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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended September 30, 2026

OR

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

For the transition period from _____ to _____

Commission File Number: 001-34693

CHATHAM LODGING TRUST

(Exact Name of Registrant as Specified in Its Charter)

Maryland		**27-1200777**
(State or Other Jurisdiction of Incorporation or Organization)		**(I.R.S. Employer Identification No.)**
1475 Centrepark Blvd, Suite 300 **West Palm Beach** **(Address of Principal Executive Offices)**	**Florida**	**33401** **(Zip Code)**

(561) 802-4477

(Registrant's Telephone Number, Including Area Code)

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

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

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

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

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

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

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

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

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

Class	**Outstanding at November 5, 2026**
Common Shares of Beneficial Interest, $0.01 par value per share	46,571,233

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements.

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

	September 30, 2026	December 31, 2025
	(unaudited)	
Assets:		
Investment in hotel properties, net	$ 1,169,519	$ 1,106,890
Investment in hotel properties under development	4,540	—
Cash and cash equivalents	14,021	24,435
Restricted cash	8,416	8,203
Right of use asset, net	16,450	16,912
Hotel receivables (net of allowance for doubtful accounts of $304 and $261, respectively)	3,487	2,831
Deferred costs, net	6,375	7,384
Prepaid expenses and other assets	7,120	3,726
Total assets	$ 1,229,928	$ 1,170,381
Liabilities and Equity:		
Mortgage debt, net	$ 141,652	$ 141,475
Revolving credit facility	65,000	—
Unsecured term loan, net	197,877	197,438
Accounts payable and accrued expenses (including $952 and $234 due to related parties, respectively)	34,884	26,648
Lease liability	19,634	20,067
Distributions payable	7,204	6,704
Total liabilities	466,251	392,332
Commitments and contingencies (Note 13)		
Equity:		
Shareholders' Equity:		
Preferred shares, $0.01 par value, 100,000,000 shares authorized; 4,800,000 and 4,800,000 shares issued and outstanding at September 30, 2026 and December 31, 2025, respectively	48	48
Common shares, $0.01 par value, 500,000,000 shares authorized; 46,570,867 and 47,708,587 shares issued and outstanding at September 30, 2026 and December 31, 2025, respectively	466	477
Additional paid-in capital	1,030,137	1,039,804
Accumulated deficit	(308,329)	(299,527)
Total shareholders' equity	722,322	740,802
Noncontrolling Interests:		
Noncontrolling interest in Operating Partnership	41,355	37,247
Total equity	763,677	778,049
Total liabilities and equity	$ 1,229,928	$ 1,170,381

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

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

	For the three months ended September 30,		For the nine months ended September 30,	
	2026	2025	2026	2025
Revenue:				
Room	$ 83,339	$ 71,923	$ 225,186	$ 207,737
Food and beverage	1,598	1,561	4,804	5,083
Other	5,686	4,649	15,420	13,715
Reimbursable costs from related parties	298	276	819	802
Total revenue	90,921	78,409	246,229	227,337
Expenses:				
Hotel operating expenses:				
Room	18,004	15,469	48,635	45,255
Food and beverage	1,350	1,368	4,064	4,192
Telephone	418	292	1,145	884
Other hotel operating	1,527	1,171	3,912	3,353
General and administrative	7,384	6,667	21,675	20,703
Franchise and marketing fees	7,230	6,349	19,456	18,215
Advertising and promotions	1,921	1,923	5,491	5,185
Utilities	4,107	3,597	10,270	9,561
Repairs and maintenance	4,197	3,797	11,727	11,463
Management fees paid to related parties	3,064	2,600	8,284	7,575
Insurance	903	813	2,662	2,459
Total hotel operating expenses	50,105	44,046	137,321	128,845
Depreciation and amortization	16,053	14,707	46,557	45,133
Property taxes, ground rent and insurance	5,486	5,328	15,928	17,205
General and administrative	4,718	4,142	13,957	12,741
Other charges	(122)	16	360	24
Reimbursable costs from related parties	298	276	819	802
Total operating expenses	76,538	68,515	214,942	204,750
Operating income before gain on sale of hotel properties	14,383	9,894	31,287	22,587
(Loss) gain on sale of hotel properties	(82)	39	49	7,507
Operating income	14,301	9,933	31,336	30,094
Interest and other income	28	71	130	192
Interest expense, including amortization of deferred fees	(6,805)	(6,243)	(19,909)	(19,508)
Loss on early extinguishment of debt	—	(174)	—	(174)
Income before income tax expense	7,524	3,587	11,557	10,604
Income tax expense	(62)	—	(187)	—
Net income	7,462	3,587	11,370	10,604
Net income attributable to noncontrolling interests	(207)	(56)	(210)	(163)
Net income attributable to Chatham Lodging Trust	7,255	3,531	11,160	10,441
Preferred dividends	(1,987)	(1,987)	(5,962)	(5,962)
Net income attributable to common shareholders	$ 5,268	$ 1,544	$ 5,198	$ 4,479
Income per common share - basic:				
Net income attributable to common shareholders (Note 10)	$ 0.11	$ 0.03	$ 0.11	$ 0.09
Income per common share - diluted:				
Net income attributable to common shareholders (Note 10)	$ 0.11	$ 0.03	$ 0.11	$ 0.09
Weighted average number of common shares outstanding:				
Basic	46,550,856	48,910,697	46,809,650	48,956,588
Diluted	48,089,260	49,600,250	48,323,356	50,068,092
Distributions declared per common share:	$ 0.10	$ 0.09	$ 0.30	$ 0.27

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

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

Three months ended September 30, 2025 and 2026

	Preferred Shares		Common Shares		Additional Paid - In Capital	Accumulated Deficit	Total Shareholders' Equity	Noncontrolling Interest in Operating Partnership	Total Equity
	Shares	Amount	Shares	Amount					
Balance, July 1, 2025	4,800,000	$ 48	48,997,996	$ 490	$ 1,048,566	$ (295,014)	$ 754,090	$ 34,879	$ 788,969
Issuance of common shares, net of offering costs of $0	—	—	2,118	—	15	—	15	—	15
Repurchase of common shares	—	—	(255,213)	(3)	(1,829)	—	(1,832)	—	(1,832)
Amortization of share-based compensation	—	—	—	—	10	—	10	1,429	1,439
Dividends declared on common shares ($0.09 per share)	—	—	—	—	—	(4,387)	(4,387)	—	(4,387)
Distributions declared on LTIP units ($0.09 per unit)	—	—	—	—	—	—	—	(321)	(321)
Dividends accrued on preferred shares	—	—	—	—	—	(1,987)	(1,987)	—	(1,987)
Net income	—	—	—	—	—	3,531	3,531	56	3,587
Balance, September 30, 2025	4,800,000	$ 48	48,744,901	$ 487	$ 1,046,762	$ (297,857)	$ 749,440	$ 36,043	$ 785,483
Balance, July 1, 2026	4,800,000	48	46,565,171	466	1,030,114	(308,939)	721,689	40,164	761,853
Issuance of common shares, net of offering costs of $0	—	—	696	—	9	—	9	—	9
Issuance of restricted time-based shares	—	—	5,000	—	—	—	—	—	—
Amortization of share-based compensation	—	—	—	—	14	—	14	1,382	1,396
Dividends declared on common shares ($0.10 per share)	—	—	—	—	—	(4,658)	(4,658)	—	(4,658)
Distributions declared on LTIP units ($0.10 per unit)	—	—	—	—	—	—	—	(398)	(398)
Dividends accrued on preferred shares	—	—	—	—	—	(1,987)	(1,987)	—	(1,987)
Net income	—	—	—	—	—	7,255	7,255	207	7,462
Balance, September 30, 2026	4,800,000	$ 48	46,570,867	$ 466	$ 1,030,137	$ (308,329)	$ 722,322	$ 41,355	$ 763,677

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

Nine months ended September 30, 2025 and 2026

	Preferred Shares		Common Shares		Additional Paid - In Capital	Accumulated Deficit	Total Shareholders' Equity	Noncontrolling Interest in Operating Partnership	Total Equity
	Shares	Amount	Shares	Amount					
Balance, January 1, 2025	4,800,000	$ 48	48,912,293	$ 489	$ 1,046,812	$ (289,130)	$ 758,219	$ 33,778	$ 791,997
Issuance of common shares pursuant to Equity Incentive Plan	—	—	61,551	1	562	—	563	—	563
Issuance of common shares, net of offering costs of $0	—	—	5,842	—	43	—	43	—	43
Conversion of LTIP units to common shares	—	—	33,396	—	533	—	533	(533)	—
Issuance of restricted time-based shares	—	—	8,044	—	—	—	—	—	—
Repurchases of common shares	—	—	(276,225)	(3)	(1,978)	—	(1,981)	—	(1,981)
Amortization of share-based compensation	—	—	—	—	27	—	27	4,317	4,344
Dividends declared on common shares ($0.27 per share)	—	—	—	—	—	(13,206)	(13,206)	—	(13,206)
Distributions declared on LTIP units ($0.27 per unit)	—	—	—	—	—	—	—	(967)	(967)
Forfeited distributions declared on LTIP units	—	—	—	—	—	—	—	48	48
Dividends accrued on preferred shares	—	—	—	—	—	(5,962)	(5,962)	—	(5,962)
Reallocation of noncontrolling interest	—	—	—	—	763	—	763	(763)	—
Net income	—	—	—	—	—	10,441	10,441	163	10,604
Balance, September 30, 2025	4,800,000	$ 48	48,744,901	$ 487	$ 1,046,762	$ (297,857)	$ 749,440	$ 36,043	$ 785,483
Balance, January 1, 2026	4,800,000	$ 48	47,708,587	$ 477	$ 1,039,804	$ (299,527)	$ 740,802	$ 37,247	$ 778,049
Issuance of common shares pursuant to Equity Incentive Plan	—	—	61,699	1	427	—	428	—	428
Issuance of common shares, net of offering costs of $0	—	—	3,820	—	35	—	35	—	35
Issuance of restricted time-based shares	—	—	13,433	—	—	—	—	—	—
Repurchases of common shares	—	—	(1,216,672)	(12)	(9,464)	—	(9,476)	—	(9,476)
Amortization of share-based compensation	—	—	—	—	39	—	39	4,179	4,218
Dividends declared on common shares ($0.30 per share)	—	—	—	—	—	(14,000)	(14,000)	—	(14,000)
Distributions declared on LTIP units ($0.30 per unit)	—	—	—	—	—	—	—	(1,195)	(1,195)
Forfeited distributions declared on LTIP units	—	—	—	—	—	—	—	210	210
Dividends accrued on preferred shares	—	—	—	—	—	(5,962)	(5,962)	—	(5,962)
Reallocation of noncontrolling interest	—	—	—	—	(704)	—	(704)	704	—
Net income	—	—	—	—	—	11,160	11,160	210	11,370
Balance, September 30, 2026	4,800,000	$ 48	46,570,867	$ 466	$ 1,030,137	$ (308,329)	$ 722,322	$ 41,355	$ 763,677

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

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

	For the nine months ended September 30,	
	2026	**2025**
Cash flows from operating activities:		
Net income	$ 11,370	$ 10,604
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization of investment in hotel properties	46,370	44,983
Amortization of deferred franchise fees	188	150
Amortization of deferred financing fees included in interest expense	1,390	1,008
Gain on sale of hotel properties	(49)	(7,507)
Loss on early extinguishment of debt	—	174
Share-based compensation	4,559	4,710
Changes in assets and liabilities:		
Right of use asset	462	472
Hotel receivables	(656)	(989)
Deferred costs	100	58
Prepaid expenses and other assets	(3,424)	(4,036)
Accounts payable and accrued expenses	7,895	2,596
Lease liability	(393)	(397)
Net cash provided by operating activities	67,812	51,826
Cash flows from investing activities:		
Improvements and additions to hotel properties	(16,797)	(20,427)
Investment in hotel properties under development	(3,762)	—
Acquisition of hotel properties	(92,458)	—
Proceeds from sale of hotel properties, net	—	52,956
Payments of franchise application costs	(68)	(110)
Net cash (used in) provided by investing activities	(113,085)	32,419
Cash flows from financing activities:		
Borrowings on revolving credit facility	100,000	15,000
Repayments on revolving credit facility	(35,000)	(125,000)
Borrowings on unsecured term loan	—	200,000
Repayments on unsecured term loan	—	(140,000)
Repayments of mortgage debt	—	(15,957)
Principal payments on finance lease	(41)	(26)
Payment of financing costs	—	(5,854)
Proceeds from issuance of common shares	36	43
In-substance repurchase of vested common shares	—	(5)
Repurchases of common shares	(9,476)	(1,976)
Distributions-common shares/units	(14,485)	(12,982)
Distributions-preferred shares	(5,962)	(5,962)
Net cash provided by (used in) financing activities	35,072	(92,719)
Net change in cash, cash equivalents and restricted cash	(10,201)	(8,474)
Cash, cash equivalents and restricted cash, beginning of period	32,638	29,844
Cash, cash equivalents and restricted cash, end of period	$ 22,437	$ 21,370
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ 17,717	$ 18,619
Capitalized interest	$ 61	$ —
Cash paid for taxes	$ 737	$ 955

Supplemental disclosure of non-cash investing and financing information (dollars in thousands):

On January 15, 2026, the Company issued 61,699 common shares to its independent trustees pursuant to the Company's Equity Incentive Plan as compensation for services performed in 2025. On January 15, 2025, the Company issued 61,551 common shares to its independent trustees pursuant to the Company's Equity Incentive Plan as compensation for services performed in 2024.

As of September 30, 2026, the Company had accrued distributions payable of $7,204. As of September 30, 2025, the Company had accrued distributions payable of $6,722.

Accrued share-based compensation of $341 and $321 is included in accounts payable and accrued expenses as of September 30, 2026 and 2025, respectively.

Accrued capital improvements of $2,465 and $1,142 are included in accounts payable and accrued expenses as of September 30, 2026 and 2025 respectively.

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

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

1. Organization

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

The net proceeds from our share offerings are contributed to Chatham Lodging, L.P., our operating partnership (the “Operating Partnership”), in exchange for partnership interests. Substantially all of the Company’s assets are held by, and all operations are conducted through, the Operating Partnership. The Company is the sole general partner of the Operating Partnership and owns 100% of the common units of limited partnership interest in the Operating Partnership ("common units"). Certain of the Company’s executive officers hold vested and unvested long-term incentive plan units in the Operating Partnership ("LTIP units"), which are presented as non-controlling interests on our consolidated balance sheets.

As of September 30, 2026, the Company owned 39 hotels with an aggregate of 5,610 rooms located in 18 states and the District of Columbia.

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

The TRS Lessees have entered into management agreements with a third-party management company that provides day-to-day management for the hotels. As of September 30, 2026, Island Hospitality Management, LLC (“IHM”), which is 100% owned by Jeffrey H. Fisher, the Company's Chairman, President and Chief Executive Officer, managed all of the Company’s hotels.

2. Summary of Significant Accounting Policies

Basis of Presentation

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

The consolidated financial statements include all of the accounts of the Company, the Operating Partnership (a variable interest entity) and its wholly owned subsidiaries. All intercompany balances and transactions are eliminated in consolidation. The accompanying unaudited consolidated financial statements should be read in conjunction with the audited financial statements prepared in accordance with GAAP, and the related notes thereto as of December 31, 2025, which are included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2025.

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.

Recently Issued Accounting Standards

In November 2024, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2024-03, “Income Statement — Reporting Comprehensive Income — Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses”, which requires disaggregated disclosures in the notes of the financial statements of certain categories of expenses that are included in expense line items on the face of the income statement. This ASU is effective for annual reporting periods beginning after December 15, 2026, and interim periods within annual reporting periods beginning after December 15, 2027. Early adoption is permitted. The Company is currently evaluating the potential impact adopting ASU 2024-03 will have on the Company's consolidated financial statements and disclosures.

3. Acquisition of Hotel Properties

On March 3, 2026, the Company acquired a portfolio of six hotel properties for $92.0 million, which included the Hampton Inn & Suites Paducah ("HI Paducah"), the Homewood Suites by Hilton Paducah ("HWS Paducah"), the Homewood Suites by Hilton Joplin ("HWS Joplin"), the Home2 Suites by Hilton Joplin ("Home2 Joplin"), the Hampton Inn & Suites Effingham ("HI Effingham") and the Home2 Suites by Hilton Effingham ("Home2 Effingham") hotel properties. The Company allocated the purchase price of the hotel properties acquired based on the estimated fair values of the assets on the date of acquisition. Property acquisition costs of $0.5 million were capitalized in 2026.

4. Disposition of Hotel Properties

On December 23, 2025, the Company sold the Homewood Suites by Hilton Boston-Billerica ("HWS Billerica") hotel property in Billerica, MA for $17.4 million and recognized a gain on sale of the hotel property of $6.5 million.

On April 22, 2025, the Company sold the Courtyard Houston-Medical Center ("CY Houston") hotel property in Houston, TX for $23.5 million and recognized a gain on sale of the hotel property of $0.1 million.

On March 17, 2025, the Company sold the Hampton Inn & Suites Houston-Medical Center ("HI Houston") hotel property in Houston, TX for $15.5 million and recognized a gain on sale of the hotel property of $1.8 million.

On January 30, 2025, the Company sold the Homewood Suites by Hilton Nashville-Brentwood ("HWS Brentwood") hotel property in Brentwood, TN for $15.0 million and recognized a gain on sale of the hotel property of $5.6 million.

The sales did not represent a strategic shift that had or will have a major effect on the Company's operations and financial results and did not qualify to be reported as discontinued operations.

5. Investment in Hotel Properties

Investment in hotel properties, net

Investment in hotel properties, net as of September 30, 2026 and December 31, 2025 consisted of the following (in thousands):

	September 30, 2026	December 31, 2025
Land and improvements	$ 277,694	$ 268,546
Building and improvements	1,257,216	1,174,132
Furniture, fixtures and equipment	105,134	87,528
Finance lease assets	43,906	43,840
Renovations in progress	10,783	11,718
	1,694,733	1,585,764
Less accumulated depreciation and amortization	(525,214)	(478,874)
Investment in hotel properties, net	$ **1,169,519**	$ **1,106,890**

Investment in hotel properties under development

We are developing a Home2 Suites by Hilton hotel in Portland, ME on a parcel of land owned by us. We have incurred $4.5 million of development costs through September 30, 2026.

6. Debt

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

Collateral	Interest Rate	Maturity Date	September 30, 2026 Property Carrying Value	Balance Outstanding on Loan as of September 30, 2026	Balance Outstanding on Loan as of December 31, 2025
Revolving Credit Facility (1)	5.13%	September 25, 2029	$ —	$ 65,000	$ —
Unsecured Term Loan (2)	5.12%	September 25, 2029	—	200,000	200,000
Courtyard by Marriott Dallas, TX	7.61%	September 11, 2028	37,631	24,500	24,500
Hyatt Place Pittsburgh, PA	7.29%	June 11, 2029	29,642	23,300	23,300
Residence Inn by Marriott Austin, TX	7.42%	September 6, 2033	34,934	20,850	20,850
TownePlace Suites by Marriott Austin, TX	7.42%	September 6, 2033	28,083	19,075	19,075
Courtyard by Marriott Summerville, SC	7.33%	September 11, 2033	17,023	9,000	9,000
Residence Inn by Marriott Summerville, SC	7.33%	September 11, 2033	16,274	9,500	9,500
SpringHill Suites by Marriott Savannah, GA	6.70%	June 6, 2034	30,848	22,000	22,000
Hampton Inn & Suites Exeter, NH	6.70%	June 11, 2034	11,515	15,000	15,000
Total debt before unamortized debt issue costs			**$ 205,950**	**$ 408,225**	**$ 343,225**
Unamortized term loan and mortgage debt issue costs				(3,696)	(4,312)
Total debt outstanding				**$ 404,529**	**$ 338,913**

1. The interest rate for the revolving credit facility is variable and based on one-month term secured overnight financing rate ("SOFR") plus a spread of 1.50% to 2.25% based on the Company's leverage.

2. The interest rate for the unsecured term loan is variable and based on one-month term SOFR plus a spread of 1.45% to 2.20% based on the Company's leverage.

At September 30, 2026 and December 31, 2025, the Company had $265.0 million and $200.0 million, respectively, of outstanding borrowings under its revolving credit facility and unsecured term loan. At September 30, 2026, the aggregate maximum remaining borrowing availability under the revolving credit facility was $235.0 million.

During the nine months ended September 30, 2026, the Company had net borrowings of $65.0 million under its revolving credit facility. During the nine months ended September 30, 2025, the Company made net repayments of $110.0 million under its revolving credit facility, had net borrowings of $60.0 million under its unsecured term loan and repaid the maturing mortgage loan of $16.0 million on the Hampton Inn Houston hotel property.

The Company estimates the fair value of its fixed rate debt by discounting the future cash flows of each instrument at estimated market rates. All of the Company's mortgage loans are fixed-rate. Rates take into consideration general market conditions, quality and estimated value of collateral and maturity of debt with similar credit terms and are classified within level 3 of the fair value hierarchy. The estimated fair value of the Company's fixed rate debt as of September 30, 2026 and December 31, 2025 was $145.6 million and $154.0 million, respectively.

The Company estimates the fair value of its variable rate debt by taking into account general market conditions and the estimated credit terms it could obtain for debt with similar maturity and is classified within level 3 of the fair value hierarchy. As of September 30, 2026, the Company's variable rate debt consisted of borrowings under its revolving credit facility and its unsecured term loan. The estimated fair value of the Company's variable rate debt as of September 30, 2026 and December 31, 2025 was $265.0 million and $200.0 million, respectively.

The Company's mortgage debt agreements contain "cash trap" provisions that are triggered when the hotel's operating results fall below a certain debt service coverage ratio or debt yield. When these provisions are triggered, all of the excess cash flow generated by the hotel is deposited directly into cash management accounts for the benefit of the lenders until a specified debt service coverage ratio or debt yield is reached. Such provisions do not allow the lender the right to accelerate repayment of the underlying debt. As of September 30, 2026, one of our mortgage debt lenders has enforced cash trap provisions resulting in $0.7 million of restricted cash. The Company does not expect that the cash trap will affect its ability to satisfy its short-term liquidity requirements.

Future scheduled principal payments of debt obligations as of September 30, 2026, for the current year and each of the next five calendar years and thereafter are as follows (in thousands):

	Amount
2026 (remaining three months)	$ —
2027	—
2028	24,590
2029	288,681
2030	410
Thereafter	94,544
Total debt before unamortized debt issue costs	$ **408,225**
Unamortized term loan and mortgage debt issue costs	(3,696)
Total debt outstanding	$ **404,529**

7. Income Taxes

The Company has elected to be taxed as a REIT under the Internal Revenue Code of 1986, as amended, and is generally not subject to federal income taxes on income distributed to shareholders. The Company's TRS is subject to federal and state income taxes. Deferred tax assets are recognized only to the extent that it is more likely than not that they will be realized. As of each reporting date, management considers new evidence, both positive and negative, that could impact management's view with regard to future realization of deferred tax assets. As of September 30, 2026, the Company's TRS continues to recognize a full valuation allowance against its deferred tax assets. Management will continue to monitor the need for a valuation allowance.

8. Dividends Declared and Paid

Common Dividends

The Company declared total dividends on common shares of $ 0.30 per share and distributions on LTIP units of $ 0.30 per unit for the nine months ended September 30, 2026. The Company declared total dividends on common shares of $ 0.27 per share and distributions on LTIP units of $ 0.27 per unit for the nine months ended September 30, 2025. The dividends on common shares and distributions on LTIP units were as follows:

	Record Date	Payment Date	Common share distribution amount	LTIP unit distribution amount
March	3/31/2026	4/15/2026	$ 0.10	$ 0.10
June	6/30/2026	7/15/2026	0.10	0.10
September	9/30/2026	10/15/2026	0.10	0.10
Total 2026			$ **0.30**	$ **0.30**

	Record Date	Payment Date	Common share distribution amount	LTIP unit distribution amount
March	3/31/2025	4/15/2025	$ 0.09	$ 0.09
June	6/30/2025	7/15/2025	0.09	0.09
September	9/30/2025	10/15/2025	0.09	0.09
Total 2025			$ **0.27**	$ **0.27**

Preferred Dividends

During the nine months ended September 30, 2026 and 2025, the Company declared total dividends of $1.24218 and $1.24218, respectively, per share of 6.625% Series A Cumulative Redeemable Preferred Shares. The preferred share dividends were as follows:

	Record Date	Payment Date	Dividend per Preferred Share
March	3/31/2026	4/15/2026	$ 0.41406
June	6/30/2026	7/15/2026	0.41406
September	9/30/2026	10/15/2026	0.41406
Total 2026			$ **1.24218**

	Record Date	Payment Date	Dividend per Preferred Share
March	3/31/2025	4/15/2025	$ 0.41406
June	6/30/2025	7/15/2025	0.41406
September	9/30/2025	10/15/2025	0.41406
Total 2025			$ **1.24218**

9. Shareholders' Equity

Common Shares

The Company is authorized to issue up to 500,000,000 common shares of beneficial interest, $0.01 par value per share ("common shares"). Each outstanding common share entitles the holder to one vote on all matters submitted to a vote of shareholders. Holders of the Company's common shares are entitled to receive dividends when authorized by the Company's Board of Trustees. As of September 30, 2026, 46,570,867 common shares were outstanding.

In December 2017, the Company established a $50.0 million dividend reinvestment and share purchase plan (the "DRSPP") which was renewed in December 2020 and renewed again in January 2024. Under the DRSPP, shareholders may purchase additional common shares by reinvesting some or all of the cash dividends received on common shares. Shareholders may also make optional cash purchases of the Company's common shares subject to certain limitations detailed in the prospectuses for the DRSPP. During the three months ended September 30, 2026, the Company issued 696 common shares under the DRSPP at a weighted-average price per share of $13.09, which generated $9 thousand of proceeds. During the nine months ended September 30, 2026, the Company issued 3,820 common shares under the DRSPP at a weighted-average price per share of $9.30, which generated $36 thousand of proceeds. As of September 30, 2026, there was approximately $49.9 million of common shares available for issuance under the DRSPP.

In May 2025, the Board of Trustees authorized and approved a $25.0 million share repurchase program (the "Share Repurchase Program") of common shares of the Company. Under the Share Repurchase Program, the Company has the ability to repurchase up to $25.0 million of common shares through open market purchases or other privately negotiated transactions at times and in amounts as the Company deems appropriate. The Share Repurchase Program has no time limit and may be suspended or discontinued at any time. During the three months ended September 30, 2026, the Company did not repurchase any common shares. During the nine months ended September 30, 2026, the Company repurchased 1,216,672 common shares at a weighted-average price per share of $7.79 for an aggregate purchase price, including commissions, of approximately $9.5 million. As of September 30, 2026, approximately $6.6 million of common shares remained available for repurchase under the Share Repurchase Program.

Preferred Shares

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

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

Operating Partnership Units

Holders of common units in the Operating Partnership, if and when issued, will have certain redemption rights, which will enable the unit holders to cause the Operating Partnership to redeem their units in exchange for, at the Company's option, cash per unit equal to the market price per common share at the time of redemption or for common shares on a one-for-one basis. The number of shares issuable upon exercise of the redemption rights will be adjusted upon the occurrence of share splits, mergers, consolidations or similar pro-rata share transactions, which otherwise would have the effect of diluting the ownership interests of limited partners or shareholders. As of September 30, 2026, there were 2,399,044 vested LTIP units held by current and former employees.

10. Earnings Per Share

The two-class method is used to determine earnings per share because unvested restricted shares and unvested LTIP units are considered to be participating shares. The LTIP units held by the non-controlling interest holders, which may be converted to common shares, have been excluded from the denominator of the diluted earnings per common share calculation as there would be no effect on the amounts since limited partners' share of income or loss would also be added back to net income or loss. Unvested restricted shares, unvested long-term incentive plan units and unvested Class A Performance LTIP units that could potentially dilute basic earnings per common share in the future would not be included in the computation of diluted loss per common share, for the periods where a loss has been recorded, because they would have been anti-dilutive for the periods presented. For the three months ended September 30, 2026 and 2025, the Company excluded zero and zero, respectively, of unvested shares and units as their effect would have been anti-dilutive. For the nine months ended September 30, 2026 and 2025, the Company excluded zero and zero, respectively, of unvested shares and units as their effect would have been anti-dilutive.

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

	For the three months ended September 30,		For the nine months ended September 30,	
	2026	2025	2026	2025
Numerator:				
Net income attributable to common shareholders	$ 5,268	$ 1,544	$ 5,198	$ 4,479
Dividends on unvested shares and units	(63)	(49)	(188)	(148)
Net income attributable to common shareholders excluding amounts attributable to unvested shares and units	$ 5,205	$ 1,495	$ 5,010	$ 4,331
Denominator:				
Weighted average number of common shares - basic	46,550,856	48,910,697	46,809,650	48,956,588
Unvested shares and units	1,538,404	689,553	1,513,706	1,111,504
Weighted average number of common shares - diluted	48,089,260	49,600,250	48,323,356	50,068,092
Basic income per common share:				
Net income attributable to common shareholders per weighted average basic common share	$ 0.11	$ 0.03	$ 0.11	$ 0.09
Diluted income per common share:				
Net income attributable to common shareholders per weighted average diluted common share	$ 0.11	$ 0.03	$ 0.11	$ 0.09

11. Equity Incentive Plan

The Company maintains its Equity Incentive Plan to attract and retain independent trustees, executive officers and other key employees. The plan provides for the grant of options to purchase common shares, share awards, share appreciation rights, performance units and other equity-based awards. The plan was amended on May 6, 2025 to increase the maximum number of shares available under the plan by 2,150,000 shares and to increase the individual grant limit with respect to performance units. The plan has a 10-year term that expires on March 22, 2032. Share awards under the plan generally vest over three to five years, though compensation for the Company's independent trustees includes share grants that vest immediately. The Company pays dividends on unvested shares and units, except for performance-based units, for which 10% of dividends on unvested performance-based units are paid and the remaining 90% of dividends are accrued and not paid until those units vest. Certain awards may provide for accelerated vesting if there is a change in control. In January 2026 and 2025, the Company issued 61,699 and 61,551 common shares, respectively, to its independent trustees as compensation for services performed in 2025 and 2024, respectively. As of September 30, 2026, there were 1,783,449 common shares available for issuance under the Equity Incentive Plan.

Restricted Share Awards

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

A summary of the Company's restricted share awards for the nine months ended September 30, 2026 and the year ended December 31, 2025 is as follows:

	For the nine months ended September 30, 2026		For the year ended December 31, 2025	
	Number of Shares	Weighted-Average Grant Date Fair Value	Number of Shares	Weighted-Average Grant Date Fair Value
Non-vested at beginning of the period	10,825	$ 8.78	4,581	$ 10.91
Granted	13,433	9.64	8,044	8.08
Vested	(4,482)	9.30	(1,800)	11.11
Non-vested at end of the period	19,776	$ 9.25	10,825	$ 8.78

As of September 30, 2026 and December 31, 2025, there were $150 thousand and $60 thousand, respectively, of unrecognized compensation costs related to restricted share awards. As of September 30, 2026, these costs were expected to be recognized over a weighted-average period of approximately 2.4 years. For the three months ended September 30, 2026 and 2025, the Company recognized approximately $14 thousand and $10 thousand, respectively, of expense related to the restricted share awards, and for the nine months ended September 30, 2026 and 2025, the Company recognized approximately $39 thousand and $28 thousand, respectively, of expense related to the restricted share awards.

Long-Term Incentive Plan Awards

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

A summary of the Company's LTIP unit awards for the nine months ended September 30, 2026 and the year ended December 31, 2025 is as follows:

	For the nine months ended September 30, 2026		For the year ended December 31, 2025	
	Number of Units	Weighted-Average Grant Date Fair Value	Number of Units	Weighted-Average Grant Date Fair Value
Non-vested at beginning of the period	1,377,563	$ 11.08	1,139,564	$ 13.88
Granted	664,724	8.30	634,293	8.60
Vested	(207,534)	9.04	(315,563)	14.31
Forfeited	(251,843)	16.64	(80,731)	18.58
Non-vested at end of the period	1,582,910	$ 9.30	1,377,563	$ 11.08

Time-Based LTIP Awards

On March 1, 2026, the Company's Operating Partnership, upon the recommendation of the Compensation Committee, granted 265,890 time-based LTIP unit awards (the "2026 Time-Based LTIP Unit Award"). The grants were made pursuant to award agreements that provide for time-based vesting (the "LTIP Unit Time-Based Vesting Agreement").

Time-based LTIP unit awards will vest ratably provided that the recipient remains employed by the Company through the applicable vesting date, subject to acceleration of vesting in the event of the recipient's death, disability, termination without cause or resignation with good reason, or in the event of a change of control of the Company. Prior to vesting, a holder is entitled to receive distributions on the LTIP units that comprise the 2026 Time-Based LTIP Unit Awards and the prior year LTIP unit awards set forth in the table above.

Performance-Based LTIP Awards

On March 1, 2026, the Company's Operating Partnership, upon the recommendation of the Compensation Committee, also granted 398,834 performance-based LTIP unit awards (the "2026 Performance-Based LTIP Unit Awards"). The grants were made pursuant to award agreements that have market-based vesting conditions. The Performance-Based LTIP Unit Awards are comprised of Class A Performance LTIP Units that will vest only if and to the extent that (i) the Company achieves certain long-term market-based total shareholder return ("TSR") criteria established by the Compensation Committee and (ii) the recipient remains employed by the Company through the applicable vesting date, subject to acceleration of vesting in the event of the recipient's death, disability, termination without cause or resignation with good reason, or in the event of a change of control of the Company. Compensation expense is based on an estimated value of $9.12 per 2026 Performance-Based LTIP Unit Award, which takes into account that the number of units that ultimately may vest will depend on the achievement of long-term market-based TSR criteria. The 2026 Performance-Based LTIP Unit Awards have an absolute negative TSR modifier which may reduce payout percentages if the absolute TSR over the measurement period is negative.

The 2026 Performance-Based LTIP Unit Awards may be earned based on the Company's relative TSR performance for the three-year period beginning on March 1, 2026 and ending on February 28, 2029. The 2026 Performance-Based LTIP Unit Awards, if earned, will be paid out between 50% and 200% of target value as follows:

	Relative TSR Hurdles (Percentile)	Payout Percentage
Threshold	25th	50 %
Target	55th	100 %
Maximum	80th	200 %

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

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

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

	Grant Date	Number of Units Granted	Estimated Value Per Unit	Volatility	Dividend Yield	Risk Free Interest Rate
2022 Time-Based LTIP Unit Awards	3/1/2022	152,004	$ 12.33	80%	—%	1.01%
2022 Performance-Based LTIP Unit Awards (1)	3/1/2022	228,000	$ 18.58	66%	3.5%	1.44%
2023 Time-Based LTIP Unit Awards	3/1/2023	171,171	$ 11.11	37%	—%	5.11%
2023 Performance-Based LTIP Unit Awards (2)	3/1/2023	256,757	$ 16.64	69%	3.5%	4.61%
2024 Time-Based LTIP Unit Awards	3/1/2024	204,909	$ 9.33	35%	—%	4.92%
2024 Performance-Based LTIP Unit Awards	3/1/2024	307,355	$ 12.42	35%	2.6%	4.32%
2025 Time-Based LTIP Unit Awards	3/1/2025	253,722	$ 7.44	29%	—%	4.14%
2025 Performance-Based LTIP Unit Awards	3/1/2025	380,571	$ 9.37	33%	3.0%	4.04%
2026 Time-Based LTIP Unit Awards	3/1/2026	265,890	$ 7.08	30%	—%	3.53%
2026 Performance-Based LTIP Unit Awards	3/1/2026	398,834	$ 9.12	30%	3.9%	3.43%

(1) In February 2025, following the end of the measurement period, the Company's TSR met certain criteria and based on the Company's TSR over the measurement period, 142,905 LTIP units vested.

(2) In February 2026, following the end of the measurement period, the Company's TSR did not meet certain criteria and based on the Company's TSR over the measurement period, zero LTIP units vested.

The Company recorded $1.4 million and $1.4 million in compensation expense related to the LTIP units for the three months ended September 30, 2026 and 2025, respectively, and $4.2 million and $4.3 million in compensation expense related to the LTIP units for the nine months ended September 30, 2026 and 2025, respectively. As of September 30, 2026 and December 31, 2025, there was $7.8 million and $6.5 million, respectively, of total unrecognized compensation cost related to LTIP units. This cost is expected to be recognized over approximately 1.9 years, which represents the weighted-average remaining vesting period of the LTIP units.

12. Leases

The Company is the lessee under ground, property, air rights, garage and office lease agreements for certain of its properties. The Company's leases are classified as operating or finance leases. The Company recognizes a ROU asset and lease liability at the estimated present value of the minimum lease payments over the lease term. These leases typically provide multi-year renewal options to extend the term as lessee at the Company's option. Option periods are included in the calculation of the lease obligation liability only when options are reasonably certain to be exercised.

In calculating the Company's lease obligations under the various leases, the Company uses discount rates estimated to be equal to what the Company would have to pay to borrow on a collateralized basis over a similar term, for an amount equal to the lease payments, in a similar economic environment. Lease obligations are based on contractually required cash payments, while lease expense is recognized on a straight-line basis for its operating leases and as interest expense on the lease liability for its finance lease.

Operating Leases

The Residence Inn Gaslamp hotel property is subject to a ground lease with an expiration date of January 31, 2065 with an extension option by the Company of up to three additional terms of ten years each. Monthly payments are currently approximately $49 thousand per month and increase 10% every five years. The hotel is subject to annual supplemental rent payments calculated as 5% of gross revenues during the applicable lease year, minus 12 times the monthly base rent scheduled for the lease year.

The Residence Inn New Rochelle hotel property is subject to both an air rights lease and a garage lease, each with an expiration date of December 1, 2104. The lease agreements with the City of New Rochelle cover the space above the parking garage that is occupied by the hotel as well as 128 parking spaces in a parking garage that is attached to the hotel. The annual base rent for the garage lease is the hotel’s proportionate share of the city’s adopted budget for the operations, management and maintenance of the garage and established reserves to fund for the cost of capital repairs. Aggregate rent for 2026 is approximately $33 thousand per quarter.

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

The Company's existing corporate office lease terminated on September 30, 2026. In May 2024, the Company entered into a new 10-year corporate office lease that commenced when the Company took possession of the space on October 1, 2026. The Company has a renewal option of up to two successive terms of five years each. Annual base rent will range from $0.6 million to $0.7 million over the term of the lease. The new office lease will be shared with a related party and the Company will be reimbursed for the pro-rata share of rentable space that will be occupied by the related party.

For the nine months ended September 30, 2026, the Company made $1.0 million of fixed lease payments and $0.5 million of variable lease payments, which are included in property taxes, ground rent and insurance in our consolidated statement of operations. For the nine months ended September 30, 2026, the Company made $0.5 million of fixed lease payments related to its corporate office lease, which is included in general and administrative expense in our consolidated statement of operations.

Finance Leases

The Home2 Phoenix hotel property is subject to a Government Property Lease Excise Tax ("GPLET") agreement with the City of Phoenix. As part of the agreement, title of the hotel property was conveyed to the City of Phoenix and leased back to the Company for a term of 8 years with fixed annual rent payments ranging from $26 thousand to $81 thousand. Title of the hotel property will be re-conveyed to the Company at no cost at the expiration of the 8-year lease term. The GPLET agreement can be terminated by the lessee at any time for a fee of $0.1 million and title of the hotel property would be re-conveyed back to the Company.

The Home2 Phoenix ROU assets are recorded as finance lease assets within Investment in hotel properties, net and the lease liability is recorded within Lease liability in the Company's consolidated balance sheet. Expenses related to the finance lease are included in depreciation and amortization and interest expense, in the Company's consolidated statement of operations.

The following table includes information regarding the ROU assets and lease liabilities of the Company as of September 30, 2026 and December 31, 2025 (in thousands):

	Balance Sheet Classification	ROU Asset as of September 30, 2026	ROU Asset as of December 31, 2025
Finance lease assets, net	Investment in hotel properties, net	$ 39,649	$ 40,943
Operating lease assets, net	Right of use asset, net	16,450	16,912
Total ROU asset, net		$ **56,099**	$ **57,855**

	Balance Sheet Classification	Lease Liability as of September 30, 2026	Lease Liability as of December 31, 2025
Finance lease liability	Lease liability	$ 260	$ 283
Operating lease liability	Lease liability	19,374	19,784
Total lease liability		$ **19,634**	$ **20,067**

Lease Term and Discount Rate	September 30, 2026
Weighted-average remaining lease term (years)	42.05
Weighted-average discount rate	6.81%

The following table includes information regarding the Company's total minimum lease payments for which it is the lessee, as of September 30, 2026, for each of the next five calendar years and thereafter (in thousands):

Total Future Lease Payments	Amount
2026 (remaining three months)	$ 318
2027	1,313
2028	1,338
2029	1,338
2030	1,407
Thereafter	59,765
Total lease payments	$ 65,479
Less: Imputed interest	(45,845)
Present value of lease liabilities	$ 19,634

13. Commitments and Contingencies

Litigation

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

Management Agreements

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

Management fees totaled approximately $3.1 million and $2.6 million for the three months ended September 30, 2026 and 2025, respectively, and $8.3 million and $7.6 million for the nine months ended September 30, 2026 and 2025, respectively.

Franchise Agreements

The fees associated with the franchise agreements are calculated as a specified percentage of the hotel's gross room revenue. Franchise and marketing fees totaled approximately $7.2 million and $6.3 million for the three months ended September 30, 2026 and 2025, respectively, and $19.5 million and $18.2 million for the nine months ended September 30, 2026 and 2025, respectively. The initial term of the agreements range from 10 to 30 years with the weighted-average expiration being February 2039.

14. Related Party Transactions

As of September 30, 2026, Jeffrey H. Fisher, the Company's Chairman, President and Chief Executive Officer, owns 100% of IHM. As of September 30, 2026, the Company had hotel management agreements with IHM to manage all 39 of its hotels. Hotel management, revenue management and accounting fees accrued or paid to IHM for the hotels owned by the Company for the three months ended September 30, 2026 and 2025 were $3.1 million and $2.6 million, respectively, and for the nine months ended September 30, 2026 and 2025 were $8.3 million and $7.6 million, respectively. At September 30, 2026 and December 31, 2025, the amounts due to IHM were $1.0 million and $0.2 million, respectively.

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

15. Segment Information

Management evaluates the Company's hotels as a single reportable segment as a result of aggregating multiple operating segments, because all of the Company's hotels have similar economic characteristics and provide similar services to similar types of customers. Our single reportable segment comprises the structure used by our Chief Executive Officer, Chief Operating Officer and Chief Financial Officer, who collectively have been determined to be our Chief Operating Decision Maker ("CODM"), to make key operating decisions and assess performance. Our CODM evaluates our single reportable segment's operating performance based on individual hotel property net income (loss) before interest expense, income tax expense, depreciation and amortization, corporate general and administrative expense, impairment loss, loss on early extinguishment of debt, other charges, interest and other income, and gains or losses on sales of hotel properties ("Adjusted Hotel EBITDA"). Our single reportable segment's assets are consistent with total assets included in the Company's consolidated balance sheets.

The following table includes revenue, significant hotel operating expenses, and Adjusted Hotel EBITDA for the Company’s hotels, reconciled to Net income (in thousands):

	For the three months ended September 30,		For the nine months ended September 30,	
	2026	2025	2026	2025
Revenue:				
Room	$ 83,339	$ 71,923	$ 225,186	$ 207,737
Food and beverage	1,598	1,561	4,804	5,083
Other	5,686	4,649	15,420	13,715
Total hotel property level revenue (1)	90,623	78,133	245,410	226,535
Expenses:				
Room	18,004	15,469	48,635	45,255
Food and beverage	1,350	1,368	4,064	4,192
Telephone	418	292	1,145	884
Other hotel operating	1,527	1,171	3,912	3,353
General and administrative	7,384	6,667	21,675	20,703
Franchise and marketing fees	7,230	6,349	19,456	18,215
Advertising and promotions	1,921	1,923	5,491	5,185
Utilities	4,107	3,597	10,270	9,561
Repairs and maintenance	4,197	3,797	11,727	11,463
Management fees paid to related parties	3,064	2,600	8,284	7,575
Insurance	903	813	2,662	2,459
Property taxes, ground rent and insurance	5,486	5,328	15,928	17,205
Total hotel property level expenses	55,591	49,374	153,249	146,050
Adjusted Hotel EBITDA	$ 35,032	$ 28,759	$ 92,161	$ 80,485
Reconciliation of Adjusted Hotel EBITDA to Net income				
Interest expense, including amortization of deferred fees	(6,805)	(6,243)	(19,909)	(19,508)
Depreciation and amortization	(16,053)	(14,707)	(46,557)	(45,133)
Corporate general and administrative	(4,718)	(4,142)	(13,957)	(12,741)
Other charges	122	(16)	(360)	(24)
Income tax expense	(62)	—	(187)	—
Loss on early extinguishment of debt	—	(174)	—	(174)
Interest and other income	28	71	130	192
(Loss) gain on sale of hotel properties	(82)	39	49	7,507
Net income	$ 7,462	$ 3,587	$ 11,370	$ 10,604

(1) The difference between total hotel property level revenue and total revenue on the consolidated statements of operations is due to reimbursable costs from related parties of $0.3 million and $0.3 million for the three months ended September 30, 2026 and 2025, respectively, and $0.8 million and $0.8 million for the nine months ended September 30, 2026 and 2025, respectively.

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

The following discussion and analysis should be read in conjunction with our consolidated financial statements and related notes included elsewhere in this report and in our Annual Report on Form 10-K for the year ended December 31, 2025. In this report, we use the terms "the Company," "we" or "our" to refer to Chatham Lodging Trust and its consolidated subsidiaries, unless the context indicates otherwise.

Statement Regarding Forward-Looking Information

The following information contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). These forward-looking statements include information about possible or assumed future results of the lodging industry and our business, financial condition, liquidity, results of operations, cash flow and plans and objectives. These statements generally are characterized by the use of the words "believe," "expect," "anticipate," "estimate," "plan," "continue," "intend," "should," "may," "will," "could" or similar expressions. Although we believe that the expectations reflected in such forward-looking statements are based upon reasonable assumptions, such forward-looking statements relate to future events, our plans, strategies, prospects and future financial performance, and involve known and unknown risks that are difficult to predict, uncertainties and other factors that are, in some cases, beyond our control and which could differ materially from those set forth in the forward-looking statements. Important factors that we think could cause our actual results to differ materially from expected results are summarized below. Some factors that might cause such a difference include the following: local, national and global economic conditions, uncertainty surrounding the financial stability of the United States, Europe and China, increased direct competition, changes in government regulations or accounting rules, changes in local, national and global real estate conditions, declines in lodging industry fundamentals, increased operating costs, a potential recessionary environment, seasonality of the lodging industry, our ability to obtain debt and equity financing on satisfactory terms, changes in interest rates, our ability to identify suitable investments, our ability to close on identified investments, inaccuracies of our accounting estimates, the uncertainty and economic impact of pandemics like COVID-19, epidemics or other public health emergencies or fear of such events, the impact of and changes to various government programs and our ability to dispose of selected hotel properties on the terms and timing we expect, if at all. Given these uncertainties, undue reliance should not be placed on such statements. We undertake no obligation to publicly release the results of any revisions to these forward-looking statements that may be made to reflect future events or circumstances or to reflect the occurrence of unanticipated events. The forward-looking statements should also be read in light of the risk factors identified in the "Risk Factors" section in the Company's Annual Report on Form 10-K for the year ended December 31, 2025 as updated by the Company's subsequent filings with the SEC under the Exchange Act.

Overview

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

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

At September 30, 2026, our leverage ratio was 23.2% measured as the ratio of our net debt (total debt outstanding before deferred financing costs less unrestricted cash and cash equivalents) to hotel investments at cost. Over the past several years, we have maintained a leverage ratio between the low 20s and the low 50s. As of September 30, 2026, we have total debt of $408.2 million at a weighted-average interest rate of approximately 5.87%.

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

Key Indicators of Operating Performance and Financial Condition

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

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

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

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

Results of Operations

Industry Outlook

Smith Travel Research reported that U.S. lodging industry RevPAR increased 7.1% for the three months ended September 30, 2026, with RevPAR up 8.2% in July 2026, up 2.0% in August 2026 and up 11.0% in September 2026. We expect that during the remainder of 2026, lodging industry RevPAR will continue to increase.

Comparison of the three months ended September 30, 2026 to the three months ended September 30, 2025

Results of operations for the three months ended September 30, 2026 include the operating activities of the hotels we owned during the period. We sold one hotel located in Billerica, MA on December 23, 2025. We acquired a portfolio of six hotels on March 3, 2026, which were located in Paducah, KY, Joplin, MO, and Effingham, IL. The changes in results described below were driven primarily by an increase in RevPAR, the sale of one hotel, the acquisition of six hotels and inflationary cost increases.

Revenues

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

	For the three months ended		
	September 30, 2026	**September 30, 2025**	**% Change**
Room	$ 83,339	$ 71,923	15.9%
Food and beverage	1,598	1,561	2.4%
Other	5,686	4,649	22.3%
Reimbursable costs from related parties	298	276	8.0%
Total revenue	**$ 90,921**	**$ 78,409**	**16.0%**

Total revenue was $90.9 million for the three months ended September 30, 2026, up $12.5 million compared to total revenue of $78.4 million for the corresponding 2025 period. The increase in total revenue primarily was related to the 8.3% increase in same property RevPAR and the acquisition of six hotels in 2026, which contributed $7.2 million of revenue during the three months ended September 30, 2026. The increase was partially offset by the one hotel sold in 2025, which contributed zero revenue during the three months ended September 30, 2026, down from the $1.5 million that the sold hotel contributed for the corresponding 2025 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 comprised 91.7% and 91.7% of total revenue for the three months ended September 30, 2026 and 2025, respectively.

Food and beverage revenue was $1.6 million for the three months ended September 30, 2026, flat compared to $1.6 million for the corresponding 2025 period.

Other operating revenue is comprised of parking, meeting room, gift shop, in-room movie and other ancillary amenities revenue. Other operating revenue was $5.7 million and $4.6 million for the three months ended September 30, 2026 and 2025, respectively.

Reimbursable costs from related parties were $0.3 million and $0.3 million for the three months ended September 30, 2026 and 2025, respectively. The cost reimbursements were offset by the reimbursed costs from related parties included in operating expenses.

In the table below, we present both actual and same property room revenue metrics. Actual Occupancy, ADR and RevPAR metrics reflect the performance of the hotels for the actual days such hotels were owned by the Company during the periods presented. Same property Occupancy, ADR and RevPAR reflect results for the hotels owned by us as of September 30, 2026 that have been in operation for a full year regardless of our ownership during the period presented. Results for the hotels for periods prior to our ownership were provided to us by prior owners and have not been adjusted by us.

	For the three months ended September 30,					
	2026		2025		% Change	
	Same Property (39 hotels)	**Actual (39 hotels)**	**Same Property (39 hotels)**	**Actual (34 hotels)**	**Same Property (39 hotels)**	**Actual (39 / 34 hotels)**
Occupancy	83.0%	83.0%	79.1%	79.0%	4.9%	5.1%
ADR	$ 194.45	$ 194.45	$ 188.58	$ 191.59	3.1%	1.5%
RevPAR	$ 161.47	$ 161.47	$ 149.14	$ 151.33	8.3%	6.7%

For the three months ended September 30, 2026 same property RevPAR increased 8.3% due to a decrease in occupancy of 4.9% and an increase in ADR of 3.1%. Same property RevPAR increased 9.7% in July 2026, increased 7.7% in August 2026 and increased 7.4% in September 2026. Same property RevPAR was $169.09 in July 2026, $153.07 in August 2026 and $162.28 in September 2026.

Hotel Operating Expenses

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

	For the three months ended		
	September 30, 2026	September 30, 2025	% Change
Hotel operating expenses:			
Room	$ 18,004	$ 15,469	16.4%
Food and beverage	1,350	1,368	(1.3)%
Telephone	418	292	43.2%
Other hotel operating	1,527	1,171	30.4%
General and administrative	7,384	6,667	10.8%
Franchise and marketing fees	7,230	6,349	13.9%
Advertising and promotions	1,921	1,923	(0.1)%
Utilities	4,107	3,597	14.2%
Repairs and maintenance	4,197	3,797	10.5%
Management fees	3,064	2,600	17.8%
Insurance	903	813	11.1%
Total hotel operating expenses	**$ 50,105**	**$ 44,046**	**13.8%**

Hotel operating expenses increased $6.1 million, or 13.8%, to $50.1 million for the three months ended September 30, 2026 from $44.0 million for the three months ended September 30, 2025. The increase in hotel operating expenses was related primarily to the acquisition of six hotels in 2026, which contributed $4.0 million in operating expenses during the three months ended September 30, 2026, and the impact of inflation. This was partially offset by the one sold hotel which contributed zero in operating expenses for the three months ended September 30, 2026, down from the $1.0 million that the sold hotel contributed for the corresponding 2025 period.

Room expenses, which are the most significant component of hotel operating expenses, increased $2.5 million from $15.5 million for the three months ended September 30, 2025 to $18.0 million for the three months ended September 30, 2026. The increase in room expenses was related primarily to the increase in costs from the acquisition of six hotels and the impact of inflation, partially offset by the sale of one hotel.

The remaining hotel operating expenses increased $3.5 million, from $28.6 million for the three months ended September 30, 2025 to $32.1 million for the three months ended September 30, 2026.

Depreciation and Amortization

Depreciation and amortization expense was $16.1 million and $14.7 million for the three months ended September 30, 2026 and 2025, respectively. The increase was primarily related to the acquisition of six hotels in 2026 partially offset by the sale of one hotel in 2025.

Property Taxes, Ground Rent and Insurance

Total property taxes, ground rent and insurance expenses increased $0.2 million from $5.3 million for the three months ended September 30, 2025 to $5.5 million for the three months ended September 30, 2026. The increase was primarily related to the acquisition of six hotels in 2026 partially offset by the sale of one hotel in 2025.

General and Administrative

General and administrative expenses principally consist of employee-related costs, including base payroll, bonuses and amortization of share-based compensation expense. These expenses also include corporate operating costs, professional fees and trustees' fees. Total general and administrative expenses (excluding amortization of share-based compensation of $1.5 million and $1.5 million for the three months ended September 30, 2026 and 2025, respectively) was $3.2 million for the three months ended September 30, 2026 versus $2.6 million for the three months ended September 30, 2025.

Other Charges

Other charges decreased from $16 thousand for the three months ended September 30, 2025 to $(122) thousand for the three months ended September 30, 2026.

Reimbursable Costs from Related Parties

Reimbursable costs from related parties, comprised of shared office expenses and rent, were $0.3 million and $0.3 million for the three months ended September 30, 2026 and 2025, respectively. The cost reimbursements were offset by the cost reimbursements from related parties included in revenues.

Loss on Sale of Hotel Properties

Loss (gain) on sale of hotel properties was $82 thousand and $(39) thousand for the three months ended September 30, 2026 and 2025, respectively.

Interest and Other Income

Interest on cash and cash equivalents and other income was $28 thousand and $71 thousand for the three months ended September 30, 2026 and 2025, respectively.

Interest Expense, Including Amortization of Deferred Fees

Interest expense increased $0.6 million from $6.2 million for the three months ended September 30, 2025 to $6.8 million for the three months ended September 30, 2026 and is comprised of the following (dollars in thousands):

	For the three months ended		
	September 30, 2026	**September 30, 2025**	**% Change**
Mortgage debt interest	$ 2,648	$ 2,648	0.0%
Revolving credit facility and term loan interest and unused fees	3,734	3,244	15.1%
Interest on finance lease liability	6	6	0.0%
Capitalized interest	(54)	—	100.0%
Amortization of deferred financing costs	471	345	36.5%
Total	$ **6,805**	$ **6,243**	**9.0%**

The increase in interest expense was due to higher debt balances during the three months ended September 30, 2026 than during the three months ended September 30, 2025.

Income Tax Expense

Income tax expense was $0.1 million and zero for the three months ended September 30, 2026 and 2025, respectively.

Net Income

Net income was $7.5 million for the three months ended September 30, 2026, compared to net income of $3.6 million for the three months ended September 30, 2025. The change in net income was primarily due to the factors discussed above.

Comparison of the nine months ended September 30, 2026 to the nine months ended September 30, 2025

Results of operations for the nine months ended September 30, 2026 include the operating activities of the hotels we owned during the period. We sold one hotel located in Brentwood, TN on January 30, 2025, sold one hotel located in Houston, TX on March 17, 2025, sold one hotel located in Houston, TX on April 22, 2025, and sold one hotel located in Billerica, MA on December 23, 2025. We acquired a portfolio of six hotels on March 3, 2026, which were located in Paducah, KY, Joplin, MO, and Effingham, IL. The changes in results described below were driven primarily by an increase in RevPAR, the sales of four hotels, the acquisition of six hotels and inflationary cost increases.

Revenues

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

	For the nine months ended		
	September 30, 2026	**September 30, 2025**	**% Change**
Room	$ 225,186	$ 207,737	8.4%
Food and beverage	4,804	5,083	(5.5)%
Other	15,420	13,715	12.4%
Reimbursable costs from related parties	819	802	2.1%
Total revenue	$ **246,229**	$ **227,337**	**8.3%**

Total revenue was $246.2 million for the nine months ended September 30, 2026, up $18.9 million compared to total revenue of $227.3 million for the corresponding 2025 period. The increase in total revenue primarily was related to the 4.4% increase in same property RevPAR and the acquisition of six hotels in 2026, which contributed $16.8 million of revenue during the nine months ended September 30, 2026. The increase was partially offset by the sale of four hotels in 2025, which contributed zero revenue during the nine months ended September 30, 2026, down from the $7.8 million that the sold hotels contributed for the corresponding 2025 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 comprised 91.5% and 91.4% of total revenue for the nine months ended September 30, 2026 and 2025, respectively.

Food and beverage revenue was $4.8 million for the nine months ended September 30, 2026, down $0.3 million compared to $5.1 million for the corresponding 2025 period.

Other operating revenue is comprised of parking, meeting room, gift shop, in-room movie and other ancillary amenities revenue. Other operating revenue was $15.4 million and $13.7 million for the nine months ended September 30, 2026 and 2025, respectively.

Reimbursable costs from related parties were $0.8 million and $0.8 million for the nine months ended September 30, 2026 and 2025, respectively. The cost reimbursements were offset by the reimbursed costs from related parties included in operating expenses.

In the table below, we present both actual and same property room revenue metrics. Actual Occupancy, ADR and RevPAR metrics reflect the performance of the hotels for the actual days such hotels were owned by the Company during the periods presented. Same property Occupancy, ADR and RevPAR reflect results for the hotels owned by us as of September 30, 2026 that have been in operation for a full year regardless of our ownership during the period presented. Results for the hotels for periods prior to our ownership were provided to us by prior owners and have not been adjusted by us.

	For the nine months ended September 30,					
	2026		2025		% Change	
	Same Property (39 hotels)	**Actual (39 hotels)**	**Same Property (39 hotels)**	**Actual (37 hotels)**	**Same Property (39 hotels)**	**Actual (39 / 37 hotels)**
Occupancy	78.8%	79.1%	77.6%	77.4%	1.5%	2.2%
ADR	$ 189.42	$ 190.37	$ 184.37	$ 185.82	2.7%	2.4%
RevPAR	$ 149.35	$ 150.57	$ 143.08	$ 143.90	4.4%	4.6%

For the nine months ended September 30, 2026 same property RevPAR increased 4.4% due to an increase in occupancy of 1.5% and an increase in ADR of 2.7%.

Hotel Operating Expenses

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

	For the nine months ended		
	September 30, 2026	September 30, 2025	% Change
Hotel operating expenses:			
Room	$ 48,635	$ 45,255	7.5%
Food and beverage	4,064	4,192	(3.1)%
Telephone	1,145	884	29.5%
Other hotel operating	3,912	3,353	16.7%
General and administrative	21,675	20,703	4.7%
Franchise and marketing fees	19,456	18,215	6.8%
Advertising and promotions	5,491	5,185	5.9%
Utilities	10,270	9,561	7.4%
Repairs and maintenance	11,727	11,463	2.3%
Management fees	8,284	7,575	9.4%
Insurance	2,662	2,459	8.3%
Total hotel operating expenses	**$ 137,321**	**$ 128,845**	**6.6%**

Hotel operating expenses increased $8.5 million, or 6.6%, to $137.3 million for the nine months ended September 30, 2026 from $128.8 million for the nine months ended September 30, 2025. The increase in hotel operating expenses was primarily related to the acquisition of six hotels in 2026, which contributed $8.8 million in operating expenses during the nine months ended September 30, 2026, and the impact of inflation. This was partially offset by the four hotels sold which contributed zero in operating expenses for the nine months ended September 30, 2026, down from the $5.2 million that the sold hotels contributed for the corresponding 2025 period.

Room expenses, which are the most significant component of hotel operating expenses, increased $3.3 million from $45.3 million for the nine months ended September 30, 2025 to $48.6 million for the nine months ended September 30, 2026. The increase in room expenses was related primarily to the acquisition of six hotels and the impact of inflation, partially offset by the decrease in costs from the sales of four hotels.

The remaining hotel operating expenses increased $5.1 million, from $83.6 million for the nine months ended September 30, 2025 to $88.7 million for the nine months ended September 30, 2026.

Depreciation and Amortization

Depreciation and amortization expense was $46.6 million and $45.1 million for the nine months ended September 30, 2026 and 2025, respectively. The increase was primarily related to the acquisition of six hotels in 2026 partially offset by the sales of four hotels in 2025.

Property Taxes, Ground Rent and Insurance

Total property taxes, ground rent and insurance expenses decreased $1.3 million from $17.2 million for the nine months ended September 30, 2025 to $15.9 million for the nine months ended September 30, 2026. The decrease was primarily related to the sales of four hotels in 2025 and successful property tax appeals at multiple hotel properties, partially offset by the acquisition of six hotels in 2026.

General and Administrative

General and administrative expenses principally consist of employee-related costs, including base payroll, bonuses and amortization of share-based compensation expense. These expenses also include corporate operating costs, professional fees and trustees' fees. Total general and administrative expenses (excluding amortization of share-based compensation of $4.6 million and $4.7 million for the nine months ended September 30, 2026 and 2025, respectively) was $9.4 million for the nine months ended September 30, 2026 versus $8.0 million for the nine months ended September 30, 2025.

Other Charges

Other charges increased from $24 thousand for the nine months ended September 30, 2025 to $0.4 million for the nine months ended September 30, 2026 primarily due to additional audit fees related to the acquisition of six hotels in 2026.

Reimbursable Costs from Related Parties

Reimbursable costs from related parties, comprised of shared office expenses and rent, were $0.8 million and $0.8 million for the nine months ended September 30, 2026 and 2025, respectively. The cost reimbursements were offset by the cost reimbursements from related parties included in revenues.

Gain on Sale of Hotel Properties

Gain on sale of hotel properties decreased $7.5 million to $49 thousand for the nine months ended September 30, 2026 compared to $7.5 million for the nine months ended September 30, 2025. The HWS Brentwood hotel property was sold on January 30, 2025, the HI Houston hotel property was sold on March 17, 2025, and the CY Houston hotel property was sold on April 22, 2025 which resulted in a total gain of $7.5 million in the prior period.

Interest and Other Income

Interest on cash and cash equivalents and other income was $0.1 million and $0.2 million for the nine months ended September 30, 2026 and 2025, respectively.

Interest Expense, Including Amortization of Deferred Fees

Interest expense increased $0.4 million from $19.5 million for the nine months ended September 30, 2025 to $19.9 million for the nine months ended September 30, 2026 and is comprised of the following (dollars in thousands):

	For the nine months ended		
	September 30, 2026	**September 30, 2025**	**% Change**
Mortgage debt interest	$ 7,856	$ 7,867	(0.1)%
Revolving credit facility and term loan interest and unused fees	10,701	10,605	0.9%
Interest on finance lease liability	18	19	(5.3)%
Capitalized interest	(61)	—	100.0%
Amortization of deferred financing costs	1,395	1,017	37.2%
Total	$ **19,909**	$ **19,508**	**2.1%**

The increase in interest expense was due to higher debt balances during the nine months ended September 30, 2026 than during the nine months ended September 30, 2025 combined with increased amortization of deferred financing costs from the new revolving credit facility and term loan.

Income Tax Expense

Income tax expense was $0.2 million and zero for the nine months ended September 30, 2026 and 2025, respectively.

Net Income

Net income was $11.4 million for the nine months ended September 30, 2026, compared to net income of $10.6 million for the nine months ended September 30, 2025. The change in net income was primarily due to the factors discussed above.

Non-GAAP Financial Measures

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

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

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

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

The following is a reconciliation of net income (loss) to FFO and Adjusted FFO for the three and nine months ended September 30, 2026 and 2025 (in thousands, except share data):

	For the three months ended September 30,		For the nine months ended September 30,	
	2026	2025	2026	2025
Funds From Operations ("FFO"):				
Net income	$ 7,462	$ 3,587	$ 11,370	$ 10,604
Preferred dividends	(1,987)	(1,987)	(5,962)	(5,962)
Net income attributable to common shares and common units	5,475	1,600	5,408	4,642
Loss (gain) on sale of hotel properties	82	(39)	(49)	(7,507)
Depreciation of hotel properties owned	15,531	14,201	45,010	43,556
FFO attributable to common share and unit holders	21,088	15,762	50,369	40,691
Share-based compensation	1,524	1,546	4,559	4,710
Amortization of finance lease assets	454	457	1,360	1,428
Other charges	(122)	16	360	24
Loss on early extinguishment of debt	—	174	—	174
Adjusted FFO attributable to common share and unit holders	$ 22,944	$ 17,955	$ 56,648	$ 47,027
Weighted average number of common shares and units				
Basic	48,356,016	50,631,283	48,569,270	50,688,964
Diluted	49,894,420	51,320,836	50,082,976	51,800,467

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

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

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

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

The following is a reconciliation of net income (loss) to EBITDA, EBITDA*re* and Adjusted EBITDA for the three and nine months ended September 30, 2026 and 2025 (in thousands):

	For the three months ended September 30,		For the nine months ended September 30,	
	2026	2025	2026	2025
Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA"):				
Net income	$ 7,462	$ 3,587	$ 11,370	$ 10,604
Interest expense, including amortization of deferred fees	6,805	6,243	19,909	19,508
Income tax expense	62	—	187	—
Depreciation and amortization	16,053	14,707	46,557	45,133
EBITDA	30,382	24,537	78,023	75,245
Loss (gain) on sale of hotel properties	82	(39)	(49)	(7,507)
EBITDAre	30,464	24,498	77,974	67,738
Other charges	(122)	16	360	24
Loss on early extinguishment of debt	—	174	—	174
Share-based compensation	1,524	1,546	4,559	4,710
Adjusted EBITDA	$ 31,866	$ 26,234	$ 82,893	$ 72,646

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

The following is a presentation of, and a reconciliation of net income (loss) to, Adjusted Hotel EBITDA for the three and nine months ended September 30, 2026 and 2025 (in thousands):

		For the three months ended September 30,		For the nine months ended September 30,	
		2026	2025	2026	2025
Net income		$ 7,462	$ 3,587	$ 11,370	$ 10,604
Add:	Interest expense, including amortization of deferred fees	6,805	6,243	19,909	19,508
	Depreciation and amortization	16,053	14,707	46,557	45,133
	Corporate general and administrative	4,718	4,142	13,957	12,741
	Other charges	—	16	360	24
	Income tax expense	62	—	187	—
	Loss on early extinguishment of debt	—	174	—	174
	Loss on sale of hotel properties	82	—	—	—
Less:	Interest and other income	(28)	(71)	(130)	(192)
	Other charges	(122)	—	—	—
	Gain on sale of hotel properties	—	(39)	(49)	(7,507)
	Adjusted Hotel EBITDA	$ 35,032	$ 28,759	$ 92,161	$ 80,485

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

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

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

Sources and Uses of Cash

Our principal sources of cash include net cash from operations, availability under our revolving credit facility, proceeds from debt and equity issuances, and proceeds from the sale of hotel properties. Our principal uses of cash include acquisitions, capital expenditures, operating costs, corporate expenditures, interest costs, debt repayments, common share repurchases, and distributions to equity holders.

Cash, cash equivalents, and restricted cash totaled $22.4 million as of September 30, 2026, a decrease of $10.2 million from December 31, 2025, primarily due to net cash provided by operating activities of $67.8 million, net cash used in investing activities of $(113.1) million, and net cash provided by financing activities of $35.1 million.

Cash from Operations

Net cash flows provided by operating activities increased $16.0 million to $67.8 million during the nine months ended September 30, 2026 compared to $51.8 million during the nine months ended September 30, 2025. The increase in cash from operating activities was primarily due to improving revenue from our hotels which generated same property RevPAR growth of 4.4% during the nine months ended September 30, 2026, the acquisition of six hotels in 2026 and an increase in accounts payable and accrued expenses, partially offset by the sale of four hotels in 2025.

Investing Activities Cash Flows

Net cash flows used in investing activities increased $145.5 million to $113.1 million during the nine months ended September 30, 2026 compared to net cash flows provided by investing activities of $32.4 million during the nine months ended September 30, 2025. For the nine months ended September 30, 2026, net cash flows used in investing activities of $113.1 million consisted of $16.8 million related to capital improvements on our hotels, $3.8 million related to the development of a new hotel and $92.5 million related to the acquisition of six hotels. For the nine months ended September 30, 2025, net cash flows provided by investing activities of $32.4 million consisted of $53.0 million in net proceeds related to the sales of three hotels, partially offset by $20.4 million related to capital improvements on our hotels and $0.1 million of payments of franchise application costs.

We expect to invest approximately $9.7 million on renovations, discretionary and emergency expenditures on our existing hotels during the remainder of 2026, including improvements required under any brand PIP.

Financing Activities Cash Flows

Net cash flows provided by financing activities increased $127.8 million to $35.1 million during the nine months ended September 30, 2026 compared to net cash flows used in financing activities of $92.7 million during the nine months ended September 30, 2025. For the nine months ended September 30, 2026, net cash flows provided by financing activities of $35.1 million were comprised of net borrowings on our revolving credit facility of $65.0 million, repurchases of common shares of $9.5 million, distributions to common share and LTIP unit holders of $14.5 million and distributions on preferred shares of $6.0 million. For the nine months ended September 30, 2025, net cash flows used in financing activities of $92.7 million were comprised of net repayments on our revolving credit facility of $110.0 million, the repayment of mortgage debt of $16.0 million, payments of financing costs of $5.9 million, repurchases of common shares of $2.0 million, distributions to common share and LTIP unit holders of $13.0 million, and distributions on preferred shares of $6.0 million, partially offset by net borrowings on our unsecured term loan of $60.0 million.

We declared total dividends of $0.30 and $0.27 per common share and LTIP unit for the nine months ended September 30, 2026 and 2025, respectively. We declared total dividends of $1.24218 and $1.24218 per Series A preferred share for the nine months ended September 30, 2026 and 2025, respectively.

Material Cash Requirements

Our material cash requirements include the following contractual obligations:

- At September 30, 2026, we had total debt principal and interest obligations of $506.4 million with $23.9 million of principal and interest payable within the next 12 months from September 30, 2026. The Company has no debt principal obligations payable during the next 12 months. See Note 6, “Debt” to our consolidated financial statements for additional information relating to our property loans, revolving credit facility and unsecured term loan.

- Lease payments due within the next 12 months from September 30, 2026 total $1.9 million. See Note 12, “Leases” to our consolidated financial statements for additional information relating to our corporate office and ground leases.

Liquidity and Capital Resources

At September 30, 2026, our leverage ratio was approximately 23.2% measured as the ratio of our net debt (total debt outstanding before deferred financing costs less unrestricted cash and cash equivalents) to hotel investments at cost. Over the past several years, we have maintained a leverage ratio between the low 20s and the low 50s. At September 30, 2026, we had total debt of $408.2 million at an average interest rate of approximately 5.87%.

At September 30, 2026 and December 31, 2025, we had $65.0 million and zero, respectively, in outstanding borrowings under our $300.0 million revolving credit facility. We had $200.0 million and $200.0 million in outstanding borrowings under our unsecured term loan at September 30, 2026 and December 31, 2025, respectively.

Our revolving credit facility and term loan contain representations, warranties, covenants, terms and conditions customary for credit facilities of this type, including a maximum leverage ratio, a maximum secured leverage ratio, a maximum unsecured leverage ratio, a minimum fixed charge coverage ratio, a minimum unsecured interest 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 and default provisions, including defaults for non-payment, breach of representations and warranties, insolvency, non-performance of covenants, cross-defaults and guarantor defaults. We were in compliance with all financial covenants at September 30, 2026.

Our mortgage debt agreements contain “cash trap” provisions that are triggered when the hotel's operating results fall below a certain debt service coverage ratio or debt yield. When these provisions are triggered, all of the excess cash flow generated by the hotel is deposited directly into cash management accounts for the benefit of the lenders until a specified debt service coverage ratio or debt yield is reached. Such provisions do not allow the lender the right to accelerate repayment of the underlying debt. As of September 30, 2026, one of our mortgage debt lenders has enforced cash trap provisions resulting in $0.7 million of restricted cash. We do not expect that the cash trap will affect our ability to satisfy our short-term liquidity requirements.

In December 2017, we established a $50.0 million dividend reinvestment and share purchase plan (the "DRSPP") which renewed in December 2020 and renewed again in January 2024. Under the DRSPP, shareholders may purchase additional common shares by reinvesting some or all of the cash dividends received on common shares. Shareholders may also make optional cash purchases of common shares subject to certain limitations detailed in the prospectuses for the DRSPP. During the three months ended September 30, 2026, the Company issued 696 common shares under the DRSPP at a weighted-average price per share of $13.09, which generated $9 thousand of proceeds. During the nine months ended September 30, 2026, the Company issued 3,820 common shares under the DRSPP at a weighted-average price per share of $9.30, which generated $36 thousand of proceeds. As of September 30, 2026, there was approximately $49.9 million of common shares available for issuance under the DRSPP.

In May 2025, the Board of Trustees authorized and approved a $25.0 million share repurchase program (the "Share Repurchase Program") of our common shares. Under the Share Repurchase Program, we have the ability to repurchase up to $25.0 million of common shares through open market purchases or other privately negotiated transactions at times and in amounts as we deem appropriate. The Share Repurchase Program has no time limit and may be suspended or discontinued at any time. During the three months ended September 30, 2026, the Company did not repurchase any common shares. During the nine months ended September 30, 2026, the Company repurchased 1,216,672 common shares at a weighted-average price per share of $7.79 for an aggregate purchase price, including commissions, of approximately $9.5 million. As of September 30, 2026, approximately $6.6 million of common shares remained available for repurchase under the Share Repurchase Program.

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

We intend to continue to invest in hotel properties as suitable opportunities arise. We intend to finance our future investments with free cash flow, the net proceeds from additional issuances of common and preferred shares, issuances of common units in our Operating Partnership or other securities, borrowings or asset sales. The success of our acquisition strategy depends, in part, on our ability to access additional capital through other sources. 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 as a means to provide liquidity.

We had no material off-balance sheet arrangements at September 30, 2026.

Dividend Policy

Our dividend policy for common shares has been to distribute, annually, approximately 100% of our annual taxable income. During the nine months ended September 30, 2026, the Company declared total dividends on common shares of $0.30 per share and distributions on LTIP units of $0.30 per unit. We plan to pay dividends required to maintain REIT status. The amount of any dividend is determined by our Board of Trustees.

Chatham declared dividends of $1.24218 per share of 6.625% Series A Cumulative Redeemable Preferred Shares during the nine months ended September 30, 2026.

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. Inflation may also affect our expenses and costs of capital investments by increasing, among other things, the costs of construction, labor, employee-related benefits, food, commodities and other materials, taxes, property and casualty insurance and utilities.

Seasonality

Demand for our hotels is affected by recurring seasonal patterns. Generally, we expect that we will have lower revenue, operating income and cash flow in the first and fourth quarters and higher revenue, operating income and cash flow in the second and third quarters. These general trends are, however, influenced by overall economic cycles and the geographic locations of our hotels. To the extent that cash flow from operations is insufficient during any quarter, due to temporary or seasonal fluctuations in revenue, we expect to utilize cash on hand or borrowings under our revolving credit facility to pay expenses, debt service or to make distributions to our equity holders.

Critical Accounting Estimates

Our consolidated financial statements have been prepared in conformity with GAAP, which requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of our financial statements and the reported amounts of revenues and expenses during the reporting period. While we do not believe the reported amounts would be materially different, application of these policies involves the exercise of judgment and the use of assumptions as to future uncertainties and, as a result, actual results could differ from these estimates. We evaluate our estimates and judgments on an ongoing basis. We base our estimates on experience and on various other assumptions that are believed to be reasonable under the circumstances. All of our significant accounting policies, including certain critical accounting estimates, are disclosed in our Annual Report on Form 10-K for the year ended December 31, 2025.

Item 3. Quantitative and Qualitative Disclosures about Market Risk.

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

The Company estimates the fair value of its fixed rate debt by discounting the future cash flows of each instrument at estimated market rates. Rates take into consideration general market conditions, maturity and fair value of the underlying collateral. The estimated fair value of the Company's fixed rate debt at September 30, 2026 and December 31, 2025 was $145.6 million and $154.0 million, respectively.

At September 30, 2026, our consolidated debt was comprised of floating and fixed interest rate debt. The fair value of our fixed rate debt indicates the estimated principal amount of debt having the same debt service requirements that could have been borrowed at the date presented, at then current market interest rates. The following table provides information about the maturities of our financial instruments as of September 30, 2026 that are sensitive to changes in interest rates (dollars in thousands):

	2026	2027	2028	2029	2030	Thereafter	Total/ Weighted Average	Fair Value
Floating rate:								
Debt	—	—	—	$ 265,000	—	—	$ 265,000	$ 265,000
Average interest rate	—	—	—	5.13%	—	—	5.13%	
Fixed rate:								
Debt	—	—	$ 24,590	$ 23,681	$ 410	$ 94,544	$ 143,225	$ 145,629
Average interest rate	—	—	7.61%	7.29%	7.42%	7.12%	7.23%	

As of September 30, 2026, we estimate that a hypothetical 100 basis points increase in SOFR would result in additional interest of approximately $2.7 million annually. This assumes that the amount of floating rate debt outstanding on our revolving credit facility and unsecured term loan remains $265.0 million, the total balance as of September 30, 2026.

Item 4. Controls and Procedures.

Disclosure Controls and Procedures

Evaluation of Disclosure Controls and Procedures

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

Changes in Internal Control over Financial Reporting

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

PART II. OTHER INFORMATION

Item 1. Legal Proceedings.

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

Item 1A. Risk Factors.

There have been no material changes to the Risk Factors previously disclosed under Item 1A in our Annual Report on Form 10-K for the year ended December 31, 2025.

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

Issuer Purchases of Equity Securities

Common Shares

The following is a summary of all share repurchases during the third quarter of 2026:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs[1] (in thousands)
July 1, 2026 - July 31, 2026	—	$ —	—	$ —
August 1, 2026 - August 31, 2026	—	$ —	—	$ —
September 1, 2026 - September 30, 2026	—	$ —	—	$ —
Total	—	$ —	—	$ 6,557

(1) In May 2025, our Board of Trustees authorized and approved a $25.0 million share repurchase program of our common shares. Under this program, we may repurchase common shares through open market purchases or other privately negotiated transactions at times and in amounts as we deem appropriate. The program has no time limit and may be suspended or discontinued at any time. As of September 30, 2026, $6.6 million of common shares remained available for repurchase under this program.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

During the three months ended September 30, 2026, none of the Company's trustees or officers adopted or terminated any Rule 10b5-1 trading arrangement or non-Rule 10b5-1 trading arrangement (as such terms are defined in Item 408 of Regulation S-K of the Securities Act of 1933).

Item 6. Exhibits.

The following exhibits are filed as part of this report:

Exhibit Number	Description of Exhibit
3.1	Articles of Amendment and Restatement of Chatham Lodging Trust (1)
3.2	Articles of Amendment of Chatham Lodging Trust (2)
3.3	Fourth Amended and Restated Bylaws of Chatham Lodging Trust (3)
3.4	Articles Supplementary to the Company's Declaration of Trust designating the 6.625% Series A Cumulative Redeemable Preferred Shares of Beneficial Interest, $0.01 par value per share (4)
31.1†	Certification of Chief Executive Officer pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2†	Certification of Chief Financial Officer pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1††	Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	The instance document does not appear in the interactive data file because its XBRL tags are embedded within the inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File - the cover page interactive data file does not appear in the interactive date file because its XBRL tags are embedded within the inline XBRL document.

† Filed herewith.

†† Furnished herewith.

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

(2) Incorporated by reference to Exhibit 3.2 to the Company's Quarterly Report on Form 10-Q filed with the SEC on May 4, 2023 (File No. 001-34693).

(3) Incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the SEC on February 24, 2023 (File No. 001-34693).

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

SIGNATURE

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

CHATHAM LODGING TRUST

Dated: November 5, 2026

By: /s/ JEREMY B. WEGNER

Jeremy B. Wegner
Senior Vice President and Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)

EXHIBIT 31.1

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

I, Jeffrey H. Fisher, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Chatham Lodging Trust;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures, and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of trustees (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

CHATHAM LODGING TRUST

Dated: November 5, 2026

/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, Jeremy B. Wegner, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Chatham Lodging Trust;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures, and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

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: November 5, 2026

/s/ JEREMY B. WEGNER

Jeremy B. Wegner
Senior Vice President and Chief Financial Officer

EXHIBIT 32.1

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

In connection with the Quarterly Report of Chatham Lodging Trust (the "Company") on Form 10-Q for the period ended September 30, 2026 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Jeffrey H. Fisher, Chairman, President and Chief Executive Officer of the Company and I, Jeremy B. Wegner, Senior Vice President and Chief Financial Officer of the Company, certify, to our knowledge, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

CHATHAM LODGING TRUST

Dated: November 5, 2026

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

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