems Solutions LLC	Internet Services Agreement	Grand Prix General Lessee LLC	Doubletree Washington DC
963 - 1	Macke Water Systems, Inc.	Water Cooler Rental and Service	Grand Prix General Lessee LLC	Doubletree Washington DC
1008 - 1	KPA Washington DC, LLC	Ground Lease	Grand Prix General Lessee LLC	Doubletree Washington DC
1008 - 1	KPA Washington DC, LLC	Ground Lease	Innkeepers USA Limited Partnership	Doubletree Washington DC

INK ACQUISITION LLC
INK ACQUISITION II LLC
c/o Cerberus Real Estate Capital Management, LLC
299 Park Avenue, 23rd Floor
New York, New York 10171

May 16, 2011

Innkeepers USA Trust
340 Royal Poinciana Way, Suite 306
Palm Beach, Florida 33480
Attn: Marc Beilinson
Chief Restructuring Officer

Amended and Restated
Binding Commitment Agreement
Regarding the Acquisition and Restructuring
of Certain Subsidiaries of Innkeepers USA Trust

INK Acquisition LLC ("INK 1") and INK Acquisition II LLC ("INK II", and together with INK 1, individually or collectively, as the context may require, "New HoldCo"), Cerberus Series Four Holdings, LLC ("Cerberus") and Chatham Lodging Trust ("Chatham", and together with Cerberus, the "Plan Sponsors"), are pleased to present this amended and restated letter (the "Amended and Restated Commitment Letter") to certain wholly owned direct and indirect subsidiaries of Innkeepers USA Trust (together with all of its wholly owned direct and indirect subsidiaries, "Innkeepers" or the "Company"), that are identified on Exhibit A attached hereto (collectively, the "Fixed/Floating Debtors"), which sets forth, among other things, the Plan Sponsors' binding and irrevocable commitment to provide equity capital (the "Commitment") for the restructuring of the debt and equity of the Fixed/Floating Debtors (the "Transaction"), resulting in New HoldCo directly or indirectly owning all of the equity interests in the Fixed/Floating Debtors on the terms and subject to the conditions set forth in the amended and restated term sheet (the "Amended and Restated Term Sheet") attached hereto as Exhibit B. This Amended and Restated Commitment Letter, together with the Amended and Restated Term Sheet, the other Exhibits hereto and the other documents submitted herewith, constitute our Investment Documents and Bid (each as defined in the Bidding Procedures Order;[1] the "Bid"). The undersigned hereto are collectively referred to as "Parties" and each a "Party.."

We believe that the Commitment provides substantial value to the Fixed/Floating Debtors and puts the Company on the path towards a consensual emergence from chapter 11 on an enterprise basis pursuant to a confirmed chapter 11 plan. There are no due diligence or financing contingencies of any kind in connection with the Commitment, other than the availability of the Midland Financing (as defined in the Bidding Procedures Order).

The Sponsors

The Plan Sponsors are each uniquely qualified to consummate the Transaction. Established in 1992, Cerberus Capital Management, L.P. is one of the world's leading private investment firms with approximately $23 billion under management in funds and accounts. Cerberus' investors include

1 All capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Debtors' Plans of Reorganization Pursuant to Chapter 11 of the Bankruptcy Code, dated May 12, 2011,(the "Fixed/Floating Plan").

prominent state and local pension funds, charitable foundations, university endowments and insurance companies, as well as family savings. Cerberus is headquartered in New York City, with affiliate and/or advisory offices in the U.S., Europe and Asia. Cerberus' dedicated team of investment and operations professionals is active in private equity, distressed investments (corporate debt, mortgage, NPLs, structured products) lending/loans and real estate. On the lodging side, Cerberus, through an affiliate, currently owns 5,160 keys including the Sheraton Waikiki (Waikiki, HI), Moana Surfrider (Waikiki, HI), Royal Hawaiian (Waikiki, HI), Princess Kaiulani (Waikiki, HI), Sheraton Maui (Maui, HI) and the Palace Hotel (San Francisco, CA). Additionally, Cerberus is in contract to acquire Silverleaf Resorts, a time-share vacation company.

Chatham is a self-advised real estate investment trust that invests in upscale extended-stay hotels and premium-branded select-service hotels. Chatham currently owns 13 hotels with an aggregate of 1,650 rooms/suites in nine states and has one additional hotel under contract to purchase in Pittsburgh, PA. Island Hospitality Management, Inc. and its affiliates (collectively, "IHM") are engaged in the management of hotels throughout the United States and is experienced in the various phases of hotel operations. IHM currently provides comprehensive hotel management services to all but one of the hotels owned by the Fixed/Floating Debtors. Chatham currently has the capacity to invest over $300 million in new hotel assets. Additional information about Chatham may be found at www.chathamlodgingtrust.com.

The specific elements of our Commitment are set forth in this Amended and Restated Commitment Letter, the Amended and Restated Term Sheet and the other Investment Documents. This Amended and Restated Commitment Letter is not an offer or a solicitation with respect to any securities of Innkeepers or a solicitation of acceptances of a chapter 11 plan.

1. Conditions. The Transaction is subject to the satisfaction of the terms and conditions contained in the Amended and Restated Term Sheet and the Fixed/Floating Plan.

2. Confidentiality. The Investment Documents are being delivered to you on the understanding that neither the Investment Documents, nor any of the terms or substance thereof, shall be disclosed, directly or indirectly, to any other person except (i) to your officers, directors, employees, attorneys, accountants and financial, legal and other advisors on a confidential and need-to-know basis; (ii) as required by applicable law, including the Bankruptcy Code or compulsory legal process (in which case you agree to inform us promptly thereof); (iii) in connection with any exercise of remedies under or in connection with a breach of this Amended and Restated Commitment Letter; (iv) to Midland Loan Services, a division of PNC Bank, National Association, or any successor thereto, solely in its capacity as special servicer for the C6 and C7 Trusts that own and hold the Fixed Rate Pool Mortgage Loan Agreement Claims ("Midland") and its officers, directors, employees, attorneys, accountants and financial, legal and other advisors on a confidential and need-to-know basis, and Lehman ALI, Inc. ("Lehman"), or (v) as otherwise agreed by the Parties hereto. Notwithstanding the foregoing, the Investment Documents may be (a) disclosed to other parties in interest in the Chapter 11 Cases in connection with the Fixed/Floating Auction (as defined in the Bidding Procedures Order), and (b) filed with the Bankruptcy Court in connection with approval of the Disclosure Statement and the Fixed/Floating Plan as a result of New HoldCo being declared the Successful Bidder at the Fixed/Floating Auction.

3. Due Diligence/Financing. We have completed our diligence review, and intend to utilize the Midland Financing. The form of the Binding Commitment Regarding the Acquisition and Restructuring of Certain Subsidiaries of Innkeepers USA Trust addressed to Midland, that we are prepared to execute (the "New HoldCo/Midland Commitment") is attached

hereto as Exhibit C. As a result, the Commitment is not subject to diligence contingencies or financing contingencies of any kind, other than the availability of the Midland Financing.

4. Commitment; Financial Capability. The Plan Sponsors hereby commit to provide the entire amount of the Commitment upon the Effective Date of the Fixed/Floating Plan, upon the terms and subject to the conditions set forth in this Amended and Restated Commitment Letter, the Amended and Restated Term Sheet and the Fixed/Floating Plan. 100% of the equity of New HoldCo is owned by Cerberus (through CRE-Ink REIT Member, LLC and CRE-INK Member II, Inc., the "Cerberus Members") and Chatham (through Chatham Lodging, LP and Chatham TRS Holding, Inc., the "Chatham Members"), with the Cerberus Members initially owning 90.8% of such equity and the Chatham Members owning the remaining 9.2% of such equity. The current limited liability company agreement of Ink I, executed by the applicable Cerberus Member and the applicable Chatham Member, as amended, is attached hereto as Exhibit D. The aggregate commitment of Cerberus is $363,527,644.35, and the aggregate commitment of Chatham is $37,000,000.00. As discussed above, Cerberus has approximately $23 billion under management and Chatham currently has the capacity to invest over $300 million in new hotel assets, which we believe is sufficient evidence of our financial capability to close the transaction.

5. Means of Implementation. As the Successful Bidder (as defined in the Bidding Procedures Order), the funding from our Commitment will be used to finance and otherwise implement the restructuring of the Fixed/Floating Debtors pursuant to the Fixed/Floating Plan (as amended to reflect the transactions contemplated by this Bid).

The Fixed/Floating Plan (i) shall be acceptable in all respects to the Plan Sponsors and Midland in each of their respective reasonable discretion; (ii) will provide for the treatment of claims against and interests in the Fixed/Floating Debtors and in all other respects be in accordance with the Amended and Restated Term Sheet; and (iii) will otherwise comply with applicable disclosure requirements and rules of procedure and contain terms and treatment of claims and interests consistent with the applicable provisions of the Bankruptcy Code. For the avoidance of doubt, the Anaheim Plan, the Ontario Plan and the Reorganizing Debtor Plan are not subject to this Amended and Restated Commitment Letter, the Amended and Restated Term Sheet or the other Investment Documents.

6. Deposit. In accordance with the Bidding Procedures Order, the Plan Sponsors have deposited cash in an amount equal to $20 million (the "Deposit") to:

Wells Fargo Bank, NA
420 Montgomery Street
San Francisco, CA 94163
Swift Code: WFBIUS6S
ABA # 121-000-248
Credit: Corporate Trust Clearing
Account #0001038377
F/F/C/: Innkeepers USA/INK Acq. Escrow
Account # 85503100
Attn: Tim Martin

7. Structure. The anticipated structure of New HoldCo immediately after consummation of the Fixed/Floating Plan will be as shown on the pro forma structure chart attached hereto as Exhibit E, subject to finalization of the corporate structure as determined by the Plan

Sponsors in their sole discretion and described in a plan supplement document to be filed before the scheduled date of confirmation of the Fixed/Floating Plan, with pro forma capitalization as shown on Exhibit F. We have used the financial, operational and other material assumptions that underlie Innkeepers' business plan with respect to the Fixed/Floating Debtors, except for the differences, including, without limitation, differences with respect to working capital and capital expenditure requirements, set forth on Exhibit G attached hereto.

8. Approvals. New HoldCo and the Plan Sponsors have obtained all necessary internal authorizations or approvals for the submission, execution, delivery and closing of the Bid, including this Commitment, and the transactions contemplated hereby. Without limiting the foregoing, the Transaction has received the approval of the Members of New HoldCo, the Investment Committee of Cerberus and the Board of Trustees of Chatham.

9. Termination. Unless otherwise agreed by the Plan Sponsors in writing, the Plan Sponsors may terminate this Amended and Restated Commitment Letter by written notice to the Company and Midland upon the earliest occurrence of a Termination Event (as defined in the Amended and Restated Term Sheet).

10. Governing Law. This Amended and Restated Commitment Letter shall be governed by, and interpreted and enforced in accordance with, the laws in force in the state of New York. The parties to this Amended and Restated Commitment Letter waive any right to a trial by jury, to the extent lawful, and agree that either of them may file a copy of this paragraph with any court as written evidence of the knowing, voluntary and bargained-for agreement among each Party irrevocably to waive its right to trial by jury in any claims whatsoever between them relating to this Amended and Restated Commitment Letter.

11. Jurisdiction; Waiver of Jury Trial. Each of the parties hereto hereby irrevocably and unconditionally submits, for itself and its property, to the exclusive jurisdiction of the Innkeepers Bankruptcy Court, in any action or proceeding arising out of or relating to this Amended and Restated Commitment Letter, the Term Sheet, the other Investment Documents, the Fixed/Floating Rate Auction, and the construction and enforcement of the Bidding Procedures Order, including the qualification of bids thereunder. Each of the parties acknowledges and agrees that any controversy which may arise under this Amended and Restated Commitment Letter, the Amended and Restated Term Sheet, the other Investment Documents, the Fixed/Floating Rate Auction or the Bidding Procedures Order is likely to involve complicated and difficult issues, and therefore each such party hereby irrevocably and unconditionally waives any right such party may have to a trial by jury in respect of any litigation directly or indirectly arising out of or relating to (a) this Amended and Restated Commitment Letter, the Amended and Restated Term Sheet, or the other Investment Documents, (b) the breach, termination or validity of this Amended and Restated Commitment Letter, the Amended and Restated Term Sheet, the other Investment Documents, (c) the Fixed/Floating Rate Auction, or (d) the construction and enforcement of the Bidding Procedures Order, including the qualification of bids thereunder.

12. Assignments; No Third Party Beneficiaries. This Amended and Restated Commitment Letter (i) shall not be assignable by any party hereto without the prior written consent of each other party hereto (and any attempted assignment without such consent shall be null and void *ab initio*); provided, however, that New HoldCo may, without the consent of any other party hereto, assign its rights and obligations hereunder and under the New HoldCo/Midland Commitment to acquire the equity interests of any or all of the Fixed/Floating Debtors to any entity with the same ownership as New HoldCo, and provided, further, that such assignment shall not be in derogation of the Midland loan documents; (ii) is intended to be solely for the benefit of the Parties hereto; and (iii) is

not intended nor shall be construed to confer any benefits upon, or create any rights in favor of any person or entity other than the Parties hereto. Notwithstanding anything to the contrary contained in this Paragraph 12, any assignment by NewHoldCo as contemplated under this Paragraph 12 shall not relieve New HoldCo of its obligations under the Amended and Restated Commitment Letter or the Amended and Restated Term Sheet attached thereto.

13. Counterparts. This Amended and Restated Commitment Letter and Amended and Restated Term Sheet may be executed in counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one agreement.

14. Midland/Lehman. Provided that there has not been an occurrence of a Termination Event under this Amended and Restated Commitment Letter or the Term Sheet or a "Termination Event" (as defined in the New HoldCo/Midland Commitment), Midland undertakes to actively support the Amended and Restated Term Sheet, the provisions of the Amended and Restated Term Sheet, and approval of the Disclosure Statement and the Fixed/Floating Plan. Lehman has agreed in the amended commitment and term sheet dated as of March 9, 2011 submitted by Lehman and Five Mile Capital II Pooling REIT LLC with respect to the Fixed/Floating Debtors (the "Five Mile/Lehman Bid") to the Revised Agreements Provision (as defined in the Amended and Restated Term Sheet).

15. Entire Agreement. This Amended and Restated Commitment Letter and the Amended and Restated Term Sheet, together with the Appendices and Exhibits thereto, represent the entire understanding and agreement among the parties hereto with respect to the subject matter hereof and supercedes all prior and contemporaneous agreements and understandings among the parties hereto, both written and oral, with respect to the subject matter hereof, including without limitation the Commitment Letter and Term Sheet dated April 25, 2011 by the Plan Sponsors and New HoldCo.

16. Survival. Notwithstanding the termination of this Amended and Restated Commitment Letter in accordance with its terms, the following agreements and obligations of the parties shall survive such termination and shall continue in full force and effect for the benefit of the parties hereto in accordance with the terms hereof: Sections 2 (Confidentiality), 6 (Deposit), 10 (Governing Law), 11 (Jurisdiction; Waiver of Jury Trial), and 12 (Assignments; No Third Party Beneficiaries) of this Amended and Restated Commitment Letter.

17. Contacts. Should you have any questions concerning this Amended and Restated Commitment Letter, the Amended and Restated Term Sheet or the other Investment Documents please contact any of the following individuals:

Cerberus:

Tom Wagner
Cerberus Real Estate Management, LLC
299 Park Avenue, 23nd Floor
New York, NY 10171
Phone: (212) 891-2158
Email: twagner@cerberusre.com

Chatham:

Jeff Fisher
Chatham Lodging Trust
50 Cocoanut Row
Palm Beach, FL 33480
Phone: (561) 227-1309
Email: jfisher@cl-trust.com

Counsel to Cerberus:

Stuart Freedman and
Adam Harris
Schulte Roth & Zabel LLP
919 Third Avenue
New York, NY 10022
Phone: (212) 756-2000
Email: stuart.freedman@srz.com
adam.harris@srz.com

Counsel to Chatham:

Scott Charles and
Scott Golenbock
Wachtell, Lipton, Rosen & Katz
51 West 52nd Street
New York, NY 10019
Phone: (212) 403-1000
Email: SKCharles@wlrk.com
SWGolenbock@wlrk.com

IN WITNESS WHEREOF, the parties hereto have executed this Amended and Restated Commitment Letter, effective as of the date first above written.

INK ACQUISITION LLC

By: Chatham Lodging LP, its Managing Member

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

INK ACQUISITION II LLC

By: Chatham TRS Holding Inc., its Managing Member

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

CERBERUS SERIES FOUR HOLDINGS, LLC

By: Cerberus institutional Partners, L.P. —
Series Four, its Managing Member

By: Cerberus Institutional Associates, L.L.C.,
its General Partner

By: /s/ Mark A. Neporent
Name: Mark A. Neporent
Title: Senior Managing Director

CHATHAM LODGING TRUST

By: /s/ Eric Kentoff
Name: Eric Kentoff
Title: Vice President & General Counsel

Accepted and agreed:

INNKEEPERS USA TRUST
(solely on behalf of the Fixed/Floating Debtors,
its wholly owned direct and indirect subsidiaries)

By: /s/ Marc A. Beilinson
Name: Marc A. Beilinson
Title:

MIDLAND LOAN SERVICES, a DIVISION OF PNC BANK, NATIONAL ASSOCIATION (as Special Servicer for U.S. Bank National Association as Trustee for the Registered Holders of LB-UBS Commercial Mortgage Trust 2007-C6, LB-UBS Commercial Mortgage Trust 2007-C7, Commercial Pass Through Certificates successor trustee to Bank of America National Association)

By: /s/ Kevin C. Donahue
Name: KEVIN C. DONAHUE
Title: SUP,. SERVICING OFFICER

APOLLO INVESTMENT CORPORATION

By: /s/ James Zelter
Name: James Zelter
Title: [ILLEGIBLE]

EXHIBIT A

Fixed/Floating Debtors

The "Floating Rate Debtors" are Grand Prix Atlantic City LLC; Grand Prix Montvale LLC; Grand Prix Ft. Wayne LLC; Grand Prix Grand Rapids LLC; Grand Prix Harrisburg LLC; Grand Prix Ontario LLC; Grand Prix Troy (Central) LLC; Grand Prix Troy (SE) LLC; KPA/GP Valencia LLC; Grand Prix Albany LLC; Grand Prix Woburn LLC; KPA/GP Louisville (HI) LLC; KPA/GP Ft. Walton LLC; Grand Prix Rockville LLC; Grand Prix Morristown LLC; Grand Prix Addison (SS) LLC; Grand Prix Bulfinch LLC; Grand Prix East Lansing LLC; Grand Prix Indianapolis LLC; and Grand Prix West Palm Beach, LLC.

The "Fixed Rate Debtors" are Grand Prix Ft. Lauderdale LLC; Grand Prix Addison (RI) LLC; Grand Prix Altamonte LLC; Grand Prix Arlington LLC; Grand Prix Atlanta (Peachtree Corners) LLC; Grand Prix Atlanta LLC; Grand Prix Bellevue 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 Denver LLC; Grand Prix Englewood / Denver South LLC; Grand Prix Fremont LLC; Grand Prix Gaithersburg LLC; Grand Prix Lexington LLC; Grand Prix Livonia LLC; Grand Prix Louisville (RI) LLC; Grand Prix Lynnwood LLC; Grand Prix Mountain View LLC; Grand Prix Portland LLC; Grand Prix Richmond LLC; Grand Prix Richmond (Northwest) 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 Tukwila LLC; Grand Prix Windsor LLC; Grand Prix Horsham LLC; Grand Prix Columbia LLC; Grand Prix Germantown LLC; Grand Prix Islandia LLC; Grand Prix Lombard LLC; Grand Prix Naples LLC; Grand Prix Schaumburg LLC; Grand Prix Westchester LLC; Grand Prix Willow Grove LLC; Grand Prix Belmont LLC; Grand Prix El Segundo LLC; Grand Prix Las Colinas LLC; and Grand Prix Mt. Laurel LLC.

The "Other Plan Debtors" are Grand Prix Floating Lessee LLC; Grand Prix Fixed Lessee LLC; Grand Prix Mezz Borrower Floating, LLC; Grand Prix Mezz Borrower Floating 2, LLC; Grand Prix Mezz Borrower Fixed, LLC; and GP AC Sublessee LLC.

The "Fixed/Floating Debtors" are the Floating Rate Debtors, the Fixed Rate Debtors, and the Other Plan Debtors. The Fixed/Floating Debtors own and/or operate the assets that serve as collateral for the Floating Rate Mortgage Loan and the Fixed Rate Mortgage Loan.

EXHIBIT B

Amended and Restated Term Sheet

[See Attached]

AMENDED AND RESTATED
TERM SHEET

THIS AMENDED AND RESTATED TERM SHEET IS NOT AN OFFER OR A SOLICITATION WITH RESPECT TO ANY SECURITIES OF INNKEEPERS OR A SOLICITATION OF ACCEPTANCES OF A CHAPTER 11 PLAN.

Plan of Reorganization:	The recapitalization and debt restructuring (the "Transaction") of the Fixed/Floating Debtors is to be effectuated through the Fixed/Floating Plan filed in the Bankruptcy Court with the support of the Plan Sponsors and Midland. The Fixed/Floating Plan shall be acceptable in all respects to the Company, Plan Sponsors and Midland 111 each of their respective reasonable discretion. The Debtors shall not amend, withdraw, or revoke the Fixed/Floating Plan or waive or amend any provision thereof without the consent of the Plan Sponsors and Midland, which consent shall not be unreasonably withheld, conditioned, or delayed. Any plane(s) filed by the Company with respect to the Excluded Debtors (as defined below) shall be acceptable in all respects to the Company in its reasonable sole discretion.
Treatment of Debt:	Consummation of the Transaction is subject to the restructuring of the Fixed/Floating Debtors' debt in amounts and with the treatment terms provided herein, or with such other terms that are (i) acceptable to the Debtors, and (ii) acceptable to the Plan Sponsors and Midland (a) in each of the Debtors', Plan Sponsors', and Midland's respective sole discretion with respect to the economic and treatment terms set forth herein and (b) otherwise in each of the Debtors', Plan Sponsors', and Midland's respective reasonable discretion.
New Equity:	Holders of common, preferred, and any other equity interests in the Fixed/Floating Debtors shall receive no distributions under the Fixed/Floating Plan on account of such interests. INK Acquisition LLC and INK Acquisition II LLC, entities that are newly formed by the Plan Sponsors (collectively "New HoldCo"), will acquire the indirect and direct equity of reorganized Grand Prix Mezz Borrower Fixed, LLC, reorganized Grand Prix Mezz Borrower Floating, LLC, reorganized Grand Prix Fixed Lessee, LLC, and Grand Prix Floating Lessee, LLC (and their respective subsidiaries), and such other assets as may be subsequently identified as necessary to the operation of the Fixed/Floating Debtors, provided, however, that no assets of the Anaheim Hotel Debtors, the Ontario Hotel Debtors or the Reorganizing Debtors (collectively, the "Excluded Debtors"), including, without limitation, cash or cash equivalents, shall be included in the Transaction, except to the extent provided in the Transition Services Agreement.

The ultimate corporate structure for the reorganized Fixed/Floating Debtors shall be determined by the Plan Sponsors, in their sole discretion, and will be described in a plan supplement document to be filed before the scheduled date of confirmation of the Fixed/Floating Plan.

Equity Purchase Price /Treatment of Floating Rate Mortgage Loan:

The Plan Sponsors shall contribute to New HoldCo, as an equity investment, $400,527,644.35 in cash to be used by New HoldCo to, among other things, satisfy its obligations under the Amended and Restated Commitment Letter, this Amended and Restated Term Sheet and the Fixed/Floating Plan.

In full and final satisfaction of the Floating Rate Pool Mortgage Loan Claims outstanding against the Fixed/Floating Debtors, on the Effective Date New HoldCo shall pay to Lehman, in cash, $233,489,097.04, subject to increase or decrease based on accrued default interest and unpaid fees and expenses due in accordance with the Floating Rate Mortgage Loan Agreement through the Effective Date of the Fixed/Floating Plan. Such increase or decrease in cash payable in respect of the Floating Rate Mortgage Loan will create a reciprocal increase or decrease in the recovery of the Floating Rate Mezzanine Loan holders such that the aggregate cash paid in respect of the Floating Rate Mortgage Loan and the Floating Rate Mezzanine Loan will not change.

Treatment of Claims Fixed Mortgage Loan:

In full and final satisfaction of the Fixed claims Pool Mortgage Loan Rate against the Fixed/Floating Debtors outstanding under the Fixed Rate Mortgage Pool Loan Agreement, on the Effective Date the holder of the Fixed Rate Mortgage Loan Claims shall receive the following treatment:

- A new non-recourse mortgage loan of $723,797,238.03, which shall have the following terms: (i) no change to the interest rate of 6.71%; (ii) no change to the maturity date of July 9,2017; (iii) during the first 48 months after the Effective Date, interest only will be payable monthly and amortization will begin 48 months after the Effective Date and will be based on a 30-year amortization schedule; (iv) prepayment shall be permitted at par without penalty and defeasance requirements will be waived; and (v) property release provision whereby the properties serving as collateral under the Fixed Rate Mortgage Loan may be released at 108% of the new allocated loan amount, so long as the debt service coverage ratio thereunder, after giving effect to such release, is no worse than such ratio prior to such release or if the foregoing is not consistent with the then-applicable REMIC rules and regulations, such other provision that is acceptable to the Plan Sponsors and Midland that is consistent with then applicable REMIC rules and regulations, the grantor trust rules and regulations, and the pooling and servicing agreement. Notwithstanding anything to the contrary, any property release

contemplated herein can only be effected in accordance with applicable REMIC rules and regulations, the grantor trust rules and regulations, and the pooling and servicing agreement. The applicable loan and credit documents evidencing and securing the Fixed Rate Mortgage Loan shall be assumed, amended, restated, and/or supplemented as Midland shall reasonably require as reasonably acceptable to New HoldCo and the Plan Sponsors and as is consistent with this Term Sheet.

- $12,802,450.37 of cash.

- Contemporaneously with the occurrence of the Effective Date, and as a condition thereto, the Plan Sponsors will direct New HoldCo to make a cash payment of $2,500,000 to Midland as consideration for effecting the restructuring of the Fixed Rate Mortgage Loan on behalf of the C6 and C7 Trusts contemplated herein. In addition, Midland shall continue to be entitled to collect any and all monthly or periodic fees and other compensation payable to it under the pooling and servicing agreement, including, without limitation, any monthly or periodic workout fee payable in connection with the restructuring of the Fixed Rate Mortgage Loan contemplated herein and same becoming a "corrected mortgage loan" except for the portion of such workout fee that would be payable in connection with the final principal payment of the Fixed Rate Mortgage Loan at the maturity date or upon the earlier prepayment of same. For purposes of clarification, the preceding sentence does not create any additional obligation or otherwise modify the obligations, if any, of the Fixed/Floating Debtors or New HoldCo to pay any of such fees or other compensation or any other amounts under the Fixed Rate Mortgage Loan documents, including an appropriate review fee.

- The lender under the Fixed Rate Mortgage Loan will receive limited guaranties from each of New HoldCo and Cerberus on terms acceptable to New HoldCo, Cerberus and Midland (and substantially similar to those set forth in the Five Mile/Midland Commitment and with appropriate modifications to reflect the corporate structure of New HoldCo).

- Payment of $3,000,000 and the Global Release (as defined below) as set forth in the "Releases" section herein.

Treatment of Floating Rate Mezzanine Debt and Unsecured Debt: SASCO 2008-C2, LLC, as 100% participant and owner of all economic and beneficial interests in the mezzanine loan relating to the assets in the floating rate pool, serviced by TriMont Real Estate Advisors, Inc. as special servicer, shall receive $2,363,001.42 in cash, subject to increase or decrease based on accrued default interest and unpaid fees and expenses

due in accordance with the Floating Rate Mortgage Loan Agreement through the Effective Date of the Fixed/Floating Plan. Such increase or decrease in cash payable in respect of the Floating Rate Mezzanine Loan will create a reciprocal increase or decrease in the recovery of Lehman as lender under the Floating Rate Mortgage Loan such that the aggregate cash paid in respect of the Floating Rate Mortgage Loan and the Floating Rate Mezzanine Loan will not change; and

Cash (of which Apollo Investment Corporation will fund $375,000, subject to receipt of each of the releases described below) in the amount of $4,750,000 shall be available for distribution to the holders of general unsecured claims against the Fixed/Floating Debtors (excluding any deficiency claims) that are not otherwise paid pursuant to a "first day" order (the "Unsecured Claims Fund"); further, the Fixed/Floating Debtors shall release and waive all preferences under section 547 of the Bankruptcy Code and, to the extent related thereto, section 550 of the Bankruptcy Code.

Transition Services Agreement: The Company will develop a separation plan and transition services agreement for the Fixed/Floating Debtors and the Excluded Debtors, which shall address the uses of certain assets including, without limitation, intellectual property, licenses, IT resources, book and records and permits, and address cash management, cash collateral, and other cash issues, which separation plan and transition services agreement shall be outlined in the plan supplement and be reasonably satisfactory to the Plan Sponsors, the Fixed/Floating Debtors, and the Excluded Debtors.

Employee Costs The Plan Sponsors agree to fund at closing $3,500,000 cash in wired funds to certain members of the Company's existing management, officers, and employees, as directed by the existing Board in its sole and absolute discretion.

DIP Financings: The debtor-in-possession financing provided by Solar Finance, Inc. (the "Solar DIP"), which is secured by liens on the assets of the Floating Rate Debtors, and Tranche A of the debtor-in-possession financing provided by Five Mile Capital II Pooling International LLC, which is secured by liens on the assets of the Fixed Rate Debtors (solely with respect to Tranche A, the "Five Mile DIP") shall be repaid in cash on the Effective Date.

Payment of Five Mile Expenses: In accordance with the Bidding Procedures Order, up to $3,000,000 of the cash provided by New HoldCo will be used to provide Expense Reimbursement to Five Mile.

Payment of Lehman Expenses: Lehman's advisors' and counsel's reasonable and documented fees and expenses shall continue to be paid until the Effective Date in accordance with the Final Cash Collateral Order.

Required Cash:	Upon consummation of the Transaction and on the Effective Date, New HoldCo will have at least $22,800,000 to fund future PIP work and FF&E reserves (if necessary, as determined by New HoldCo), sufficient capital to pay off the Solar DIP (in the principal amount then outstanding, of up to approximately $17,498,096) and the Five Mile DIP (in the principal amount then outstanding, of up to approximately $46,600,000),[1] sufficient capital to pay all administrative and other claims and expenses not paid pursuant to the Final Cash Collateral Order [Docket No. 402], as amended (the "Final Cash Collateral Order"), that are necessary for the Fixed/Floating Debtors to emerge from bankruptcy, and at least $41,600,000 of cash on hand.
Reimbursement of Plan Sponsor Expenses:	On or after the Effective Date, New HoldCo shall reimburse each of the Plan Sponsors for their reasonable and documented fees and expenses.
Pro Forma Equity Ownership:	Following the Effective Date, the equity of New HoldCo will initially be allocated among the new ownership as follows: Cerberus Members: 90.8% Chatham Members: 9.2%
Commitments:	Subject to the conditions set forth in this Term Sheet, the Plan Sponsors, the Debtors and Midland, as applicable, agree and covenant that: The Plan Sponsors, the Debtors and Midland shall (i) use reasonable efforts to prepare or cause the preparation of the Fixed/Floating Plan, Disclosure Statement, other Fixed/Floating Plan related documents, and other Fixed/Floating Plan-related pleadings (collectively, the "Fixed/Floating Plan Documents"), which shall be consistent in all material respects with the Amended and Restated Commitment Letter and this Amended and Restated Term Sheet, and cause the filing and seek the approval of such pleadings, (ii) take all reasonably necessary and appropriate actions to support and achieve confirmation and consummation of the Fixed/Floating Plan and the Transaction contemplated in the Amended and Restated Commitment Letter and this Amended and Restated Term Sheet, and (iii) not take any actions (either by affirmative action or omission) (a) inconsistent with the Amended and Restated Commitment Letter or this Amended and Restated Term Sheet or (b) that would materially delay the confirmation or consummation of the

1 This number assumes that both the Solar DIP and the Five Mile DIP have been fully funded. If the Solar DIP has not been fully funded, or funded amounts have not been used by the Fixed/Floating Debtors, cash in an amount equal to the amount then unfunded or unused under the Solar DIP shall be placed into an account held by New HoldCo for the benefit of the Post-Effective Date Fixed/Floating Debtors. Likewise, if the Five Mile DIP has not been fully funded, or funded amounts have not been used by the Fixed/Floating Debtors, cash in an amount equal to the amount then unfunded or unused under the Five Mile DIP shall be placed into an account held by New HoldCo for the benefit of the Post-Effective Date Fixed/Floating Debtors.

Fixed/Floating Plan or the Transaction contemplated in the Amended and Restated Commitment Letter and this Amended and Restated Term Sheet.

The Plan Sponsors, the Debtor, and Midland each hereby covenant and agree to negotiate in good faith the Fixed/Floating Plan Documents, each of which shall (i) contain the same treatment and economic terms as set forth herein (subject to adjustment as agreed to by the Parties in each of their reasonable sole discretion) and other terms consistent in all respects with the terms set forth in the Amended and Restated Commitment Letter and this Amended and Restated Term Sheet, and (ii) be acceptable in all other respects to the Plan Sponsors, the Debtors and Midland in each of their respective reasonable discretion.

The Plan Sponsors hereby commit to provide the entire principal amount of the Commitment upon the Effective Date, upon the terms and subject to the conditions set forth in the Amended and Restated Commitment Letter and this Amended and Restated Term Sheet.

Fiduciary Out: Upon the determination by the Company's directors, trustees, or members, as applicable, and upon advice of counsel, no term or provision of this Term Sheet or the Commitment Letter shall prevent, amend, alter, or reduce the Company's ability to exercise its fiduciary duties under applicable law (the "Fiduciary Out"), provided however, that Company shall not exercise such Fiduciary Out except to pursue an Alternative Restructuring Transaction (as defined in the Disclosure Statement and Solicitation Procedures Order) with a party other than the Plan Sponsors.

Bid Protections The Plan Sponsors and New HoldCo shall be entitled to the protections contained in the order (a) approving the adequacy of the Disclosure Statement for the Debtors' Plans of Reorganization Pursuant to Chapter 11 of the Bankruptcy Code; (b) approving certain dates related to confirmation of the Debtors' Plans of Reorganization Pursuant to Chapter 11 of the Bankruptcy Code; (c) approving certain voting procedures and the form of certain documents to be distributed in connection with the solicitation of the Plan; (d) approving proposed voting and general tabulation procedures with respect to an Alternative Restructuring Transaction.

Termination: Unless otherwise agreed by the Plan Sponsors in writing, the Plan Sponsors may terminate the Amended and Restated Commitment Letter and Amended and Restated Term Sheet by written notice to the Debtors and Midland upon the earliest occurrence of the following events (each a "Termination Event"):

- June 30, 2011, if a Confirmation Order for the Fixed/Floating Plan has not been entered by the Bankruptcy Court; provided, however,

that this Termination Event shall not apply to the chapter 11 case of Grand Prix West Palm Beach LLC;

- The dismissal or conversion to chapter 7 of any of the Fixed/Floating Debtors' Chapter 11 cases or any of the Chapter 11 cases of Grand Prix Holdings LLC, Innkeepers USA Trust, Innkeepers Financial Corporation, and Innkeepers USA Limited Partnership (collectively, the "Parent Companies"); provided, however, that this Termination Event shall not apply to the chapter 11 case of Grand Prix West Palm Beach LLC;

- The termination of exclusivity for any of the Fixed/Floating Debtors or the Parent Companies unless supported or sought by the Plan Sponsors; provided, however, that this Termination Event shall not apply to the chapter 11 case of Grand Prix West Palm Beach LLC;

- Approval by the Bankruptcy Court with respect to the assets of the Fixed/Floating Debtors of any bidding procedures, sale procedures for sales other than of *de minimis* assets, disclosure statement, or plan other than the Bidding Procedures Order, the Disclosure Statement, and the Fixed/Floating Plan;

- The granting of stay relief with respect to any of the Fixed/Floating Debtors' assets, other than immaterial assets; provided, however, that this Termination Event shall not apply to the chapter 11 case of Grand Prix West Palm Beach LLC;

- The occurrence of any condition, change or development that could reasonably be expected to have a material adverse effect on the business, assets, liabilities (actual or contingent), or operations, condition (financial or otherwise) or prospects of the Fixed/Floating Debtors taken as a whole; provided, however, that this Termination Event shall not apply to the chapter 11 case of Grand Prix West Palm Beach LLC;

- In the exercise of the Parties' reasonable best efforts, failure to execute, deliver, or obtain all related documents (including customary representations, warranties, covenants, conditions, opinions, including an opinion by Midland's REMIC counsel with respect to the structure of the contemplated transaction, corporate and other governance documents and indemnities) and rating agency confirmations necessary to effectuate (i) the Transaction with respect to the Fixed Rate Mortgage Loan or otherwise affecting the treatment, including the economics, thereof, in each case in form and substance satisfactory to Midland and the Plan Sponsors in each of their respective reasonable discretion and (ii) the Transaction, in such case

in form and substance satisfactory to the Plan Sponsors in each of their respective reasonable discretion; provided, however, that this Termination Event shall not apply to the chapter 11 case of Grand Prix West Palm Beach LLC;

- Termination (other than by expiration of the term in the normal course) or rejection of any franchise agreement reasonably deemed necessary by the Plan Sponsors or Midland prior to the Effective Date without the Plan Sponsors and Midland's written approval with respect to the assets of the Fixed/Floating Debtors; provided, however, that this Termination Event shall not apply to the chapter 11 case of Grand Prix West Palm Beach LLC;

- Failure by the Fixed/Floating Debtors to assume and, if necessary, assign all franchise agreements pursuant to an order of the Bankruptcy Court satisfactory to the Plan Sponsors and Midland in all material respects on or before the Effective Date with respect to the assets of the Fixed/Floating Debtors; provided, however, that this Termination Event shall not apply to the chapter 11 case of Grand Prix West Palm Beach LLC;

- Such earlier date as may be agreed upon in writing by the Company and the Plan Sponsors; or

- The Company materially breaches its obligations under the Amended and Restated Term Sheet or the Amended and Restated Commitment Letter, including, without limitation, if the Company materially breaches its obligations, whether or not through its exercise of the Fiduciary Out.

Time is of the essence with respect to the Termination Events.

Upon termination of the Amended and Restated Commitment Letter and Amended and Restated Term Sheet as a result of a Termination Event, the Deposit (as defined in the Bidding Procedures Order) shall be returned to the Plan Sponsors with any interest accrued thereon in accordance with the terms of the escrow agreement among the Company, New HoldCo and the escrow agent with respect to such Deposit.

Effective Date/Outside Date Termination:

- The occurrence of the Effective Date shall be subject to the satisfaction of customary conditions, including, without limitation, entry of a Confirmation Order with respect to the Fixed/Floating Plan by the Bankruptcy Court that has become final and non- appealable, and the Fixed/Floating Plan will also include customary provisions with respect to waiver of conditions to the Effective Date.

- Notwithstanding anything contained herein to the contrary, unless otherwise agreed by the Company, the Plan Sponsors, and Midland in writing, the Amended and Restated Commitment Letter and Amended and Restated Term Sheet shall automatically terminate and be of no further force or effect and the Confirmation Order for the Fixed/Floating Plan will provide that both confirmation and such Confirmation Order will be automatically revoked (with a reversion to the status quo ante) on September 15,2011 (the "Outside Date") if the Effective Date has not occurred and all of the transactions contemplated under the Amended and Restated Commitment Letter, this Amended and Restated Term Sheet, and the Fixed/Floating Plan have not been closed and consummated as contemplated thereunder, all on or before September 14, 2011 (the "Outside Date Termination Event"); provided, however, that this Termination Event shall not apply to the chapter 11 case of Grand Prix West Palm Beach LLC.

Time is of the essence with respect to the Outside Date Termination Event.

Releases:

Releasing Parties.

- The "Releasing Parties" shall be the Fixed/Floating Debtors, the Plan Sponsors, Midland (including the master servicer for the Fixed Rate Mortgage Loan, the C6 and the C7 Trusts, and trustees), and Apollo Investment Corporation (and together with its predecessors, successors and assigns, shareholders, affiliates, subsidiaries, principals, employees, agents, officers, directors, and professionals, "Apollo"), and other holders of claims against and interests in the Fixed/Floating Debtors, and each of the foregoing parties' respective predecessors, successors and assigns, shareholders, affiliates, subsidiaries, principals, employees, agents, officers and directors, trustees, members, master servicers, special servicers, trusts and trustees, and professionals (including the officers, directors, trustees, and members of the Parent Companies, in their capacity as such).

Midland Servicer Release.

- The Fixed/Floating Plan shall provide that Midland, as special servicer and on behalf of the C6 and C7 Trusts, shall (i) settle, release, and waive all of Midland's claims against Apollo, related in any way to that certain Required Capital Improvements Guaranty executed by Apollo on June 29, 2007 (the "Apollo Guaranty") and (ii) if an action remains pending in the State Courts of New York or elsewhere, Midland shall dismiss its claims against Apollo with prejudice. The effectiveness of such settlement, release, and waiver is conditioned on the receipt by Midland of indefeasible payment as

provided in the next sentence and such settlement, waiver, and release shall be embodied in, and shall not be effective unless and until the Global Release (as defined herein) has been embodied in, a Confirmation Order for the Fixed/Floating Plan entered by the Bankruptcy Court that has become final and non-appealable. Contemporaneously with the occurrence of the Effective Date, the Plan Sponsors will direct New HoldCo to make a cash payment of $3,000,000 to Midland, on behalf of the C6 and C7 Trusts, as settlement of Midland's claims against Apollo with respect to the Apollo Guaranty, which have been the subject of litigation pending in New York Supreme Court. The settlement, release, and waiver shall be embodied in the Fixed/Floating Plan and shall be in form and substance reasonably satisfactory to Midland and Apollo, and-shall be conditioned on the above-described payment and the occurrence of the Effective Date.

Apollo Release.

- Apollo shall agree to (i) waive all rights to receive any recovery or distribution under the Fixed/Floating Plan; and (ii) settle and provide a complete general release and waiver of any of its claims against the Releasing Parties. Apollo shall provide such waiver of rights and such general release and waiver of claims against the Releasing Parties in exchange for such entities settling, releasing, and waiving any claims they may have against Apollo to the extent provided herein. Such release by the Releasing Parties shall include (but shall not be limited to) Midland, as special servicer and on behalf of the C6 and C7 Trusts, settling, releasing, and waiving all of Midland's claims against Apollo, that are related in any way to the Apollo Guaranty; provided that, the effectiveness of such settlement, release, and waiver is conditioned on the receipt by Midland of indefeasible payment as provided for herein and shall not be effective until the occurrence of the Effective Date.

Global Release.

- The Fixed/Floating Plan shall include a mutual full discharge, release and exculpation of liability, and injunction (the "Global Release"), to the maximum extent of applicable law, by and among the Releasing Parties (each against one another), other than a release of the obligations undertaken herein and in the Fixed/Floating Plan and other Transaction documents, from the following: (i) any and all claims and causes of action relating to the Company arising at any time prior to the Effective Date, and in connection therewith, the Global Release shall confirm and adjudicate the validity, enforceability and perfection, in all respects, of the liens, claims,

interests, mortgages and encumbrances of the Fixed Rate Mortgage Loan, the C6 and the C7 Trusts; and (ii) any and all claims arising from the actions taken or not taken in good faith in connection with the Transaction and the Chapter 11 cases. It is expressly understood and agreed, that notwithstanding anything otherwise contained in this Term Sheet, the (i) releases of Apollo and the stipulation of discontinuance of the Apollo Guaranty litigation and (ii) the waivers and releases to be given by Apollo that are described herein shall not be effective until Midland has received the $3,000,000 cash payment provided for herein and the occurrence of the Effective Date.

Reservation of Rights.

- The Releasing Parties reserve all of their respective rights, claims, and interests with respect to the Excluded Debtors and all assets of the Excluded Debtors.

- Whatever rights, claims, and interests the Excluded Debtors may have with respect to the Fixed/Floating Debtors and their assets are also preserved.

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 material 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 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 the 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 10, 2011

/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 material 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 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 the 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 10, 2011

/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, 2011 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 10, 2011

/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