

CHATHAM LODGING TRUST

FORM 10-Q (Quarterly Report)

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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 June 30, 2025

OR

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

For the transition period from _____ to _____

Commission File Number: 001-34693

CHATHAM LODGING TRUST

(Exact Name of Registrant as Specified in Its Charter)

Maryland

27-1200777

(State or Other Jurisdiction of Incorporation or Organization)

(I.R.S. Employer Identification No.)

222 Lakeview Avenue, Suite 200

West Palm Beach

Florida

33401

(Address of Principal Executive Offices)

(Zip Code)

(561) 802-4477

(Registrant's Telephone Number, Including Area Code)

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

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ 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	<input type="checkbox"/>	Accelerated filer	<input checked="" type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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 August 6, 2025

Common Shares of Beneficial Interest, \$0.01 par value per share

48,978,564

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PART I. FINANCIAL INFORMATION
Item 1. Financial Statements.

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

	June 30, 2025	December 31, 2024
	(unaudited)	
Assets:		
Investment in hotel properties, net	\$ 1,137,185	\$ 1,197,518
Cash and cash equivalents	17,168	20,195
Restricted cash	7,041	9,649
Right of use asset, net	17,236	17,547
Hotel receivables (net of allowance for doubtful accounts of \$360 and \$300, respectively)	4,676	2,921
Deferred costs, net	3,283	4,038
Prepaid expenses and other assets	7,740	2,813
Total assets	<u>\$ 1,194,329</u>	<u>\$ 1,254,681</u>
Liabilities and Equity:		
Mortgage debt, net	\$ 141,363	\$ 157,211
Revolving credit facility	70,000	110,000
Unsecured term loan, net	139,856	139,638
Accounts payable and accrued expenses (including \$719 and \$490 due to related parties, respectively)	27,122	29,621
Lease liability	20,349	20,634
Distributions payable	6,670	5,580
Total liabilities	<u>405,360</u>	<u>462,684</u>
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 June 30, 2025 and December 31, 2024, respectively	48	48
Common shares, \$0.01 par value, 500,000,000 shares authorized; 48,997,996 and 48,912,293 shares issued and outstanding at June 30, 2025 and December 31, 2024, respectively	490	489
Additional paid-in capital	1,048,566	1,046,812
Accumulated deficit	(295,014)	(289,130)
Total shareholders' equity	<u>754,090</u>	<u>758,219</u>
Noncontrolling Interests:		
Noncontrolling interest in Operating Partnership	34,879	33,778
Total equity	<u>788,969</u>	<u>791,997</u>
Total liabilities and equity	<u>\$ 1,194,329</u>	<u>\$ 1,254,681</u>

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

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

	For the three months ended June 30,		For the six months ended June 30,	
	2025	2024	2025	2024
Revenue:				
Room	\$ 73,396	\$ 79,044	\$ 135,814	\$ 141,526
Food and beverage	1,864	2,127	3,523	3,973
Other	4,785	5,033	9,066	8,868
Reimbursable costs from related parties	249	275	526	553
Total revenue	80,294	86,479	148,929	154,920
Expenses:				
Hotel operating expenses:				
Room	14,957	16,966	29,786	32,099
Food and beverage	1,386	1,608	2,823	3,091
Telephone	281	328	592	647
Other hotel operating	1,157	1,025	2,183	1,844
General and administrative	7,125	7,231	14,036	14,396
Franchise and marketing fees	6,435	6,936	11,866	12,425
Advertising and promotions	1,655	1,585	3,262	2,927
Utilities	2,811	3,106	5,964	6,115
Repairs and maintenance	3,708	4,103	7,666	8,057
Management fees paid to related parties	2,685	2,850	4,975	5,159
Insurance	820	833	1,647	1,653
Total hotel operating expenses	43,020	46,571	84,800	88,413
Depreciation and amortization	15,395	14,914	30,426	30,169
Property taxes, ground rent and insurance	6,134	5,981	11,877	11,275
General and administrative	3,992	4,633	8,599	9,227
Other charges	—	27	7	77
Reimbursable costs from related parties	249	275	526	553
Total operating expenses	68,790	72,401	136,235	139,714
Operating income before gain (loss) on sale of hotel properties	11,504	14,078	12,694	15,206
Gain (loss) on sale of hotel properties	350	12	7,468	(140)
Operating income	11,854	14,090	20,162	15,066
Interest and other income	59	684	121	1,529
Interest expense, including amortization of deferred fees	(6,414)	(7,723)	(13,266)	(15,030)
Loss on early extinguishment of debt	—	(17)	—	(17)
Income before income tax expense	5,499	7,034	7,017	1,548
Income tax expense	—	—	—	—
Net income	5,499	7,034	7,017	1,548
Net (income) loss attributable to noncontrolling interests	(123)	(186)	(106)	73
Net income attributable to Chatham Lodging Trust	5,376	6,848	6,911	1,621
Preferred dividends	(1,987)	(1,987)	(3,975)	(3,975)
Net income (loss) attributable to common shareholders	\$ 3,389	\$ 4,861	\$ 2,936	\$ (2,354)
Income (loss) per common share - basic:				
Net income (loss) attributable to common shareholders (Note 10)	\$ 0.07	\$ 0.10	\$ 0.06	\$ (0.05)
Income (loss) per common share - diluted:				
Net income (loss) attributable to common shareholders (Note 10)	\$ 0.07	\$ 0.10	\$ 0.06	\$ (0.05)
Weighted average number of common shares outstanding:				
Basic	48,998,696	48,900,609	48,979,914	48,896,301
Diluted	49,565,693	49,013,530	49,985,844	48,896,301
Distributions declared per common share:	\$ 0.09	\$ 0.07	\$ 0.18	\$ 0.14

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 June 30, 2024 and 2025

	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, April 1, 2024	4,800,000	\$ 48	48,907,719	\$ 489	\$ 1,046,779	\$ (282,287)	\$ 765,029	\$ 29,949	\$ 794,978
Issuance of common shares, net of offering costs of \$21	—	—	1,482	—	(7)	—	(7)	—	(7)
Amortization of share-based compensation	—	—	—	—	15	—	15	1,501	1,516
Dividends declared on common shares (\$0.07 per share)	—	—	—	—	—	(3,426)	(3,426)	—	(3,426)
Distributions declared on LTIP units (\$0.07 per unit)	—	—	—	—	—	—	—	(215)	(215)
Dividends accrued on preferred shares	—	—	—	—	—	(1,987)	(1,987)	—	(1,987)
Net income	—	—	—	—	—	6,848	6,848	186	7,034
Balance, June 30, 2024	<u>4,800,000</u>	<u>\$ 48</u>	<u>48,909,201</u>	<u>\$ 489</u>	<u>\$ 1,046,787</u>	<u>\$ (280,852)</u>	<u>\$ 766,472</u>	<u>\$ 31,421</u>	<u>\$ 797,893</u>
Balance, April 1, 2025	4,800,000	48	48,982,638	490	1,048,151	(293,990)	754,699	34,181	788,880
Issuance of common shares, net of offering costs of \$0	—	—	2,442	—	17	—	17	—	17
Conversion of LTIP units to common shares	—	—	33,396	—	533	—	533	(533)	—
Repurchases of common shares	—	—	(20,480)	—	(144)	—	(144)	—	(144)
Amortization of share-based compensation	—	—	—	—	9	—	9	1,429	1,438
Dividends declared on common shares (\$0.09 per share)	—	—	—	—	—	(4,413)	(4,413)	—	(4,413)
Distributions declared on LTIP units (\$0.09 per unit)	—	—	—	—	—	—	—	(321)	(321)
Dividends accrued on preferred shares	—	—	—	—	—	(1,987)	(1,987)	—	(1,987)
Net income	—	—	—	—	—	5,376	5,376	123	5,499
Balance, June 30, 2025	<u>4,800,000</u>	<u>\$ 48</u>	<u>48,997,996</u>	<u>\$ 490</u>	<u>\$ 1,048,566</u>	<u>\$ (295,014)</u>	<u>\$ 754,090</u>	<u>\$ 34,879</u>	<u>\$ 788,969</u>

Six months ended June 30, 2024 and 2025

	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, 2024	4,800,000	\$ 48	48,859,836	\$ 488	\$ 1,047,176	\$ (271,651)	\$ 776,061	\$ 28,315	\$ 804,376
Issuance of common shares pursuant to Equity Incentive Plan	—	—	43,670	1	470	—	471	—	471
Issuance of common shares, net of offering costs of \$264	—	—	2,752	—	(237)	—	(237)	—	(237)
Issuance of restricted time-based shares	—	—	2,943	—	—	—	—	—	—
Amortization of share-based compensation	—	—	—	—	27	—	27	2,951	2,978
Dividends declared on common shares (\$0.14 per share)	—	—	—	—	—	(6,847)	(6,847)	—	(6,847)
Distributions declared on LTIP units (\$0.14 per unit)	—	—	—	—	—	—	—	(430)	(430)
Forfeited distributions declared on LTIP units	—	—	—	—	—	—	—	9	9
Dividends accrued on preferred shares	—	—	—	—	—	(3,975)	(3,975)	—	(3,975)
Reallocation of noncontrolling interest	—	—	—	—	(649)	—	(649)	649	—
Net income	—	—	—	—	—	1,621	1,621	(73)	1,548
Balance, June 30, 2024	<u>4,800,000</u>	<u>\$ 48</u>	<u>48,909,201</u>	<u>\$ 489</u>	<u>\$ 1,046,787</u>	<u>\$ (280,852)</u>	<u>\$ 766,472</u>	<u>\$ 31,421</u>	<u>\$ 797,893</u>
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	—	—	3,724	—	27	—	27	—	27
Conversion of LTIP units to common shares	—	—	33,396	—	533	—	533	(533)	—
Issuance of restricted time-based shares	—	—	8,044	—	—	—	—	—	—
Repurchases of common shares	—	—	(21,012)	—	(148)	—	(148)	—	(148)
Amortization of share-based compensation	—	—	—	—	17	—	17	2,888	2,905
Dividends declared on common shares (\$0.18 per share)	—	—	—	—	—	(8,820)	(8,820)	—	(8,820)
Distributions declared on LTIP units (\$0.18 per unit)	—	—	—	—	—	—	—	(645)	(645)
Forfeited distributions declared on LTIP units	—	—	—	—	—	—	—	48	48
Dividends accrued on preferred shares	—	—	—	—	—	(3,975)	(3,975)	—	(3,975)
Reallocation of noncontrolling interest	—	—	—	—	763	—	763	(763)	—
Net income	—	—	—	—	—	6,911	6,911	106	7,017
Balance, June 30, 2025	<u>4,800,000</u>	<u>\$ 48</u>	<u>48,997,996</u>	<u>\$ 490</u>	<u>\$ 1,048,566</u>	<u>\$ (295,014)</u>	<u>\$ 754,090</u>	<u>\$ 34,879</u>	<u>\$ 788,969</u>

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

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

	For the six months ended June 30,	
	2025	2024
Cash flows from operating activities:		
Net income	\$ 7,017	\$ 1,548
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization of investment in hotel properties	30,326	30,058
Amortization of deferred franchise fees	101	114
Amortization of deferred financing fees included in interest expense	663	645
Loss (gain) on sale of hotel properties	(7,468)	140
Loss on early extinguishment of debt	—	17
Loss on write-off of deferred franchise fee	—	50
Share-based compensation	3,164	3,259
Changes in assets and liabilities:		
Right of use asset	312	292
Hotel receivables	(1,742)	190
Deferred costs	82	(166)
Prepaid expenses and other assets	(5,040)	(4,426)
Accounts payable and accrued expenses	(904)	282
Lease liability	(259)	66
Net cash provided by operating activities	26,252	32,069
Cash flows from investing activities:		
Improvements and additions to hotel properties	(16,437)	(18,744)
Acquisition of hotel properties	—	(43,730)
Proceeds from sale of hotel properties, net	52,956	17,166
Payments of franchise application costs	—	(700)
Net cash provided by (used in) investing activities	36,519	(46,008)
Cash flows from financing activities:		
Borrowings on revolving credit facility	15,000	121,000
Repayments on revolving credit facility	(55,000)	(1,000)
Borrowings on unsecured term loan	—	50,000
Repayments of mortgage debt	(15,957)	(263,961)
Proceeds from the issuance of mortgage debt	—	60,300
Principal payments on finance lease	(26)	(15)
Payment of financing costs	—	(1,026)
Payment of offering costs on common shares	—	(264)
Proceeds from issuance of common shares	27	27
In-substance repurchase of vested common shares	(5)	—
Repurchases of common shares	(144)	—
Distributions-common shares/units	(8,326)	(7,200)
Distributions-preferred shares	(3,975)	(3,975)
Net cash used in financing activities	(68,406)	(46,114)
Net change in cash, cash equivalents and restricted cash	(5,635)	(60,053)
Cash, cash equivalents and restricted cash, beginning of period	29,844	85,749
Cash, cash equivalents and restricted cash, end of period	\$ 24,209	\$ 25,696
Supplemental disclosure of cash flow information:		
Cash paid for interest	\$ 12,419	\$ 14,441
Cash paid for taxes	\$ 859	\$ 685

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

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. On January 16, 2024, the Company issued 43,670 common shares to its independent trustees pursuant to the Company's Equity Incentive Plan as compensation for services performed in 2023.

As of June 30, 2025, the Company had accrued distributions payable of \$6,670. As of June 30, 2024, the Company had accrued distributions payable of \$5,481.

Accrued share-based compensation of \$259 and \$281 is included in accounts payable and accrued expenses as of June 30, 2025 and 2024, respectively.

Accrued capital improvements of \$609 and \$749 are included in accounts payable and accrued expenses as of June 30, 2025 and 2024, 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 June 30, 2025, the Company owned 34 hotels with an aggregate of 5,166 rooms located in 15 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 June 30, 2025, 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, 2024, which are included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2024.

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 2023, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2023-07, Segment Reporting - Improvements to Reportable Segment Disclosures (“ASU 2023-07”). The guidance requires incremental disclosures related to a public entity’s reportable segments. ASU 2023-07 is effective for public entities for fiscal years beginning after December 15, 2023, and interim periods in fiscal years beginning after December 15, 2024, with early adoption permitted. The Company adopted this ASU during the year ended December 31, 2024 (See Note 15).

In December 2023, the FASB issued ASU 2023-09, “Improvements to Income Tax Disclosures (Topic 740),” which requires entities to disclose in their rate reconciliation table additional categories of information about federal, state and foreign income taxes as well as additional information about reconciling items if certain quantitative thresholds are met. This ASU will require all entities to disclose income taxes paid, net of refunds, disaggregated by federal (national), state and foreign taxes for annual periods and to disaggregate the information by jurisdiction based on a quantitative threshold. All entities are required to apply the guidance prospectively, with the option to apply it retrospectively. The Company adopted this ASU on January 1, 2025, and is currently evaluating the potential impact on the annual income tax disclosures.

In November 2024, the FASB issued 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 May 30, 2024, the Company acquired the Home2 Suites Phoenix Downtown ("Home2 Phoenix") hotel property in Phoenix, AZ for \$43.3 million. The Company allocated the purchase price of the hotel property acquired based on the estimated fair values of the assets on the date of acquisition. The hotel property is classified as a finance lease for which the Company has recorded right-of-use ("ROU") assets and a lease liability (see Note 12). The Company's ROU asset balance includes \$0.3 million related to its lease liability and property acquisition costs of \$0.1 million, which are all recorded within Investment in hotel properties, net.

4. Disposition of Hotel Properties

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 \$5.5 million.

On December 16, 2024, the Company sold the Homewood Suites by Hilton Minneapolis-Mall of America ("HWS Bloomington") hotel property in Bloomington, MN for \$13.8 million and recognized a loss on sale of the hotel property of \$0.8 million.

On December 6, 2024, the Company sold the Homewood Suites by Hilton Orlando-Maitland ("HWS Maitland") hotel property in Maitland, FL for \$15.5 million and recognized a gain on sale of the hotel property of \$6.7 million.

On January 9, 2024, the Company sold the Hilton Garden Inn Denver Tech Center ("HGI Denver Tech") hotel property in Denver, CO for \$18.0 million and recognized a loss on sale of the hotel property of \$0.2 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 June 30, 2025 and December 31, 2024 consisted of the following (in thousands):

	June 30, 2025	December 31, 2024
Land and improvements	\$ 270,046	\$ 280,415
Building and improvements	1,185,836	1,232,438
Furniture, fixtures and equipment	87,561	107,947
Finance lease assets	43,798	43,760
Renovations in progress	8,624	17,232
	1,595,865	1,681,792
Less accumulated depreciation and amortization	(458,680)	(484,274)
Investment in hotel properties, net	\$ 1,137,185	\$ 1,197,518

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	Maturity	June 30, 2025 Property	Balance Outstanding on Loan as of	
	Rate	Date	Carrying Value	June 30, 2025	December 31, 2024
Revolving Credit Facility (1)	5.97%	October 28, 2026	\$ —	\$ 70,000	\$ 110,000
Unsecured Term Loan (2)	5.91%	October 28, 2025	—	140,000	140,000
Hampton Inn & Suites Houston Medical Center, TX	4.25%	January 6, 2025	—	—	15,957
Courtyard by Marriott Dallas, TX	7.61%	September 11, 2028	38,904	24,500	24,500
Hyatt Place Pittsburgh, PA (3)	7.29%	June 11, 2029	29,309	23,300	23,300
Residence Inn by Marriott Austin, TX	7.42%	September 6, 2033	34,313	20,850	20,850
TownePlace Suites by Marriott Austin, TX	7.42%	September 6, 2033	29,478	19,075	19,075
Courtyard by Marriott Summerville, SC	7.33%	September 11, 2033	17,873	9,000	9,000
Residence Inn by Marriott Summerville, SC	7.33%	September 11, 2033	16,708	9,500	9,500
SpringHill Suites by Marriott Savannah, GA (4)	6.70%	June 6, 2034	32,396	22,000	22,000
Hampton Inn & Suites Exeter, NH (4)	6.70%	June 11, 2034	12,168	15,000	15,000
Total debt before unamortized debt issue costs			\$ 211,149	\$ 353,225	\$ 409,182
Unamortized term loan and mortgage debt issue costs				(2,006)	(2,332)
Total debt outstanding				\$ 351,219	\$ 406,850

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 and a credit spread adjustment of 0.10%.
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 and a credit spread adjustment of 0.10%.
3. On May 31, 2024, a subsidiary of Chatham entered into an agreement with Wells Fargo Bank to obtain a \$23.3 million loan secured by the Hyatt Place Pittsburgh. The loan has a term of five years, carries a fixed interest rate of 7.29%, and is interest-only for its duration.
4. On June 6, 2024, two subsidiaries of Chatham entered into two agreements with Barclays Capital Real Estate and Wells Fargo Bank to obtain a \$22.0 million loan secured by the SpringHill Suites Savannah and a \$15.0 million loan secured by the Hampton Inn & Suites Exeter. Each loan has a term of ten years, carries a fixed interest rate of 6.70%, and is interest-only for its duration.

On October 28, 2022, the Company entered into a \$215.0 million unsecured revolving credit facility and a \$90.0 million unsecured delayed-draw term loan facility. The unsecured revolving credit facility has an initial maturity of October 28, 2026 and provides two six-month extension options. The unsecured delayed-draw term loan facility has an initial maturity of October 28, 2025 and provides two one-year extension options. On December 19, 2022, the Company executed an amendment to its unsecured revolving credit facility, increasing commitments by \$45.0 million for a total borrowing capacity of \$260.0 million. On May 3, 2024, the Company amended its funded unsecured term loan to increase its size from \$90.0 million to \$140.0 million, its current balance outstanding as of June 30, 2025.

At June 30, 2025 and December 31, 2024, the Company had \$210.0 million and \$250.0 million, respectively, of outstanding borrowings under its revolving credit facility and unsecured term loan. At June 30, 2025, the aggregate maximum remaining borrowing availability under the two facilities was \$180.0 million.

During the six months ended June 30, 2025, the Company repaid the maturing mortgage loan of \$16.0 million on the Hampton Inn Houston hotel property. During the year ended December 31, 2024, the Company repaid the maturing mortgage loans of \$29.3 million on the Residence Inn Garden Grove hotel property, \$34.9 million on the Residence Inn Mountain View hotel property, \$27.6 million on the SpringHill Suites Savannah hotel property, \$59.5 million on the Residence Inn Silicon Valley I hotel property, \$65.0 million on the Residence Inn Silicon Valley II hotel property, \$44.7 million on the Residence Inn San Mateo hotel property, \$18.8 million on the Hilton Garden Inn Marina del Rey hotel property, and \$14.2 million on the Homewood Suites Billerica hotel property. The Company utilized cash, borrowings under its unsecured credit facility and unsecured term loan, and proceeds from its eight new mortgage loans to repay these loans.

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 June 30, 2025 and December 31, 2024 was \$152.4 million and \$164.8 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 June 30, 2025, 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 June 30, 2025 and December 31, 2024 was \$210.0 million and \$250.0 million, respectively.

Future scheduled principal payments of debt obligations as of June 30, 2025, for the current year and each of the next five calendar years and thereafter are as follows (in thousands):

	Amount
2025 (remaining six months)	\$ 140,000
2026	70,000
2027	—
2028	24,590
2029	23,681
Thereafter	94,954
Total debt before unamortized debt issue costs	\$ 353,225
Unamortized term loan and mortgage debt issue costs	(2,006)
Total debt outstanding	\$ 351,219

7. Income Taxes

The Company's TRS is subject to federal and state income taxes. Income tax expense was zero for the three and six months ended June 30, 2025 and 2024.

As of each reporting date, the Company's management considers new evidence, both positive and negative, that could impact management's view with regard to future realization of deferred tax assets. The Company's TRS continues to have cumulative three-year taxable losses. As of June 30, 2025, the TRS continues to recognize a full valuation allowance equal to 100% of the net 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 \$0.18 per share and distributions on LTIP units of \$0.18 per unit for the six months ended June 30, 2025. The Company declared total dividends on common shares of \$0.14 per share and distributions on LTIP units of \$0.14 per unit for the six months ended June 30, 2024. 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	3/31/2025	4/15/2025	\$ 0.09	\$ 0.09
June	6/30/2025	7/15/2025	0.09	0.09
Total 2025			\$ 0.18	\$ 0.18

	Record Date	Payment Date	Common share distribution amount	LTIP unit distribution amount
March	3/28/2024	4/15/2024	\$ 0.07	\$ 0.07
June	6/28/2024	7/15/2024	0.07	0.07
Total 2024			\$ 0.14	\$ 0.14

Preferred Dividends

During the six months ended June 30, 2025 and 2024, the Company declared total dividends of \$0.82812 and \$0.82812, 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	3/31/2025	4/15/2025	\$ 0.41406
June	6/30/2025	7/15/2025	0.41406
Total 2025			\$ 0.82812
	Record Date	Payment Date	Dividend per Preferred Share

March	3/28/2024	4/15/2024	\$	0.41406
June	6/28/2024	7/15/2024		0.41406
Total 2024			\$	<u><u>0.82812</u></u>

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 June 30, 2025, 48,997,996 common shares were outstanding.

In January 2021, the Company established an "at-the-market" equity offering program (the "ATM Program") whereby, from time to time, the Company may publicly offer and sell its common shares having an aggregate offering price of up to \$100.0 million by means of ordinary brokers transactions on the New York Stock Exchange (the "NYSE"), in negotiated transactions or in transactions deemed to be "at-the-market" offerings as defined in Rule 415 under the Securities Act of 1933, as amended. Cantor Fitzgerald & Co., Barclays Capital Inc., BMO Capital Markets Corp., BofA Securities, Inc., BTIG, LLC, Citigroup Global Markets Inc., Regions Securities LLC, Stifel, Nicolaus & Company, Incorporated and Wells Fargo Securities act as sales agents under the ATM Program. The Company did not issue any shares under the ATM Program during the three and six months ended June 30, 2025. As of June 30, 2025, there was approximately \$77.5 million in common shares available for issuance under the ATM Program.

In December 2017, the Company established a \$50.0 million dividend reinvestment and stock 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 the Company's common shares subject to certain limitations detailed in the prospectuses for the DRSPP. During the three months ended June 30, 2025, the Company issued 2,442 common shares under the DRSPP at a weighted-average price per share of \$6.80, which generated \$17 thousand of proceeds. During the six months ended June 30, 2025, the Company issued 3,724 common shares under the DRSPP at a weighted-average price per share of \$7.38, which generated \$27 thousand of proceeds. As of June 30, 2025, there was approximately \$49.9 million in 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 June 30, 2025, the Company repurchased 20,480 common shares at a weighted-average price per share of \$7.02 for an aggregate purchase price, including commissions, of approximately \$0.1 million. As of June 30, 2025, there was approximately \$24.9 million in common shares 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. The Company may not redeem the Series A Preferred Shares before June 30, 2026 except in limited circumstances to preserve the Company's status as a REIT for federal income tax purposes and upon the occurrence of a change of control. On and after June 30, 2026, the Company may, at its option, redeem the Series A Preferred Shares, in whole or from time to time in part, by paying \$25.00 per share, plus any accrued and unpaid distributions to, but not including, the date of redemption. Upon the occurrence of a change of control, as defined in the Company's declaration of trust, the result of which 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 June 30, 2025, 4,800,000 Series A Preferred Shares were issued and outstanding. During the three months ended June 30, 2025, 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. During the three months ended June 30, 2025, the Company issued 33,396 of common shares in exchange for outstanding LTIP units on a one-for-one basis. As of June 30, 2025, there were 2,191,510 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 June 30, 2025 and 2024, the Company excluded zero and zero, respectively, of unvested shares and units as their effect would have been anti-dilutive. For the six months ended June 30, 2025 and 2024, the Company excluded zero and 347,788, 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 June 30,		For the six months ended June 30,	
	2025	2024	2025	2024
Numerator:				
Net income (loss) attributable to common shareholders	\$ 3,389	\$ 4,861	\$ 2,936	\$ (2,354)
Dividends on unvested shares and units	(49)	(32)	(99)	(64)
Net income (loss) attributable to common shareholders excluding amounts attributable to unvested shares and units	\$ 3,340	\$ 4,829	\$ 2,837	\$ (2,418)
Denominator:				
Weighted average number of common shares - basic	48,998,696	48,900,609	48,979,914	48,896,301
Unvested shares and units	566,997	112,921	1,005,930	—
Weighted average number of common shares - diluted	49,565,693	49,013,530	49,985,844	48,896,301
Basic income (loss) per common share:				
Net income (loss) attributable to common shareholders per weighted average basic common share	\$ 0.07	\$ 0.10	\$ 0.06	\$ (0.05)
Diluted income (loss) per common share:				
Net income (loss) attributable to common shareholders per weighted average diluted common share	\$ 0.07	\$ 0.10	\$ 0.06	\$ (0.05)

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 2025 and 2024, the Company issued 61,551 and 43,670 common shares, respectively, to its independent trustees as compensation for services performed in 2024 and 2023, respectively. As of June 30, 2025, there were 2,271,462 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 six months ended June 30, 2025 and the year ended December 31, 2024 is as follows:

	For the six months ended June 30, 2025		For the year ended December 31, 2024	
	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	4,581	\$ 10.91	5,789	\$ 11.78
Granted	8,044	8.08	2,943	10.20
Vested	(1,800)	11.11	(4,151)	11.62
Non-vested at end of the period	10,825	\$ 8.78	4,581	\$ 10.91

As of June 30, 2025 and December 31, 2024, there were \$81 thousand and \$33 thousand, respectively, of unrecognized compensation costs related to restricted share awards. As of June 30, 2025, these costs were expected to be recognized over a weighted-average period of approximately 2.3 years. For the three months ended June 30, 2025 and 2024, the Company recognized approximately \$10 thousand and \$15 thousand, respectively, of expense related to the restricted share awards, and for the six months ended June 30, 2025 and 2024, the Company recognized approximately \$17 thousand and \$27 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 six months ended June 30, 2025 and the year ended December 31, 2024 is as follows:

	For the six months ended June 30, 2025		For the year ended December 31, 2024	
	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	1,139,564	\$ 13.88	999,955	\$ 15.37
Granted	634,293	8.60	512,264	11.18
Vested	(315,563)	14.31	(322,025)	14.03
Forfeited	(80,731)	18.58	(50,630)	15.02
Non-vested at end of the period	1,377,563	\$ 11.08	1,139,564	\$ 13.88

Time-Based LTIP Awards

On March 1, 2025, the Company's Operating Partnership, upon the recommendation of the Compensation Committee, granted 253,722 time-based LTIP unit awards (the "2025 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 2025 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, 2025, the Company's Operating Partnership, upon the recommendation of the Compensation Committee, also granted 380,571 performance-based LTIP unit awards (the "2025 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 \$9.37 per 2025 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 2025 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 2025 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, 2025 and ending on February 29, 2028. The 2025 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, stock price volatility, and economic environment and market conditions.

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

	Grant Date	Number of Units Granted	Estimated Value Per Unit	Volatility	Dividend Yield	Risk Free Interest Rate
2021 Time-Based LTIP Unit Awards	3/1/2021	132,381	\$ 12.52	78%	—%	0.08%
2021 Performance-Based LTIP Unit Awards (1)	3/1/2021	198,564	\$ 15.91	64%	3.4%	0.30%
2022 Time-Based LTIP Unit Awards	3/1/2022	152,004	\$ 12.33	80%	—%	1.01%
2022 Performance-Based LTIP Unit Awards (2)	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	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%

(1) In February 2024, 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, 170,173 LTIP units vested.

(2) 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.

The Company recorded \$1.4 million and \$1.5 million in compensation expense related to the LTIP units for the three months ended June 30, 2025 and 2024, respectively, and \$2.9 million and \$3.0 million in compensation expense related to the LTIP units for the six months ended June 30, 2025 and 2024, respectively. As of June 30, 2025 and December 31, 2024, there was \$9.3 million and \$6.8 million, respectively, of total unrecognized compensation cost related to LTIP units. This cost is expected to be recognized over approximately 2.1 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 an air rights lease and garage lease that each expire on December 1, 2104. The lease agreements with the City of New Rochelle cover the space above the parking garage that is occupied by the hotel as well as 128 parking spaces in a parking garage that is attached to the hotel. The annual base rent for the garage lease is the hotel's proportionate share of the city's adopted budget for the operations, management and maintenance of the garage and established reserves to fund for the cost of capital repairs. Aggregate rent for 2025 is approximately \$31 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 entered into a corporate office lease in September 2015. The lease is for a term of 11 years and includes a 12-month rent abatement period and certain tenant improvement allowances. The Company has a renewal option of up to two successive terms of five years each. On June 1, 2023, the Company executed an amendment to the corporate office lease to vacate and surrender possession of 7,374 rentable square feet in exchange for an early termination payment of \$0.1 million. The partial termination of this lease required the Company to apply ASC 842 and remeasure the right of use asset and lease liability and recognize those adjustments in the consolidated statement of operations. The Company shares the space with a related party and is reimbursed for the pro-rata share of rentable space occupied by the related party.

The Company entered into a new 10-year corporate office lease in May 2024, which was subsequently amended in September 2024, that will commence when the Company takes possession of the space for leasehold improvements, on or before September 1, 2026. 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 six months ended June 30, 2025, the Company made \$0.6 million of fixed lease payments and \$0.4 million of variable lease payments, which are included in property taxes, ground rent and insurance in our consolidated statement of operations. For the six months ended June 30, 2025, the Company made \$0.3 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 June 30, 2025 and December 31, 2024 (in thousands):

	Balance Sheet Classification	ROU Asset as of June 30, 2025	ROU Asset as of December 31, 2024
Finance lease assets, net	Investment in hotel properties, net	\$ 41,818	\$ 42,750
Operating lease assets, net	Right of use asset, net	17,236	17,547
Total ROU asset, net		\$ 59,054	\$ 60,297

	Balance Sheet Classification	Lease Liability as of June 30, 2025	Lease Liability as of December 31, 2024
Finance lease liability	Lease liability	\$ 271	\$ 285
Operating lease liability	Lease liability	20,078	20,349
Total lease liability		\$ 20,349	\$ 20,634

Lease Term and Discount Rate	June 30, 2025
Weighted-average remaining lease term (years)	41.74
Weighted-average discount rate	6.86%

The following table includes information regarding the Company's total minimum lease payments for which it is the lessee, as of June 30, 2025, for each of the next five calendar years and thereafter (in thousands):

Total Future Lease Payments	Amount
2025 (remaining six months)	\$ 975
2026	1,768
2027	1,313
2028	1,338
2029	1,338
Thereafter	61,172
Total lease payments	\$ 67,904
Less: Imputed interest	(47,555)
Present value of lease liabilities	\$ 20,349

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 \$2.7 million and \$2.9 million for the three months ended June 30, 2025 and 2024, respectively, and \$5.0 million and \$5.2 million for the six months ended June 30, 2025 and 2024, 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 \$6.4 million and \$6.9 million for the three months ended June 30, 2025 and 2024, respectively, and \$11.9 million and \$12.4 million for the six months ended June 30, 2025 and 2024, respectively. The initial term of the agreements range from 10 to 30 years with the weighted-average expiration being April 2037.

14. Related Party Transactions

As of June 30, 2025, Jeffrey H. Fisher, the Company's Chairman, President and Chief Executive Officer, owns 100% of IHM. As of June 30, 2025, the Company had hotel management agreements with IHM to manage all 34 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 June 30, 2025 and 2024 were \$2.7 million and \$2.9 million, respectively, and for the six months ended June 30, 2025 and 2024 were \$5.0 million and \$5.2 million, respectively. At June 30, 2025 and December 31, 2024, the amounts due to IHM were \$0.7 million and \$0.5 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 (loss) (in thousands):

	For the three months ended June 30,		For the six months ended June 30,	
	2025	2024	2025	2024
Revenue:				
Room	\$ 73,396	\$ 79,044	\$ 135,814	\$ 141,526
Food and beverage	1,864	2,127	3,523	3,973
Other	4,785	5,033	9,066	8,868
Total hotel property level revenue (1)	80,045	86,204	148,403	154,367
Expenses:				
Room	14,957	16,966	29,786	32,099
Food and beverage	1,386	1,608	2,823	3,091
Telephone	281	328	592	647
Other hotel operating	1,157	1,025	2,183	1,844
General and administrative	7,125	7,231	14,036	14,396
Franchise and marketing fees	6,435	6,936	11,866	12,425
Advertising and promotions	1,655	1,585	3,262	2,927
Utilities	2,811	3,106	5,964	6,115
Repairs and maintenance	3,708	4,103	7,666	8,057
Management fees paid to related parties	2,685	2,850	4,975	5,159
Insurance	820	833	1,647	1,653
Property taxes, ground rent and insurance	6,134	5,981	11,877	11,275
Total hotel property level expenses	49,154	52,552	96,677	99,688
Adjusted Hotel EBITDA	\$ 30,891	\$ 33,652	\$ 51,726	\$ 54,679
Reconciliation of Adjusted Hotel EBITDA to net income (loss)				
Interest expense, including amortization of deferred fees	(6,414)	(7,723)	(13,266)	(15,030)
Depreciation and amortization	(15,395)	(14,914)	(30,426)	(30,169)
Corporate general and administrative	(3,992)	(4,633)	(8,599)	(9,227)
Other charges	-	(27)	(7)	(77)
Loss on early extinguishment of debt	-	(17)	-	(17)
Interest and other income	59	684	121	1,529
Gain (loss) on sale of hotel properties	350	12	7,468	(140)
Net income	\$ 5,499	\$ 7,034	\$ 7,017	\$ 1,548

(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 \$0.2 million and \$0.3 million for the three months ended June 30, 2025 and 2024, respectively, and \$0.5 million and \$0.6 million for the six months ended June 30, 2025 and 2024, respectively.

16. Subsequent Events

In July 2025, the Company repurchased 20,559 common shares at a weighted-average price per share of \$7.15 under its Share Repurchase Program for an aggregate purchase price of approximately \$0.1 million.

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, 2024. 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, 2024 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 June 30, 2025, our leverage ratio was 21.1% 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 June 30, 2025, we have total debt of \$353.2 million at a weighted-average interest rate of approximately 6.46%.

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 decreased 0.5% for the three months ended June 30, 2025, with RevPAR down 0.1% in April 2025, up 0.1% in May 2025 and down 1.2% in June 2025. RevPAR growth slowed starting in March 2025 and we believe there is relatively limited visibility toward industry performance for the remainder of 2025.

Comparison of the three months ended June 30, 2025 to the three months ended June 30, 2024

Results of operations for the three months ended June 30, 2025 include the operating activities of the hotels we owned during the period. We sold one hotel located in Maitland, FL on December 6, 2024, sold one hotel located in Bloomington, MN on December 16, 2024, sold one hotel located in Brentwood, TN on January 30, 2025, sold one hotel located in Houston, TX on March 17, 2025, and sold one hotel located in Houston, TX on April 22, 2025. We acquired one hotel located in Phoenix, AZ on May 30, 2024. The changes in results described below were driven primarily by relatively flat RevPAR performance, the sales of five hotels, the acquisition of one hotel and inflationary cost pressures.

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		% Change
	June 30, 2025	June 30, 2024	
Room	\$ 73,396	\$ 79,044	(7.1)%
Food and beverage	1,864	2,127	(12.4)%
Other	4,785	5,033	(4.9)%
Reimbursable costs from related parties	249	275	(9.5)%
Total revenue	\$ 80,294	\$ 86,479	(7.2)%

Total revenue was \$80.3 million for the three months ended June 30, 2025, down \$(6.2) million compared to total revenue of \$86.5 million for the corresponding 2024 period. The decrease in total revenue primarily was related to the (0.4)% decrease in same property RevPAR, the sales of five hotels, partially offset by the acquisition of one hotel. The five sold hotels contributed \$0.4 million of revenue during the three months ended June 30, 2025, down \$(7.0) million from the \$7.4 million that the sold hotels contributed for the corresponding 2024 period. This was partially offset by the increase in revenue from the newly acquired hotel that contributed \$2.1 million in revenue for the three months ended June 30, 2025, up \$1.6 million from the \$0.5 million that the acquired hotel contributed for the corresponding 2024 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 91.4% and 91.4% of total revenue for the three months ended June 30, 2025 and 2024, respectively.

Food and beverage revenue was \$1.9 million for the three months ended June 30, 2025, down \$(0.2) million compared to \$2.1 million for the corresponding 2024 period.

Other operating revenue is comprised of parking, meeting room, gift shop, in-room movie and other ancillary amenities revenue. Other operating revenue was \$4.8 million and \$5.0 million for the three months ended June 30, 2025 and 2024, respectively.

Reimbursable costs from related parties were \$0.2 million and \$0.3 million for the three months ended June 30, 2025 and 2024, 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 June 30, 2025 that have been in operation for a full year regardless of our ownership during the period presented, which is a non-GAAP financial measure. Results for the hotels for periods prior to our ownership were provided to us by prior owners and have not been adjusted by us.

	For the three months ended June 30,				% Change	
	2025		2024		Same Property (34 hotels)	Actual (35/39 hotels)
	Same Property (34 hotels)	Actual (35 hotels)	Same Property (34 hotels)	Actual (39 hotels)		
Occupancy	81.5%	81.4%	81.8%	82.0%	(0.4)%	(0.7)%
ADR	\$ 190.63	\$ 190.15	\$ 190.68	\$ 182.99	(0.0)%	3.9%
RevPAR	\$ 155.37	\$ 154.86	\$ 155.96	\$ 150.10	(0.4)%	3.2%

For the three months ended June 30, 2025 same property RevPAR decreased (0.4)% due to a decrease in occupancy of 0.4% and flat ADR. Same property RevPAR decreased 4.2% in April 2025, increased 1.6% in May 2025, and increased 1.3% in June 2025. Same property RevPAR was \$146.17 in April 2025, \$155.67 in May 2025 and \$164.25 in June 2025.

Hotel Operating Expenses

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

	For the three months ended		% Change
	June 30, 2025	June 30, 2024	
Hotel operating expenses:			
Room	\$ 14,957	\$ 16,966	(11.8)%
Food and beverage	1,386	1,608	(13.8)%
Telephone	281	328	(14.3)%
Other hotel operating	1,157	1,025	12.9%
General and administrative	7,125	7,231	(1.5)%
Franchise and marketing fees	6,435	6,936	(7.2)%
Advertising and promotions	1,655	1,585	4.4%
Utilities	2,811	3,106	(9.5)%
Repairs and maintenance	3,708	4,103	(9.6)%
Management fees	2,685	2,850	(5.8)%
Insurance	820	833	(1.6)%
Total hotel operating expenses	\$ 43,020	\$ 46,571	(7.6)%

Hotel operating expenses decreased \$(3.6) million, or (7.6)%, to \$43.0 million for the three months ended June 30, 2025 from \$46.6 million for the three months ended June 30, 2024. The five sold hotels contributed \$0.4 million in operating expenses for the three months ended June 30, 2025, down \$(4.3) million from the \$4.7 million that the sold hotels contributed for the corresponding 2024 period. This was partially offset by the increase in operating expenses from the newly acquired hotel that contributed \$1.1 million in operating expenses for the three months ended June 30, 2025, up \$0.8 million from the \$0.3 million that the acquired hotel contributed for the corresponding 2024 period. The remaining change in operating expenses was related to increased staffing levels, wage and benefit costs, and inflation.

Room expenses, which are the most significant component of hotel operating expenses, decreased \$(2.0) million from \$17.0 million for the three months ended June 30, 2024 to \$15.0 million for the three months ended June 30, 2025. The decrease in room expenses was related primarily to the decrease in costs from the sales of five hotels, partially offset by the increase in costs from the acquisition of one hotel and the impact of inflation.

The remaining hotel operating expenses decreased \$(1.5) million, from \$29.6 million for the three months ended June 30, 2024 to \$28.1 million for the three months ended June 30, 2025.

Depreciation and Amortization

Depreciation and amortization expense was \$15.4 million and \$14.9 million for the three months ended June 30, 2025 and 2024, respectively.

Property Taxes, Ground Rent and Insurance

Total property taxes, ground rent and insurance expenses increased \$0.1 million from \$6.0 million for the three months ended June 30, 2024 to \$6.1 million for the three months ended June 30, 2025. The increase was primarily related to increases in property tax assessments partially offset by the sales of five hotels.

General and Administrative

General and administrative expenses principally consist of employee-related costs, including base payroll, bonuses and amortization of restricted stock and awards of long-term incentive plan units ("LTIP units"). These expenses also include corporate operating costs, professional fees and trustees' fees. Total general and administrative expenses (excluding amortization of share-based compensation of \$1.6 million and \$1.7 million for the three months ended June 30, 2025 and 2024, respectively) was \$2.4 million for the three months ended June 30, 2025 versus \$3.0 million for the three months ended June 30, 2024.

Reimbursable Costs from Related Parties

Reimbursable costs from related parties, comprised of shared office expenses and rent, were \$0.2 million and \$0.3 million for the three months ended June 30, 2025 and 2024, respectively. The cost reimbursements were offset by the cost reimbursements from related parties included in revenues.

Interest and Other Income

Interest on cash and cash equivalents and other income decreased \$(0.6) million from \$0.7 million for the three months ended June 30, 2024 to \$0.1 million for the three months ended June 30, 2025. The decrease was due to lower cash balances during the three months ended June 30, 2025.

Interest Expense, Including Amortization of Deferred Fees

Interest expense decreased \$(1.3) million from \$7.7 million for the three months ended June 30, 2024 to \$6.4 million for the three months ended June 30, 2025 and is comprised of the following (dollars in thousands):

	For the three months ended		% Change
	June 30, 2025	June 30, 2024	
Mortgage debt interest	\$ 2,619	\$ 4,946	(47.0)%
Credit facility and term loan interest and unused fees	3,455	2,421	42.7%
Interest on finance lease liability	6	2	200.0%
Amortization of deferred financing costs	334	354	(5.6)%
Total	\$ 6,414	\$ 7,723	(16.9)%

The decrease in interest expense was due to lower debt balances during the three months ended June 30, 2025 than during the three months ended June 30, 2024.

Income Tax Expense

Income tax expense remained unchanged at zero for the three months ended June 30, 2025 and 2024. We are subject to income taxes based on the taxable income of our TRS Lessees at a combined federal and state tax rate of approximately 25%. The Company's TRS continues to have cumulative three-year taxable losses and recognizes a full valuation allowance equal to 100% of the gross deferred tax assets due to the uncertainty of the TRS's ability to utilize these deferred tax assets.

Net Income (Loss)

Net income was \$5.5 million for the three months ended June 30, 2025, compared to net income of \$7.0 million for the three months ended June 30, 2024. The change in net income was primarily due to the factors discussed above.

Comparison of the six months ended June 30, 2025 to the six months ended June 30, 2024

Results of operations for the six months ended June 30, 2025 include the operating activities of the hotels we owned during the period. We sold one hotel located in Denver, CO on January 9, 2024, sold one hotel located in Maitland, FL on December 6, 2024, sold one hotel located in Bloomington, MN on December 16, 2024, sold one hotel located in Brentwood, TN on January 30, 2025, sold one hotel located in Houston, TX on March 17, 2025, and sold one hotel located in Houston, TX on April 22, 2025. We acquired one hotel located in Phoenix, AZ on May 30, 2024. The changes in results described below were driven primarily by the continued recovery of business travel following the COVID-19 pandemic, the sales of six hotels, the acquisition of one hotel and inflationary cost pressures.

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 six months ended		% Change
	June 30, 2025	June 30, 2024	
Room	\$ 135,814	\$ 141,526	(4.0)%
Food and beverage	3,523	3,973	(11.3)%
Other	9,066	8,868	2.2%
Reimbursable costs from related parties	526	553	(4.9)%
Total revenue	\$ 148,929	\$ 154,920	(3.9)%

Total revenue was \$148.9 million for the six months ended June 30, 2025, down \$(6.0) million compared to total revenue of \$154.9 million for the corresponding 2024 period. The decrease in total revenue primarily was related to the decrease in revenue from the sales of six hotels that contributed \$3.7 million in revenue for the six months ended June 30, 2025, down \$(11.0) million from the \$14.7 million that the sold hotels contributed for the corresponding 2024 period. This was partially offset by a 1.7% increase in same property RevPAR and the increase in revenue from the acquisition of one hotel that contributed \$4.9 million of revenue during the six months ended June 30, 2025, up \$4.4 million from the \$0.5 million that the acquired hotel contributed for the corresponding 2024 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 91.2% and 91.4% of total revenue for the six months ended June 30, 2025 and 2024, respectively.

Food and beverage revenue was \$3.5 million for the six months ended June 30, 2025, down \$(0.5) million compared to \$4.0 million for the corresponding 2024 period.

Other operating revenue is comprised of parking, meeting room, gift shop, in-room movie and other ancillary amenities revenue. Other operating revenue was \$9.1 million and \$8.9 million for the six months ended June 30, 2025 and 2024, respectively.

Reimbursable costs from related parties were \$0.5 million and \$0.6 million for the six months ended June 30, 2025 and 2024, respectively. The cost reimbursements were offset by the reimbursed costs from related parties included in operating expenses.

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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 June 30, 2025 that have been in operation for a full year regardless of our ownership during the period presented, which is a non-GAAP financial measure. Results for the hotels for periods prior to our ownership were provided to us by prior owners and have not been adjusted by us.

	For the six months ended June 30,					
	2025		2024		% Change	
	Same Property (34 hotels)	Actual (37 hotels)	Same Property (34 hotels)	Actual (40 hotels)	Same Property (34 hotels)	Actual (37 / 40 hotels)
Occupancy	76.9%	76.7%	75.5%	76.0%	1.9%	0.9%
ADR	\$ 184.45	\$ 182.90	\$ 184.62	\$ 177.32	(0.1)%	3.1%
RevPAR	\$ 141.80	\$ 140.25	\$ 139.37	\$ 134.77	1.7%	4.1%

For the six months ended June 30, 2025 same property RevPAR increased 1.7% due to an increase in occupancy of 1.9% and a decrease in ADR of (0.1)%.

Hotel Operating Expenses

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

	For the six months ended		% Change
	June 30, 2025	June 30, 2024	
Hotel operating expenses:			
Room	\$ 29,786	\$ 32,099	(7.2)%
Food and beverage	2,823	3,091	(8.7)%
Telephone	592	647	(8.5)%
Other hotel operating	2,183	1,844	18.4%
General and administrative	14,036	14,396	(2.5)%
Franchise and marketing fees	11,866	12,425	(4.5)%
Advertising and promotions	3,262	2,927	11.4%
Utilities	5,964	6,115	(2.5)%
Repairs and maintenance	7,666	8,057	(4.9)%
Management fees	4,975	5,159	(3.6)%
Insurance	1,647	1,653	(0.4)%
Total hotel operating expenses	\$ 84,800	\$ 88,413	(4.1)%

Hotel operating expenses decreased \$(3.6) million, or (4.1)%, to \$84.8 million for the six months ended June 30, 2025 from \$88.4 million for the six months ended June 30, 2024. The six sold hotels contributed \$2.4 million in operating expenses for the six months ended June 30, 2025, down \$(6.9) million from the \$9.3 million that the sold hotels contributed for the corresponding 2024 period. This was partially offset by the increase in operating expenses from the acquisition of one hotel that contributed \$2.3 million in operating expenses for the six months ended June 30, 2025, up \$2.0 million from the \$0.3 million that the acquired hotel contributed for the corresponding 2024 period. The remaining change in operating expenses was related to increased staffing levels, wage and benefit costs, inflation.

Room expenses, which are the most significant component of hotel operating expenses, decreased \$(2.3) million from \$32.1 million for the six months ended June 30, 2024 to \$29.8 million for the six months ended June 30, 2025. The decrease in room expenses was related primarily to the decrease in costs from the sales of six hotels, partially offset by the increase in costs from the acquisition of one hotel and an increase in costs related to an increase in same property occupancies at our hotels.

The remaining hotel operating expenses decreased \$(1.3) million, from \$56.3 million for the six months ended June 30, 2024 to \$55.0 million for the six months ended June 30, 2025.

Depreciation and Amortization

Depreciation and amortization expense was \$30.4 million and \$30.2 million for the six months ended June 30, 2025 and 2024, respectively.

Property Taxes, Ground Rent and Insurance

Total property taxes, ground rent and insurance expenses increased \$0.6 million from \$11.3 million for the six months ended June 30, 2024 to \$11.9 million for the six months ended June 30, 2025. The increase was primarily related to increases in property tax assessments partially offset by the sales of six hotels.

General and Administrative

General and administrative expenses principally consist of employee-related costs, including base payroll, bonuses and amortization of restricted stock

and awards of long-term incentive plan units ("LTIP units"). These expenses also include corporate operating costs, professional fees and trustees' fees. Total general and administrative expenses (excluding amortization of share-based compensation of \$3.2 million and \$3.3 million for the six months ended June 30, 2025 and 2024, respectively) was \$5.4 million for the six months ended June 30, 2025 versus \$6.0 million for the six months ended June 30, 2024.

Reimbursable Costs from Related Parties

Reimbursable costs from related parties, comprised of shared office expenses and rent, were \$0.5 million and \$0.6 million for the six months ended June 30, 2025 and 2024, respectively. The cost reimbursements were offset by the cost reimbursements from related parties included in revenues.

Interest and Other Income

Interest on cash and cash equivalents and other income decreased \$(1.4) million from \$1.5 million for the six months ended June 30, 2024 to \$0.1 million for the six months ended June 30, 2025. The decrease was due to lower cash balances during the six months ended June 30, 2025.

Interest Expense, Including Amortization of Deferred Fees

Interest expense decreased \$(1.7) million from \$15.0 million for the six months ended June 30, 2024 to \$13.3 million for the six months ended June 30, 2025 and is comprised of the following (dollars in thousands):

	For the six months ended		% Change
	June 30, 2025	June 30, 2024	
Mortgage debt interest	\$ 5,220	\$ 10,154	(48.6)%
Credit facility and term loan interest and unused fees	7,361	4,209	74.9%
Interest on finance lease liability	13	2	550.0%
Amortization of deferred financing costs	672	665	1.1%
Total	\$ 13,266	\$ 15,030	(11.7)%

The decrease in interest expense was due to lower debt balances during the six months ended June 30, 2025 than during the six months ended June 30, 2024.

Income Tax Expense

Income tax expense remained unchanged at zero for the six months ended June 30, 2025 and 2024. We are subject to income taxes based on the taxable income of our TRS Lessees at a combined federal and state tax rate of approximately 25%. The Company's TRS continues to have cumulative three-year taxable losses and recognizes a full valuation allowance equal to 100% of the gross deferred tax assets due to the uncertainty of the TRS's ability to utilize these deferred tax assets.

Net Income (Loss)

Net income was \$7.0 million for the six months ended June 30, 2025, compared to net income of \$1.5 million for the six months ended June 30, 2024. 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 six months ended June 30, 2025 and 2024 (in thousands, except share data):

	For the three months ended June 30,		For the six months ended June 30,	
	2025	2024	2025	2024
Funds From Operations ("FFO"):				
Net income	\$ 5,499	\$ 7,034	\$ 7,017	\$ 1,548
Preferred dividends	(1,987)	(1,987)	(3,975)	(3,975)
Net income (loss) attributable to common shares and common units	3,512	5,047	3,042	(2,427)
(Gain) loss on sale of hotel properties	(350)	(12)	(7,468)	140
Depreciation of hotel properties owned	14,889	14,712	29,355	29,908
FFO attributable to common share and unit holders	18,051	19,747	24,929	27,621
Amortization of finance lease assets	456	150	970	150
Other charges	—	27	7	77
Loss on early extinguishment of debt	—	17	—	17
Adjusted FFO attributable to common share and unit holders	\$ 18,507	\$ 19,941	\$ 25,906	\$ 27,865
Weighted average number of common shares and units				
Basic	50,724,620	50,809,951	50,718,282	50,699,481
Diluted	51,291,617	50,922,872	51,724,211	51,047,269

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 six months ended June 30, 2025 and 2024 (in thousands):

	For the three months ended June 30,		For the six months ended June 30,	
	2025	2024	2025	2024
Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA"):				
Net income	\$ 5,499	\$ 7,034	\$ 7,017	\$ 1,548
Interest expense, including amortization of deferred fees	6,414	7,723	13,266	15,030
Depreciation and amortization	15,395	14,914	30,426	30,169
EBITDA	27,308	29,671	50,709	46,747
(Gain) loss on sale of hotel properties	(350)	(12)	(7,468)	140
EBITDA _{re}	26,958	29,659	43,241	46,887
Other charges	—	27	7	77
Loss on early extinguishment of debt	—	17	—	17
Share-based compensation	1,557	1,656	3,164	3,260
Adjusted EBITDA	\$ 28,515	\$ 31,359	\$ 46,412	\$ 50,241

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 six months ended June 30, 2025 and 2024 (in thousands):

		For the three months ended June 30,		For the six months ended June 30,	
		2025	2024	2025	2024
Net income		\$ 5,499	\$ 7,034	\$ 7,017	\$ 1,548
Add:	Interest expense, including amortization of deferred fees	6,414	7,723	13,266	15,030
	Depreciation and amortization	15,395	14,914	30,426	30,169
	Corporate general and administrative	3,992	4,633	8,599	9,227
	Other charges	—	27	7	77
	Loss on early extinguishment of debt	—	17	—	17
	Loss on sale of hotel properties	—	—	—	140
Less:	Interest and other income	(59)	(684)	(121)	(1,529)
	Gain on sale of hotel properties	(350)	(12)	(7,468)	—
	Adjusted Hotel EBITDA	<u>\$ 30,891</u>	<u>\$ 33,652</u>	<u>\$ 51,726</u>	<u>\$ 54,679</u>

Although we present FFO, Adjusted FFO, EBITDA, EBITDAre, 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, EBITDAre, 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, EBITDAre, Adjusted EBITDA and Adjusted Hotel EBITDA do not reflect changes in, or cash requirements for, our working capital needs;
- FFO, Adjusted FFO, EBITDA, EBITDAre, Adjusted EBITDA and Adjusted Hotel EBITDA do not reflect funds available to make cash distributions;
- EBITDA, EBITDAre, 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, EBITDAre, Adjusted EBITDA and Adjusted Hotel EBITDA do not reflect any cash requirements for such replacements;
- Non-cash compensation is and will remain a key element of our overall long-term incentive compensation package, although we exclude it as an expense when evaluating our ongoing operating performance for a particular period using Adjusted EBITDA;
- Adjusted FFO, Adjusted EBITDA and Adjusted Hotel EBITDA do not reflect the impact of certain cash charges (including acquisition transaction costs) that result from matters we consider not to be indicative of the underlying performance of our hotel properties; and
- Other companies in our industry may calculate FFO, Adjusted FFO, EBITDA, EBITDAre, Adjusted EBITDA and Adjusted Hotel EBITDA differently than we do, limiting their usefulness as comparative measures.

In addition, FFO, Adjusted FFO, EBITDA, EBITDAre, 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, EBITDAre, Adjusted EBITDA and Adjusted Hotel EBITDA are not measures of our liquidity. Because of these limitations, FFO, Adjusted FFO, EBITDA, EBITDAre, 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, EBITDAre, 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 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 \$24.2 million as of June 30, 2025, a decrease of \$(5.6) million from December 31, 2024, primarily due to net cash provided by operating activities of \$26.3 million, net cash provided by investing activities of \$36.5 million, and net cash used in financing activities of \$(68.4) million.

Cash from Operations

Net cash flows provided by operating activities decreased \$(5.8) million to \$26.3 million during the six months ended June 30, 2025 compared to \$32.1 million during the six months ended June 30, 2024. The decrease in cash from operating activities was primarily due to the sales of six hotels.

Investing Activities Cash Flows

Net cash flows provided by investing activities increased \$82.5 million to \$36.5 million during the six months ended June 30, 2025 compared to \$(46.0) million during the six months ended June 30, 2024. For the six months ended June 30, 2025, net cash flows provided by investing activities of \$36.5 million consisted of \$53.0 million in net proceeds related to the sales of three hotels, partially offset by \$(16.4) million related to capital improvements on our hotels. For the six months ended June 30, 2024, net cash flows used in investing activities of \$(46.0) million consisted of \$18.7 million related to capital improvements on our hotels, \$43.7 million related to the acquisition of one hotel, and \$0.7 million of payments of franchise application costs, partially offset by \$17.2 million in net proceeds related to the sale of one hotel.

We expect to invest approximately \$9.3 million on renovations, discretionary and emergency expenditures on our existing hotels during the remainder of 2025, including improvements required under any brand PIP.

Financing Activities Cash Flows

Net cash flows used in financing activities increased \$22.3 million to \$(68.4) million during the six months ended June 30, 2025 compared to \$(46.1) million during the six months ended June 30, 2024. For the six months ended June 30, 2025, net cash flows used in financing activities of \$(68.4) million were comprised of the repayment of mortgage debt of \$16.0 million, net repayments on our revolving credit facility of \$40.0 million, distributions to common share and LTIP unit holders of \$8.3 million, distributions on preferred shares of \$4.0 million, and repurchases of common shares of \$0.1 million. For the six months ended June 30, 2024, net cash flows used in financing activities of \$(46.1) million were comprised of the repayment of mortgage debt of \$264.0 million, distributions to common share and unit holders of \$7.2 million, distributions on preferred shares of \$4.0 million, payments of financing costs of \$1.0 million, and payments of offering costs on common shares of \$0.3 million, partially offset by net borrowings on our revolving credit facility of \$120.0 million, borrowings on our unsecured term loan of \$50.0 million, and proceeds from the issuance of mortgage debt of \$60.3 million.

We declared total dividends of \$0.18 and \$0.14 per common share and LTIP unit for the six months ended June 30, 2025 and 2024, respectively. We declared total dividends of \$0.82812 and \$0.82812 per Series A preferred share for the six months ended June 30, 2025 and 2024, respectively.

Material Cash Requirements

Our material cash requirements include the following contractual obligations:

- At June 30, 2025, we had total debt principal and interest obligations of \$432.0 million with \$157.3 million of principal and interest payable within the next 12 months from June 30, 2025 (excluding available extension options). Debt principal obligations payable during the next 12 months consists of \$140.0 million related to the initial maturity of the Company's unsecured term loan. The Company has two 1-year extension options for its \$140.0 million unsecured term loan. 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 June 30, 2025 total \$2.0 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 June 30, 2025, our leverage ratio was approximately 21.1% 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 June 30, 2025, we had total debt of \$353.2 million at an average interest rate of approximately 6.46%.

At June 30, 2025 and December 31, 2024, we had \$70.0 million and \$110.0 million, respectively, in outstanding borrowings under our \$260.0 million revolving credit facility. We had \$140.0 million and \$140.0 million in outstanding borrowings under our unsecured term loan at June 30, 2025 and December 31, 2024, 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 minimum fixed charge coverage ratio and minimum net worth financial covenants, limitations on (i) liens, (ii) incurrence of debt, (iii) investments, (iv) distributions, and (v) mergers and asset dispositions, covenants to preserve corporate existence and comply with laws, covenants on the use of proceeds and default provisions, including defaults for non-payment, breach of representations and warranties, insolvency, non-performance of covenants, cross-defaults and guarantor defaults. We were in compliance with all financial covenants at June 30, 2025.

In December 2017, we established a \$50.0 million dividend reinvestment and stock 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 June 30, 2025, the Company issued 2,442 common shares under the DRSPP at a weighted-average price per share of \$6.80, which generated \$17 thousand of proceeds. During the six months ended June 30, 2025, the Company issued 3,724 common shares under the DRSPP at a weighted-average price per share of \$7.38, which generated \$27 thousand of proceeds. As of June 30, 2025, there was approximately \$49.9 million in common shares available for issuance under the DRSPP.

In January 2021, we established an "at-the-market" equity offering program (the "ATM Program") whereby, from time to time, we may publicly offer and sell our common shares having an aggregate maximum offering price up to \$100.0 million by means of ordinary brokers transactions on the New York Stock Exchange (the "NYSE"), in negotiated transactions or in transactions that are deemed to be "at-the-market" offerings as defined in Rule 415 under the Securities Act of 1933, as amended. Cantor Fitzgerald & Co., Barclays Capital Inc., BMO Capital Markets Corp., BofA Securities, Inc., BTIG, LLC, Citigroup Global Markets Inc., Regions Securities LLC, Stifel, Nicolaus & Company, Incorporated and Wells Fargo Securities act as sales agents under the ATM Program. The Company did not issue any shares under the ATM Program during the three and six months ended June 30, 2025. As of June 30, 2025, there was approximately \$77.5 million in common shares available for issuance under the ATM Program.

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 June 30, 2025, the Company repurchased 20,480 common shares at a weighted-average price per share of \$7.02 for an aggregate purchase price, including commissions, of approximately \$0.1 million. As of June 30, 2025, there was approximately \$24.9 million in common shares 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 credit facility. We believe that our existing cash balances and availability under our credit facility will be adequate to fund operating obligations, pay interest on any borrowings and fund dividends in accordance with the requirements for qualification as a REIT under the Code. We expect to meet our long-term liquidity requirements, such as hotel property acquisitions and 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 June 30, 2025.

Dividend Policy

Our dividend policy for common shares has been to distribute, annually, approximately 100% of our annual taxable income. During the six months ended June 30, 2025, the Company declared total dividends on common shares of \$0.18 per share and distributions on LTIP units of \$0.18 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 \$0.82812 per share of 6.625% Series A Cumulative Redeemable Preferred Shares during the six months ended June 30, 2025.

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 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, 2024.

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 June 30, 2025 and December 31, 2024 was \$152.4 million and \$164.8 million, respectively.

At June 30, 2025, our consolidated debt was comprised of floating and fixed interest rate debt. The fair value of our fixed rate debt indicates the estimated principal amount of debt having the same debt service requirements that could have been borrowed at the date presented, at then current market interest rates. The following table provides information about the maturities of our financial instruments as of June 30, 2025 that are sensitive to changes in interest rates (dollars in thousands):

	2025	2026	2027	2028	2029	Thereafter	Total/ Weighted Average	Fair Value
Floating rate:								
Debt	\$ 140,000	\$ 70,000	—	—	—	—	\$ 210,000	\$ 210,000
Average interest rate	5.91%	5.97%	—	—	—	—	5.93%	
Fixed rate:								
Debt	—	—	—	\$ 24,590	\$ 23,681	\$ 94,954	\$ 143,225	\$ 152,407
Average interest rate	—	—	—	7.61%	7.29%	7.12%	7.23%	

As of June 30, 2025, we estimate that a hypothetical 100 basis points increase in SOFR would result in additional interest of approximately \$2.1 million annually. This assumes that the amount of floating rate debt outstanding on our revolving credit facility and unsecured term loan remains \$210.0 million, the total balance as of June 30, 2025.

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, 2024.

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 second quarter of 2025:

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)
April 1, 2025 - April 30, 2025	—	\$ —	—	\$ —
May 1, 2025 - May 31, 2025	—	\$ —	—	\$ —
June 1, 2025 - June 30, 2025	20,480	\$ 7.02	20,480	\$ —
Total	20,480	\$ 7.02	20,480	\$ 24,856

(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 June 30, 2025, \$24.9 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 June 30, 2025, 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)
10.1 †	Chatham Lodging Trust Equity Incentive Plan, Amended and Restated as of May 22, 2022, as amended on May 6, 2025
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.

Dated: August 6, 2025

CHATHAM LODGING TRUST

By: /s/ JEREMY B. WEGNER

Jeremy B. Wegner

Senior Vice President and Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)

**CHATHAM LODGING TRUST
EQUITY INCENTIVE PLAN**

As Amended and Restated Effective May 22, 2022

As Amended on May 6, 2025

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ARTICLE I:
DEFINITIONS

Affiliate

Affiliate means any entity, whether now or hereafter existing, which controls, is controlled by, or is under common control with, the Company (including, but not limited to, joint ventures, limited liability companies and partnerships). For this purpose, the term “control” shall mean ownership of 50% or more of the total combined voting power or value of all classes of shares or interests in the entity, or the power to direct the management and policies of the entity, by contract or otherwise.

Agreement

Agreement means a written agreement (including any amendment or supplement thereto) between the Company and a Participant specifying the terms and conditions of a Share Award, an award of Performance Units, an Option, SAR, Other Equity-Based Award (including an LTIP) or Incentive Award granted to such Participant.

Board

Board means the Board of Trustees of the Company.

Change in Control

“Change in Control” shall mean a change in control of the Company which will be deemed to have occurred after the date hereof if:

(a) any “person” as such term is used in Section 3(a)(9) of the Exchange Act, as modified and used in Sections 13(d) and 14(d) thereof except that such term shall not include (A) the Company or any of its subsidiaries, (B) any trustee or other fiduciary holding securities under an employee benefit plan of the Company or any of its affiliates, (C) an underwriter temporarily holding securities pursuant to an offering of such securities, (D) any corporation owned, directly or indirectly, by the shareholders of the Company in substantially the same proportions as their ownership of the Company’s common shares, or (E) any person or group as used in Rule 13d-1(b) under the Exchange Act, is or becomes the Beneficial Owner, as such term is defined in Rule 13d-3 under the Exchange Act, directly or indirectly, of securities of the Company representing at least 50% of the combined voting power or common shares of the Company;

(b) during any period of two consecutive years, individuals who at the beginning of such period constitute the Board, and any new trustee (other than (A) a trustee designated by a person who has entered into an agreement with the Company to effect a transaction described in clause (a), (c), or (d) of this Section 1.05 or (B) a trustee whose initial assumption of office is in connection with an actual or threatened election contest, including but not limited to a consent solicitation, relating to the election of trustees of the Company) whose election by the Board or nomination for election by the Company’s shareholders was approved by a vote of at least two-thirds (2/3) of the trustees then still in office who either were trustees at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute at least a majority thereof;

(c) there is consummated a merger or consolidation of the Company or any direct or indirect subsidiary of the Company with any other corporation, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or any parent thereof) in combination with the ownership of any trustee or other fiduciary holding securities under an employee benefit plan of the Company or any subsidiary of the Company, more than 50% of the combined voting power and common shares of the Company or such surviving entity or any parent thereof outstanding immediately after such merger or consolidation; or

(d) there is consummated an agreement for the sale or disposition by the Company of all or substantially all of the Company’s assets (or any transaction having a similar effect, including a liquidation) other than a sale or disposition by the Company of all or substantially all of the Company’s assets to an entity, more than fifty percent (50%) of the combined voting power and common shares of which is owned by shareholders of the Company in substantially the same proportions as their ownership of the common shares of the Company immediately prior to such sale.

If a change in control constitutes a payment event with respect to any Option, SAR, Share Award, Performance Unit or Other Equity- Based Award that provides for the deferral of compensation and is subject to Section 409A of the Code, no payment will be made under that award on account of a Change in Control unless the event described in (1), (2), (3) or (4) above, as applicable, constitutes a “change in control event” under Treasury Regulation Section 1.409A-3(i)(5).

Code

Code means the Internal Revenue Code of 1986, and any amendments thereto.

Committee

Committee means the Compensation Committee of the Board. Unless otherwise determined by the Board, the Committee shall consist solely of two or more non-employee members of the Board, each of whom is intended to qualify as a “non-employee director” as defined by Rule 16b-3 of the Exchange Act or any successor rule, an “outside director” for purposes of Section 162(m) of the Code (if awards under the Plan are subject to the deduction limitation of Section 162(m) of the Code) and an “independent director” under the rules of any exchange or automated quotation system on which the Common Shares are listed, traded or quoted; provided, that any action taken by the Committee shall be valid and effective, whether or not the members of the Committee at the time of such action are later determined not to have satisfied the foregoing requirements or otherwise provided in any charter of the Committee. If there is no Compensation Committee, then “Committee” means the Board; and provided, further that with respect to awards made to a member of the Board who is not an employee of the Company or an Affiliate, “Committee” means the Board.

Common Share

Common Share means common shares of beneficial interest, par value \$0.01 per share, of the Company.

Company

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

Control Change Date

Control Change Date means the date on which a Change in Control occurs. If a Change in Control occurs on account of a series of transactions, the “Control Change Date” is the date of the last of such transactions.

Corresponding SAR

Corresponding SAR means an SAR that is granted in relation to a particular Option and that can be exercised only upon the surrender to the Company, unexercised, of that portion of the Option to which the SAR relates.

Dividend Equivalent Right

Dividend Equivalent Right means the right, subject to the terms and conditions prescribed by the Committee, of a Participant to receive (or have credited) cash, shares or other property in amounts equivalent to the cash, shares or other property dividends declared on Common Shares with respect to specified Performance Units or Common Shares subject to an Other Equity-Based Award, as determined by the Committee, in its sole discretion. The Committee may provide that such Dividend Equivalents (if any) shall be distributed only when, and to the extent that, the underlying award is vested or earned and also may provide that Dividend Equivalents (if any) shall be deemed to have been reinvested in additional Common Shares or otherwise reinvested and the Committee shall provide that Dividend Equivalent Rights payable with respect to an award that does not vest or become earned solely on account of continued employment or service shall be distributed only when, and to the extent that, the underlying award is vested or earned.

Exchange Act

Exchange Act means the Securities Exchange Act of 1934, as amended.

Fair Market Value

Fair Market Value means, on any given date, the reported “closing” price of a Common Share on the New York Stock Exchange for such date or, if there is no closing price for a Common Share on the date in question, the closing price for a Common Share on the last preceding date for which a quotation exists. If, on any given date, the Common Shares are not listed for trading on the New York Stock Exchange, then Fair Market Value shall be the “closing” price of a Common Share on such other exchange on which the Common Shares are listed for trading for such date (or, if there is no closing price for a Common Share on the date in question, the closing price for a Common Share on the last preceding date for which such quotation exists) or, if the Common Shares are not listed on any exchange, the amount determined by the Committee using any reasonable method in good faith and in accordance with the regulations under Section 409A of the Code.

Incentive Award

Incentive Award means an award under Article XI which, subject to the terms and conditions prescribed by the Committee, entitles the Participant to receive a payment from the Company or an Affiliate.

Initial Value

Initial Value means, with respect to a Corresponding SAR, the option price per share of the related Option and, with respect to an SAR granted independently of an Option, the price per Common Share as determined by the Committee on the date of grant; provided, however, that the price shall not be less than the Fair Market Value on the date of grant.

LTIP Unit

LTIP Unit means an “LTIP Unit” as defined in the Operating Partnership’s partnership agreement. An LTIP Unit granted under this Plan represents the right to receive the benefits, payments or other rights in respect of an LTIP Unit set forth in that partnership agreement, subject to the terms and conditions of the applicable Agreement and that partnership agreement.

Operating Partnership

Operating Partnership means Chatham Lodging, L. P.

Option

Option means a share option that entitles the holder to purchase from the Company a stated number of Common Shares at the price set forth in an Agreement.

Other Equity-Based Award

Other Equity-Based Award means any award other than an Option, SAR, a Performance Unit award or a Share Award which, subject to such terms and conditions as may be prescribed by the Committee, entitles a Participant to receive Common Shares or rights or units valued in whole or in part by reference to, or otherwise based on, Common Shares (including securities convertible into Common Shares) or other equity interests including LTIP Units.

Participant

Participant means an employee or officer of the Company or an Affiliate, a member of the Board, or an individual who provides bona fide services to the Company or an Affiliate (including an individual who provides services to the Company or an Affiliate by virtue of employment with, or providing services to, the Operating Partnership), and who satisfies the requirements of Article IV and is selected by the Committee to receive an award of Performance Units or a Share Award, Option, SAR, Other Equity-Based Award, Incentive Award or a combination thereof.

Performance Goal

Performance Goal means a performance objective that is stated with respect to one or more of the following, alone or in combination: (i) funds from operations (“FFO”) or FFO per Common Share; (ii) adjusted FFO or adjusted FFO per Common Share; (iii) earnings before or after taxes (including earnings before interest, taxes, depreciation and amortization (“EBITDA”)); (iv) adjusted EBITDA; (v) hotel-level EBITDA; (vi) hotel revenues; (vii) net income; (viii) operating income; (ix) total earnings or earnings per Common Share; (x) earnings growth; (xi) book value or book value per Common Share; (xii) return on capital; (xiii) return on shareholders’ equity; (xiv) expense management; (xv) Fair Market Value; (xvi) dividends per Common Share; (xvii) revenues; (xviii) cash flow; (xix) return on assets or net assets and (xx) total shareholder return.

A Performance Goal may be expressed on an absolute basis or relative to the performance of one or more similarly situated companies or a published index. When establishing Performance Goals, the Committee may exclude any or all special, unusual or extraordinary items as determined under U.S. generally accepted accounting principles, including, without limitation, the charges or costs associated with restructurings of the Company, discontinued operations, other unusual or non-recurring items and the cumulative effects of accounting changes. To the extent permitted under Section 162(m) of the Code (for any award that is intended to constitute “performance based compensation” under Section 162(m) of the Code), the Committee may also adjust the Performance Goals as it deems equitable in recognition of unusual or non-recurring events affecting the Company, changes in applicable tax laws or accounting principles or such other factors as the Committee may determine.

Performance Units

Performance Units means an award, in the amount determined by the Committee, stated with reference to a specified number of Common Shares or other securities or property, that in accordance with the terms of an Agreement entitles the holder to receive a payment for each specified unit equal to the value of the Performance Unit on the date of payment.

Plan

Plan means this Chatham Lodging Trust Equity Incentive Plan, as amended and restated herein effective May 22, 2022.

REIT

REIT means a real estate investment trust within the meaning of Sections 856 through 860 of the Code.

SAR

SAR means a share appreciation right that in accordance with the terms of an Agreement entitles the holder to receive, with respect to each Common Share encompassed by the exercise of the SAR, the excess, if any, of the Fair Market Value at the time of exercise over the Initial Value. References to “SARs” include both Corresponding SARs and SARs granted independently of Options, unless the context requires otherwise.

Share Award

Share Award means Common Shares awarded to a Participant under Article VIII.

Ten Percent Shareholder

Ten Percent Shareholder means any individual owning more than ten percent (10%) of the total combined voting power of all classes of shares of the Company or of a “parent corporation” or “subsidiary corporation” (as such terms are defined in Section 424 of the Code) of the Company. An individual shall be considered to own any voting shares owned (directly or indirectly) by or for his or her brothers, sisters, spouse, ancestors or lineal descendants and shall be considered to own proportionately any voting shares owned (directly or indirectly) by or for a corporation, partnership, estate or trust of which such individual is a shareholder, partner or beneficiary.

ARTICLE II:

PURPOSES

The Plan is intended to assist the Company and its Affiliates in recruiting and retaining individuals and other service providers with ability and initiative by enabling such persons or entities to participate in the future success of the Company and its Affiliates and to associate their interests with those of the Company and its shareholders. The Plan is intended to permit the grant of both Options qualifying under Section 422 of the Code ("incentive stock options") and Options not so qualifying, and the grant of SARs, Share Awards, Performance Units, and Other Equity-Based Awards in accordance with the Plan and any procedures that may be established by the Committee. No Option that is intended to be an incentive stock option shall be invalid for failure to qualify as an incentive stock option. The proceeds received by the Company from the sale of Common Shares pursuant to this Plan shall be used for general corporate purposes.

ARTICLE III:

ADMINISTRATION

The Plan shall be administered by the Committee. The Committee shall have authority to grant SARs, Share Awards, Performance Units, Options, Incentive Awards and Other Equity-Based Awards upon such terms (not inconsistent with the provisions of this Plan), as the Committee may consider appropriate. Such terms may include conditions (in addition to those contained in this Plan), on the exercisability of all or any part of an Option or SAR or on the transferability or forfeitability of a Share Award, an award of Performance Units, an Incentive Award or an Other Equity-Based Award. Notwithstanding any such conditions, the Committee may, in its discretion, accelerate the time at which any Option or SAR may be exercised, or the time at which a Share Award or Other Equity-Based Award may become transferable or nonforfeitable or the time at which an Other Equity-Based Award, an Incentive Award or an award of Performance Units may be settled. In addition, the Committee shall have complete authority to interpret all provisions of this Plan; to prescribe the form of Agreements; to adopt, amend, and rescind rules and regulations pertaining to the administration of the Plan (including rules and regulations that require or allow Participants to defer the payment of benefits under the Plan); and to make all other determinations necessary or advisable for the administration of this Plan. The Committee's determinations under the Plan (including without limitation, determinations of the individuals to receive awards under the Plan, the form, amount and timing of such awards, the terms and provisions of such awards and the Agreements) need not be uniform and may be made by the Committee selectively among individuals who receive, or are eligible to receive, awards under the Plan, whether or not such persons are similarly situated. The express grant in the Plan of any specific power to the Committee shall not be construed as limiting any power or authority of the Committee. Any decision made, or action taken, by the Committee in connection with the administration of this Plan shall be final and conclusive. The members of the Committee shall not be liable for any act done in good faith with respect to this Plan or any Agreement, Option, SAR, Share Award, Other Equity-Based Award, Incentive Award or award of Performance Units. All expenses of administering this Plan shall be borne by the Company.

ARTICLE IV:

ELIGIBILITY

Any employee of the Company or an Affiliate (including a trade or business that becomes an Affiliate after the adoption of this Plan) and any member of the Board is eligible to participate in this Plan. In addition, any other individual who provides significant services to the Company or an Affiliate (including an individual who provides services to the Company or an Affiliate by virtue of employment with, or providing services to, the Operating Partnership) is eligible to participate in this Plan if the Committee, in its sole discretion, determines that the participation of such individual is in the best interest of the Company.

ARTICLE V:

COMMON SHARES SUBJECT TO PLAN

Common Shares Issued

Upon the award of Common Shares pursuant to a Share Award, an Other Equity-Based Award or in settlement of an Incentive Award or an award of Performance Units, the Company may deliver to the Participant Common Shares from its treasury shares or authorized but unissued Common Shares. Upon the exercise of any Option, SAR or Other Equity-Based Award denominated in Common Shares, the Company may deliver to the Participant (or the Participant's broker if the Participant so directs), Common Shares from its treasury shares or authorized but unissued Common Shares.

Aggregate Limit

(a) The maximum aggregate number of Common Shares that may be issued under this Plan pursuant to Options, SARs, Share Awards, Other Equity-Based Awards, Performance Units and Incentive Awards granted on or after May 17, 2013 is 6,750,000 shares. Other Equity-Based Awards granted on or after May 17, 2013, that are LTIP Units shall reduce the maximum aggregate number of Common Shares that may be issued under this Plan on a one-for-one basis, *i.e.*, each such unit shall be treated as an award of Common Shares. For the avoidance of doubt, Common Shares issued pursuant to awards granted before May 17, 2013, shall not reduce the number of Common Shares that may be issued under this Section 5.02 (but shall instead be issued pursuant to the share authorization of the Plan prior to this amendment and restatement of the Plan).

(b) The maximum number of Common Shares that may be issued under this Plan in accordance with Section 5.02(a) shall be subject to adjustment as provided in Article XII.

(c) The maximum number of Common Shares that may be issued upon the exercise of Options that are incentive stock options or Corresponding SARs that are related to incentive stock options and that are granted on or after May 17, 2013, shall be determined in accordance with Sections 5.02(a) and 5.02(b).

Reallocation of Shares

If, on or after May 17, 2013, any award (including LTIP Units) granted under the Plan (including awards granted under the Plan prior to this amendment and restatement) expires, is forfeited or is terminated without having been exercised or is paid in cash without delivery of Common Shares, then any Common Shares covered by such lapsed, cancelled, expired, unexercised or cash-settled portion of such award or grant and any forfeited, lapsed, cancelled or expired LTIP Units shall be available for the grant of other Options, SARs, Share Awards, Other Equity-Based Awards and settlement of Incentive Awards and Performance Units under this Plan. Any Common Shares tendered or withheld to satisfy the grant or exercise price or tax withholding obligation pursuant to any award shall reduce the number of Common Shares available under the Plan and shall not be available for future grants or awards. If Common Shares are issued in settlement of an SAR granted on or after May 17, 2013, the number of Common Shares available under the Plan shall be reduced by the number of Common Shares for which the SAR was exercised rather than the number of Common Shares issued in settlement of the SAR. To the extent permitted by applicable law or the rules of any exchange on which the Common Shares are listed for trading, Common Shares issued in assumption of, or in substitution for, any outstanding awards of any entity acquired in any form of combination by the Company or any Affiliate shall not reduce the number of Common Shares available for issuance under the Plan.

Individual Grant Limits

(a) Except as provided in Section 5.04(b), in any calendar year a Participant may not be granted Options with respect to more than 200,000 Common Shares, SARs with respect to more than 400,000 Common Shares, Share Awards with respect to more than 400,000 Common Shares, Performance Units with respect to more than 600,000 Common Shares or Other Equity-Based Awards with respect to more than 400,000 Common Shares. For purposes of the preceding sentence, an Option and a Corresponding SAR that relates to that Option will be treated as a single grant.

(b) Section 5.04(a) to the contrary notwithstanding, a Participant who is a member of the Board and who is not an employee of the Company or an Affiliate on the date of grant may not be granted awards under the Plan in any calendar year with respect to more than 100,000 Common Shares. For purposes of the preceding sentence, an Option and a Corresponding SAR that relates to that Option will be treated as a single grant.

(c) The individual grant limitations prescribed by this Section 5.04 shall be subject to adjustment as provided in Article XII.

ARTICLE VI:

OPTIONS

Award

In accordance with the provisions of Article IV, the Committee will designate each individual to whom an Option is to be granted and will specify the number of Common Shares covered by such awards.

Option Price

The price per Common Share purchased on the exercise of an Option shall be determined by the Committee on the date of grant, but shall not be less than the Fair Market Value on the date the Option is granted. Notwithstanding the preceding sentence, the price per Common Share purchased on the exercise of any Option that is an incentive stock option granted to an individual who is a Ten Percent Shareholder on the date such option is granted, shall not be less than one hundred ten percent (110%) of the Fair Market Value on the date the Option is granted. Except as provided in Article XI, the price per share of an outstanding Option may not be reduced (by amendment, cancellation and new grant or otherwise) without the approval of shareholders. In addition, no payment shall be made in cancellation of an Option without the approval of shareholders if, on the date of cancellation, the option price per share exceeds Fair Market Value.

Maximum Option Period

The maximum period in which an Option may be exercised shall be determined by the Committee on the date of grant except that no Option shall be exercisable after the expiration of ten years from the date such Option was granted. In the case of an incentive stock option granted to a Participant who is a Ten Percent Shareholder on the date of grant, such Option shall not be exercisable after the expiration of five years from the date of grant. The terms of any Option may provide that it is exercisable for a period less than such maximum period.

Nontransferability

Except as provided in Section 6.05, each Option granted under this Plan shall be nontransferable except by will or by the laws of descent and distribution. In the event of any transfer of an Option (by the Participant or his transferee), the Option and any Corresponding SAR that relates to such Option must be transferred to the same person or persons or entity or entities. Except as provided in Section 6.05, during the lifetime of the Participant to whom the Option is granted, the Option may be exercised only by the Participant. No right or interest of a Participant in any Option shall be liable for, or subject to, any lien, obligation, or liability of such Participant.

Transferable Options

Section 6.04 to the contrary notwithstanding, if the Agreement provides, an Option that is not an incentive stock option may be transferred by a Participant to the Participant's children, grandchildren, spouse, one or more trusts for the benefit of such family members or a partnership in which such family members are the only partners, on such terms and conditions as may be permitted under Rule 16b-3 under the Exchange Act as in effect from time to time. The holder of an Option transferred pursuant to this Section shall be bound by the same terms and conditions that governed the Option during the period that it was held by the Participant; provided, however, that such transferee may not transfer the Option except by will or the laws of descent and distribution. In the event of any transfer of an Option (by the Participant or his transferee), the Option and any Corresponding SAR that relates to such Option must be transferred to the same person or persons or entity or entities. Notwithstanding the foregoing, an Option may not be transferred for consideration absent shareholder approval.

Employee Status

For purposes of determining the applicability of Section 422 of the Code (relating to incentive stock options), or in the event that the terms of any Option provide that it may be exercised only during employment or continued service or within a specified period of time after termination of employment or continued service, the Committee may decide to what extent leaves of absence for governmental or military service, illness, temporary disability, or other reasons shall not be deemed interruptions of continuous employment or service.

Exercise

Subject to the provisions of this Plan and the applicable Agreement, an Option may be exercised in whole at any time or in part from time to time at such times and in compliance with such requirements as the Committee shall determine; provided, however, that incentive stock options (granted under the Plan and all plans of the Company and its Affiliates) may not be first exercisable in a calendar year for Common Shares having a Fair Market Value (determined as of the date an Option is granted) exceeding \$100,000. An Option granted under this Plan may be exercised with respect to any number of whole shares less than the full number for which the Option could be exercised. A partial exercise of an Option shall not affect the right to exercise the Option from time to time in accordance with this Plan and the applicable Agreement with respect to the remaining shares subject to the Option. The exercise of an Option shall result in the termination of any Corresponding SAR to the extent of the number of shares with respect to which the Option is exercised.

Payment

Subject to rules established by the Committee and unless otherwise provided in an Agreement, payment of all or part of the Option price may be made in cash, certified check, by tendering Common Shares, by attestation of ownership of Common Shares, by a broker-assisted cashless exercise or in such other form or manner acceptable to the Committee. If Common Shares are used to pay all or part of the Option price, the sum of the cash and cash equivalent and the Fair Market Value (determined as of the date of exercise) of the shares surrendered or other consideration paid must not be less than the Option price of the shares for which the Option is being exercised.

Shareholder Rights

No Participant shall have any rights as a shareholder with respect to Common Shares subject to an Option until the date of exercise of such Option.

Disposition of Shares

A Participant shall notify the Company of any sale or other disposition of Common Shares acquired pursuant to an Option that was an incentive stock option if such sale or disposition occurs (i) within two years of the grant of an Option or (ii) within one year of the issuance of the Common Shares to the Participant. Such notice shall be in writing and directed to the Secretary of the Company.

ARTICLE VII:**SARS****Award**

In accordance with the provisions of Article IV, the Committee will designate each individual to whom SARs are to be granted and will specify the number of Common Shares covered by such awards. No Participant may be granted Corresponding SARs (under the Plan and all plans of the Company and its Affiliates) that are related to incentive stock options which are first exercisable in any calendar year for Common Shares having an aggregate Fair Market Value (determined as of the date the related Option is granted) that exceeds \$100,000.

Maximum SAR Period

The term of each SAR shall be determined by the Committee on the date of grant, except that no SAR shall have a term of more than ten years from the date of grant. In the case of a Corresponding SAR that is related to an incentive stock option granted to a Participant who is a Ten Percent Shareholder on the date of grant, such Corresponding SAR shall not be exercisable after the expiration of five years from the date of grant. The terms of any SAR may provide that it has a term that is less than such maximum period.

Nontransferability

Except as provided in Section 7.04, each SAR granted under this Plan shall be nontransferable except by will or by the laws of descent and distribution. In the event of any such transfer, a Corresponding SAR and the related Option must be transferred to the same person or persons or entity or entities. Except as provided in Section 7.04, during the lifetime of the Participant to whom the SAR is granted, the SAR may be exercised only by the Participant. No right or interest of a Participant in any SAR shall be liable for, or subject to, any lien, obligation, or liability of such Participant.

Transferable SARs

Section 7.03 to the contrary notwithstanding, if the Agreement provides, an SAR, other than a Corresponding SAR that is related to an incentive stock option, may be transferred by a Participant to the Participant's children, grandchildren, spouse, one or more trusts for the benefit of such family members or a partnership in which such family members are the only partners, on such terms and conditions as may be permitted under Rule 16b-3 under the Exchange Act as in effect from time to time. The holder of an SAR transferred pursuant to this Section shall be bound by the same terms and conditions that governed the SAR during the period that it was held by the Participant; provided, however, that such transferee may not transfer the SAR except by will or the laws of descent and distribution. In the event of any transfer of a Corresponding SAR (by the Participant or his transferee), the Corresponding SAR and the related Option must be transferred to the same person or person or entity or entities. Notwithstanding the foregoing, in no event may an SAR be transferred for consideration absent shareholder approval.

Exercise

Subject to the provisions of this Plan and the applicable Agreement, an SAR may be exercised in whole at any time or in part from time to time at such times and in compliance with such requirements as the Committee shall determine; provided, however, that a Corresponding SAR that is related to an incentive stock option may be exercised only to the extent that the related Option is exercisable and only when the Fair Market Value exceeds the option price of the related Option. An SAR granted under this Plan may be exercised with respect to any number of whole shares less than the full number for which the SAR could be exercised. A partial exercise of an SAR shall not affect the right to exercise the SAR from time to time in accordance with this Plan and the applicable Agreement with respect to the remaining shares subject to the SAR. The exercise of a Corresponding SAR shall result in the termination of the related Option to the extent of the number of shares with respect to which the SAR is exercised.

Employee Status

If the terms of any SAR provide that it may be exercised only during employment or continued service or within a specified period of time after termination of employment or continued service, the Committee may decide to what extent leaves of absence for governmental or military service, illness, temporary disability or other reasons shall not be deemed interruptions of continuous employment or service.

Settlement

At the Committee's discretion, the amount payable as a result of the exercise of an SAR may be settled in cash, Common Shares, or a combination of cash and Common Shares. No fractional share will be deliverable upon the exercise of an SAR but a cash payment will be made in lieu thereof.

Shareholder Rights

No Participant shall, as a result of receiving an SAR, have any rights as a shareholder of the Company or any Affiliate until the date that the SAR is exercised and then only to the extent that the SAR is settled by the issuance of Common Shares. Notwithstanding the foregoing, the Committee may provide in an Agreement that the holder of an SAR is entitled to Dividend Equivalents during the period beginning on the date of the award and ending on the date the SAR is exercised.

No Reduction of Initial Value

Except as provided in Article XII, the Initial Value of an outstanding SAR may not be reduced (by amendment, cancellation and new grant or otherwise) without the approval of shareholders. In addition, no payment shall be made in cancellation of a SAR without the approval of shareholders if, on the date of cancellation, the Initial Value exceeds Fair Market Value.

ARTICLE VIII:**SHARE AWARDS****Award**

In accordance with the provisions of Article IV, the Committee will designate each individual to whom a Share Award is to be made and will specify the number of Common Shares covered by such awards.

Vesting

The Committee, on the date of the award, may prescribe that a Participant's rights in a Share Award shall be forfeitable or otherwise restricted for a period of time or subject to such conditions as may be set forth in the Agreement. By way of example and not of limitation, the Committee may prescribe that a Participant's rights in a Share Award shall be forfeitable or otherwise restricted subject to the attainment of objectives stated with reference to the Company's, an Affiliate's or a business unit's attainment of objectives stated with respect to performance criteria established by the Committee, including the attainment of objectives stated with respect to one or more Performance Goals.

Employee Status

In the event that the terms of any Share Award provide that shares may become transferable and nonforfeitable thereunder only after completion of a specified period of employment or continuous service, the Committee may decide in each case to what extent leaves of absence for governmental or military service, illness, temporary disability, or other reasons shall not be deemed interruptions of continuous employment or service.

Shareholder Rights

Unless otherwise specified in accordance with the applicable Agreement, while the Common Shares granted pursuant to the Share Award may be forfeited or are nontransferable, a Participant will have all rights of a stockholder with respect to a Share Award, including the right to receive dividends and vote the shares; provided, however, that dividends payable on Common Shares subject to a Share Award that does not become nonforfeitable and transferable solely on account of continued employment or service shall be distributed only when, and to the extent that, the underlying Share Award is nonforfeitable and transferable and the Committee may provide that such dividends shall be deemed to have been reinvested in additional Common Shares. During the period that the Common Shares subject to a Share Award may be forfeited or are nontransferable (i) a Participant may not sell, transfer, pledge, exchange, hypothecate, or otherwise dispose of shares granted pursuant to a Share Award, (ii) the Company shall retain custody of the certificates evidencing shares granted pursuant to a Share Award, and (iii) the Participant will deliver to the Company a stock power, endorsed in blank, with respect to each Share Award. The limitations set forth in the preceding sentence shall not apply after the shares granted under the Share Award are transferable and are no longer forfeitable.

ARTICLE IX:**PERFORMANCE UNIT AWARDS****Award**

In accordance with the provisions of Article IV, the Committee will designate each individual to whom an award of Performance Units is to be made and will specify the number of Common Shares or other securities or property covered by such awards. The Committee also will specify whether Dividend Equivalent Rights are granted in conjunction with the Performance Units.

Earning the Award

The Committee, on the date of the grant of an award, shall prescribe that the Performance Units will be earned, and the Participant will be entitled to receive payment pursuant to the award of Performance Units, only upon the satisfaction of performance objectives and such other criteria as may be prescribed by the Committee, including the attainment of objectives stated with respect to one or more Performance Goals.

Payment

In the discretion of the Committee, the amount payable when an award of Performance Units is earned may be settled in cash, by the issuance of Common Shares, by the delivery of other securities or property or a combination thereof. A fractional Common Share shall not be deliverable when an award of Performance Units is earned, but a cash payment will be made in lieu thereof. The amount payable when an award of Performance Units is earned shall be paid in a lump sum.

Shareholder Rights

A Participant, as a result of receiving an award of Performance Units, shall not have any rights as a shareholder until, and then only to the extent that, the award of Performance Units is earned and settled in Common Shares. After an award of Performance Units is earned and settled in Common Shares, a Participant will have all the rights of a shareholder as described in Section 8.05.

Nontransferability

Except as provided in Section 9.06, Performance Units granted under this Plan shall be nontransferable except by will or by the laws of descent and distribution. No right or interest of a Participant in any Performance Units shall be liable for, or subject to, any lien, obligation, or liability of such Participant.

Transferable Performance Units

Section 9.05 to the contrary notwithstanding, if the Agreement provides, an award of Performance Units may be transferred by a Participant to the Participant's children, grandchildren, spouse, one or more trusts for the benefit of such family members or a partnership in which such family members are the only partners, on such terms and conditions as may be permitted under Rule 16b-3 under the Exchange Act as in effect from time to time. The holder of Performance Units transferred pursuant to this Section shall be bound by the same terms and conditions that governed the Performance Units during the period that they were held by the Participant; provided, however that such transferee may not transfer Performance Units except by will or the laws of descent and distribution. Notwithstanding the foregoing, in no event may a Performance Unit be transferred for consideration absent shareholder approval.

Employee Status

In the event that the terms of any Performance Unit award provide that no payment will be made unless the Participant completes a stated period of employment or continued service, the Committee may decide to what extent leaves of absence for government or military service, illness, temporary disability, or other reasons shall not be deemed interruptions of continuous employment or service.

ARTICLE X:**OTHER EQUITY-BASED AWARDS****Award**

In accordance with the provisions of Article IV, the Committee will designate each individual to whom an Other Equity-Based Award is to be made and will specify the number of Common Shares or other equity interests (including LTIP Units) covered by such awards; provided, however, that the grant of LTIP Units must satisfy the requirements of the partnership agreement of the Operating Partnership as in effect on the date of grant. The Committee also will specify whether Dividend Equivalent Rights are granted in conjunction with the Other Equity-Based Award.

Terms and Conditions

The Committee, at the time an Other Equity-Based Award is made, shall specify the terms and conditions which govern the award. The terms and conditions of an Other Equity-Based Award may prescribe that a Participant's rights in the Other Equity-Based Award shall be forfeitable, nontransferable or otherwise restricted for a period of time or subject to such other conditions as may be determined by the Committee, in its discretion and set forth in the Agreement, including the attainment of objectives stated with respect to one or more Performance Goals. Other Equity-Based Awards may be granted to Participants, either alone or in addition to other awards granted under the Plan, and Other Equity-Based Awards may be granted in the settlement of other Awards granted under the Plan.

Payment or Settlement

Other Equity-Based Awards valued in whole or in part by reference to, or otherwise based on, Common Shares, shall be payable or settled in Common Shares, cash or a combination of Common Shares and cash, as determined by the Committee in its discretion; provided, however, that any Common Shares that are issued on account of the conversion of LTIP Units into Common Stock shall not be issued under the Plan. Other Equity-Based Awards denominated as equity interests other than Common Shares may be paid or settled in shares or units of such equity interests or cash or a combination of both as determined by the Committee in its discretion.

Employee Status

If the terms of any Other Equity-Based Award provides that it may be earned or exercised only during employment or continued service or within a specified period of time after termination of employment or continued service, the Committee may decide to what extent leaves of absence for governmental or military service, illness, temporary disability or other reasons shall not be deemed interruptions of continuous employment or service.

Shareholder Rights

A Participant, as a result of receiving an Other Equity-Based Award, shall not have any rights as a shareholder until, and then only to the extent that, the Other Equity-Based Award is earned and settled in Common Shares.

ARTICLE XI:**INCENTIVE AWARDS****Award**

In accordance with the provisions of Article IV, the Committee will designate each individual to whom an Incentive Award is to be made. The amount payable under all Incentive Awards shall be finally determined by the Committee; provided, however, that the maximum amount payable to an individual under all Incentive Awards granted in the same calendar year is \$2,500,000.

Terms and Conditions

The Committee, at the time an Incentive Award is made, shall specify the terms and conditions that govern the award. Such terms and conditions may prescribe that the Incentive Award shall be earned only to the extent that the Participant, the Company or an Affiliate, during a performance period of at least one year, achieves objectives stated with reference to one or more performance measures or criteria prescribed by the Committee, including the attainment of objectives stated with respect to one or more Performance Goals. Such terms and conditions also may include other limitations on the payment of Incentive Awards including, by way of example and not of limitation, requirements that the Participant complete a specified period of employment or service with the Company or an Affiliate or that the Company, an Affiliate, or the Participant attain stated objectives or goals (in addition to those prescribed in accordance with the preceding sentence) as a prerequisite to payment under an Incentive Award.

Nontransferability

Incentive Awards granted under this Plan shall be nontransferable except by will or by the laws of descent and distribution. No right or interest of a Participant in an Incentive Award shall be liable for, or subject to, any lien, obligation, or liability of such Participant.

Employee Status

If the terms of an Incentive Award provide that a payment will be made thereunder only if the Participant completes a stated period of employment or continued service the Committee may decide to what extent leaves of absence for governmental or military service, illness, temporary disability or other reasons shall not be deemed interruptions of continuous employment or service.

Settlement

An Incentive Award that is earned shall be settled with a single lump sum payment which may be in cash, shares of Common Stock or a combination of cash and Common Stock, as determined by the Committee.

Shareholder Rights

No participant shall, as a result of receiving an Incentive Award, have any rights as a shareholder of the Company or an Affiliate until the date that the Incentive Award is settled and then only to the extent that the Incentive Award is settled by the issuance of shares of Common Stock.

ARTICLE XII:**ADJUSTMENT UPON CHANGE IN COMMON STOCK**

The maximum number of Common Shares as to which Options, SARs, Performance Units, Share Awards, Incentive Awards and Other Equity-Based Awards may be granted, the per individual annual grant limitations and the terms of outstanding Share Awards, Options, SARs, Performance Units, Incentive Awards and Other Equity-Based Awards shall be adjusted as the Board determines is equitably required in the event that (i) the Company (a) effects one or more nonreciprocal transactions between the Company and its shareholders such as a share dividend, extra-ordinary cash dividend, share split-up, subdivision or consolidation of shares that affects the number or kind of Common Shares (or other securities of the Company) or the Fair Market Value (or the value of other Company securities) and causes a change in the Fair Market Value of the Common Shares subject to outstanding awards or (b) engages in a transaction to which Section 424 of the Code applies or (ii) there occurs any other event which, in the judgment of the Board necessitates such action. Any determination made under this Article XII by the Board shall be nondiscretionary, final and conclusive.

The issuance by the Company of shares of any class, or securities convertible into shares of any class, for cash or property, or for labor or services, either upon direct sale or upon the exercise of rights or warrants to subscribe therefor, or upon conversion of shares or obligations of the Company convertible into such shares or other securities, shall not affect, and no adjustment by reason thereof shall be made with respect to, the maximum number of shares as to which Options, SARs, Performance Units, Share Awards, Incentive Awards and Other Equity-Based Awards may be granted, the per individual annual grant limitations or the terms of outstanding Share Awards, Options, SARs, Performance Shares, Incentive Awards or Other Equity-Based Awards.

The Committee may make Share Awards and may grant Options, SARs, Performance Units, Incentive Awards or Other Equity-Based Awards in substitution for performance shares, phantom shares, stock awards, stock options, stock appreciation rights, or similar awards held by an individual who becomes an employee of the Company or an Affiliate in connection with a transaction described in the first paragraph of this Article XII. Notwithstanding any provision of the Plan, the terms of such substituted Share Awards, SARs, Other Equity-Based Awards, Options, Incentive Awards or Performance Units shall be as the Committee, in its discretion, determines is appropriate.

ARTICLE XIII:**COMPLIANCE WITH LAW AND APPROVAL OF REGULATORY BODIES**

No Option or SAR shall be exercisable, no Common Shares shall be issued, no certificates for Common Shares shall be delivered, and no payment shall be made under this Plan except in compliance with all applicable federal and state laws and regulations (including, without limitation, withholding tax requirements), any listing agreement to which the Company is a party, and the rules of all domestic stock exchanges on which the Company's shares may be listed. The Company shall have the right to rely on an opinion of its counsel as to such compliance. Any certificate issued to evidence Common Shares when a Share Award is granted, a Performance Unit, Incentive Award or Other Equity-Based Award is settled or for which an Option or SAR is exercised may bear such legends and statements as the Committee may deem advisable to assure compliance with federal and state laws and regulations. No Option or SAR shall be exercisable, no Share Award or Performance Unit shall be granted, no Common Shares shall be issued, no certificate for Common Shares shall be delivered, and no payment shall be made under this Plan until the Company has obtained such consent or approval as the Committee may deem advisable from regulatory bodies having jurisdiction over such matters.

ARTICLE XIV:

GENERAL PROVISIONS

Effect on Employment and Service

Neither the adoption of this Plan, its operation, nor any documents describing or referring to this Plan (or any part thereof), shall confer upon any individual or entity any right to continue in the employ or service of the Company or an Affiliate or in any way affect any right and power of the Company or an Affiliate to terminate the employment or service of any individual or entity at any time with or without assigning a reason therefor.

Unfunded Plan

This Plan, insofar as it provides for grants, shall be unfunded, and the Company shall not be required to segregate any assets that may at any time be represented by grants under this Plan. Any liability of the Company to any person with respect to any grant under this Plan shall be based solely upon any contractual obligations that may be created pursuant to this Plan. No such obligation of the Company shall be deemed to be secured by any pledge of, or other encumbrance on, any property of the Company.

Rules of Construction

Headings are given to the articles and sections of this Plan solely as a convenience to facilitate reference. The reference to any statute, regulation, or other provision of law shall be construed to refer to any amendment to or successor of such provision of law.

All awards made under this Plan are intended to comply with, or otherwise be exempt from, Section 409A of the Code ("Section 409A"), after giving effect to the exemptions in Treasury Regulation sections 1.409A-1(b)(3) through (b)(12). This Plan and all Agreements shall be administered, interpreted and construed in a manner consistent with Section 409A. If any provision of this Plan or any Agreement is found not to comply with, or otherwise not be exempt from, the provisions of Section 409A, it shall be modified and given effect, in the sole discretion of the Committee and without requiring the Participant's consent, in such manner as the Committee determines to be necessary or appropriate to comply with, or effectuate an exemption from, Section 409A. Each payment under an award granted under this Plan shall be treated as a separate identified payment for purposes of Section 409A.

If a payment obligation under an award or an Agreement arises on account of the Participant's termination of employment and such payment obligation constitutes "deferred compensation" (as defined under Treasury Regulation section 1.409A-1(b)(1), after giving effect to the exemptions in Treasury Regulation sections 1.409A-1(b)(3) through (b)(12)), it shall be payable only after the Participant's "separation from service" (as defined under Treasury Regulation section 1.409A-1(h)); provided, however, that if the Participant is a "specified employee" (as defined under Treasury Regulation section 1.409A-1(i)), any such payment that is scheduled to be paid within six months after such separation from service shall accrue without interest and shall be paid on the first day of the seventh month beginning after the date of the Participant's separation from service or, if earlier, within fifteen days after the appointment of the personal representative or executor of the Participant's estate following the Participant's death.

Withholding Taxes

Each Participant shall be responsible for satisfying any income and employment tax withholding obligations attributable to participation in the Plan. Unless otherwise provided by the Agreement, any such withholding tax obligations may be satisfied in cash (including from any cash payable in settlement of an award of Performance Units, SARs, Incentive Awards or Other Equity-Based Award) or a cash equivalent acceptable to the Committee. Except to the extent prohibited by Treasury Regulation Section 1.409A-3(j), any minimum statutory federal, state, district or city withholding tax obligations also may be satisfied (a) by surrendering to the Company Common Shares previously acquired by the Participant; (b) by authorizing the Company to withhold or reduce the number of Common Shares otherwise issuable to the Participant upon the exercise of an Option or SAR, the settlement of a Performance Unit award, an Incentive Award or an Other Equity-Based Award (if applicable) or the grant or vesting of a Share Award; or (c) by any other method as may be approved by the Committee. If Common Shares are used to pay all or part of such withholding tax obligation, the Fair Market Value of the shares surrendered, withheld or reduced shall be determined as of the day the tax liability arises and the number of Common Shares which may be withheld or surrendered shall be limited to the number of shares which have a Fair Market Value on the date of withholding equal to the aggregate amount of such liabilities based on the minimum statutory withholding rates for federal, state, local and foreign income tax and payroll tax purposes that are applicable to such supplemental taxable income.

REIT Status

The Plan shall be interpreted and construed in a manner consistent with the Company's status as a REIT. No award shall be granted or awarded, and with respect to any award granted under the Plan, such award shall not vest, be exercisable or be settled (i) to the extent that the grant, vesting, exercise or settlement could cause the Participant or any other person to be in violation of the common stock ownership limit or aggregate stock ownership limit prescribed by the Company's Articles of Incorporation or Charter, as amended from time to time) or (ii) if, in the discretion of the Committee, the grant, vesting, exercise or settlement of the award could impair the Company's status as a REIT.

Return of Awards; Repayment

Each Stock Award, Option, SAR, Performance Unit award, Incentive Award and Other Equity-Based Award granted under the Plan is subject to the condition that the Company may require that such award be returned and that any payment made with respect to such award must be repaid if such action is required under the terms of any Company “clawback” policy as in effect on the date that the payment was made, on the date the award was granted or, as applicable, the date the Option or SAR was exercised or the date the Stock Award, Performance Unit award, Incentive Award or Other Equity-Based Award is vested or earned.

ARTICLE XV:**CHANGE IN CONTROL****Impact of Change in Control.**

Upon a Change in Control, the Committee is authorized to cause (i) outstanding Options and SARs to become fully exercisable, (ii) outstanding Share Awards to become transferable and nonforfeitable and (iii) outstanding Performance Units, Incentive Awards and Other Equity-Based Awards to become earned and nonforfeitable in their entirety.

Assumption Upon Change in Control.

In the event of a Change in Control, the Committee, in its discretion and without the need for a Participant’s consent, may provide that an outstanding Option, SAR, Share Award, Performance Unit, Incentive Award or Other Equity-Based Award shall be assumed by, or a substitute award granted by, the surviving entity in the Change in Control. Such assumed or substituted award shall be of the same type of award as the original Option, SAR, Share Award, Performance Unit, Incentive Award or Other Equity-Based Award being assumed or substituted. The assumed or substituted award shall have a value, as of the Control Change Date, that is substantially equal to the value of the original award (or the difference between the Fair Market Value and the option price or Initial Value in the case of Options and SARs) as the Committee determines is equitably required and such other terms and conditions as may be prescribed by the Committee.

Cash-Out Upon Change in Control.

In the event of a Change in Control, the Committee, in its discretion and without the need of a Participant’s consent, may provide that each Option, SAR, Share Award, Performance Unit, Incentive Award and Other Equity-Based Award shall be cancelled in exchange for a payment. The payment may be in cash, Common Shares or other securities or consideration received by shareholders in the Change in Control transaction. The amount of the payment shall be an amount that is substantially equal to (i) the amount by which the price per share received by shareholders in the Change in Control exceeds the option price or Initial Value in the case of an Option and SAR, (ii) the price per share received by shareholders for each Common Share subject to a Share Award, Performance Unit or Other Equity-Based Award, (iii) the value of the other securities or property in which the Performance Unit or Other Equity-Based award is denominated or (iv) the amount payable under an Incentive Award on account of meeting all Performance Goals or other performance objectives. If the option price or Initial Value exceeds the price per share received by shareholders in the Change in Control transaction, the Option or SAR may be cancelled under this Section 15.03 without any payment to the Participant.

Limitation of Benefits

The benefits that a Participant may be entitled to receive under this Plan and other benefits that a Participant is entitled to receive under other plans, agreements and arrangements (which, together with the benefits provided under this Plan, are referred to as “Payments”), may constitute Parachute Payments that are subject to Code Sections 280G and 4999. As provided in this Section 15.04, the Parachute Payments will be reduced pursuant to this Section 15.04 if, and only to the extent that, a reduction will allow a Participant to receive a greater Net After Tax Amount than a Participant would receive absent a reduction.

The Accounting Firm will first determine the amount of any Parachute Payments that are payable to a Participant. The Accounting Firm also will determine the Net After Tax Amount attributable to the Participant’s total Parachute Payments.

The Accounting Firm will next determine the largest amount of Payments that may be made to the Participant without subjecting the Participant to tax under Code Section 4999 (the “Capped Payments”). Thereafter, the Accounting Firm will determine the Net After Tax Amount attributable to the Capped Payments.

The Participant will receive the total Parachute Payments or the Capped Payments, whichever provides the Participant with the higher Net After Tax Amount. If the Participant will receive the Capped Payments, the total Parachute Payments will be adjusted by first reducing the amount of any benefits under this Plan or any other plan, agreement or arrangement that are not subject to Section 409A of the Code (with the source of the reduction to be directed by the Participant) and then by reducing the amount of any benefits under this Plan or any other plan, agreement or arrangement that are subject to Section 409A of the Code (with the source of the reduction to be directed by the Participant) in a manner that results in the best economic benefit to the Participant (or, to the extent economically equivalent, in a pro rata manner). The Accounting Firm will notify the Participant and the Company if it determines that the Parachute Payments must be reduced to the Capped Payments and will send the Participant and the Company a copy of its detailed calculations supporting that determination.

As a result of the uncertainty in the application of Code Sections 280G and 4999 at the time that the Accounting Firm makes its determinations under this Section 15.04, it is possible that amounts will have been paid or distributed to the Participant that should not have been paid or distributed under this Section 15.04 (“Overpayments”), or that additional amounts should be paid or distributed to the Participant under this Section 15.04 (“Underpayments”). If the Accounting Firm determines, based on either the assertion of a deficiency by the Internal Revenue Service against the Company or the Participant, which assertion the Accounting Firm believes has a high probability of success or controlling precedent or substantial authority, that an Overpayment has been made, the Participant must repay to the Company, without interest; provided, however, that no loan will be deemed to have been made and no amount will be payable by the Participant to the Company unless, and then only to the extent that, the deemed loan and payment would either reduce the amount on which the Participant is subject to tax under Code Section 4999 or generate a refund of tax imposed under Code Section 4999. If the Accounting Firm determines, based upon controlling precedent or substantial authority, that an Underpayment has occurred, the Accounting Firm will notify the Participant and the Company of that determination and the amount of that Underpayment will be paid to the Participant promptly by the Company.

For purposes of this Section 15.04, the term “Accounting Firm” means the independent accounting firm engaged by the Company immediately before the Control Change Date. For purposes of this Section 15.04, the term “Net After Tax Amount” means the amount of any Parachute Payments or Capped Payments, as applicable, net of taxes imposed under Code Sections 1, 3101(b) and 4999 and any State or local income taxes applicable to the Participant on the date of payment. The determination of the Net After Tax Amount shall be made using the highest combined effective rate imposed by the foregoing taxes on income of the same character as the Parachute Payments or Capped Payments, as applicable, in effect on the date of payment. For purposes of this Section 15.04, the term “Parachute Payment” means a payment that is described in Code Section 280G(b)(2), determined in accordance with Code Section 280G and the regulations promulgated or proposed thereunder.

Notwithstanding any other provision of this Section 15.04, the limitations and provisions of this Section 15.04 shall not apply to any Participant who, pursuant to an agreement with the Company or the terms of another plan maintained by the Company, is entitled to indemnification for any liability that the Participant may incur under Code Section 4999. In addition, nothing in this Section 15.04 shall limit or otherwise supersede the provisions of any other agreement or plan which provides that a Participant cannot receive Payments in excess of the Capped Payments.

ARTICLE XVI:

AMENDMENT

The Board may amend or terminate this Plan at any time; provided, however, that no amendment may adversely impair the rights of Participants with respect to outstanding awards. In addition, an amendment will be contingent on approval of the Company’s shareholders if such approval is required by law or the rules of any exchange on which the Common Shares are listed or if the amendment would materially increase the benefits accruing to Participants under the Plan, materially increase the aggregate number of Common Shares that may be issued under the Plan or materially modify the requirements as to eligibility for participation in the Plan.

ARTICLE XVII:

DURATION OF PLAN

No Share Award, Performance Unit Award, Option, SAR, Incentive Award or Other Equity-Based Award may be granted under this Plan after May 22, 2032. Share Awards, Performance Unit awards, Options, SARs, Incentive Award and Other Equity-Based Awards granted before such date shall remain valid in accordance with their terms.

ARTICLE XVIII:

EFFECTIVE DATE OF PLAN

Options, Share Awards, Performance Units, Incentive Awards and Other Equity-Based Awards may be granted under this Plan, as amended and restated herein, on and after the date that the Plan, as amended and restated herein, is adopted by the Board, provided that this amendment and restatement of the Plan shall not be effective unless, within twelve months after the Board’s action, the amended and restated Plan is approved by holders of a majority of the outstanding Common Shares entitled to vote and present or represented by properly executed and delivered proxies at a duly held shareholders’ meeting at which a quorum is present and provided further that no award shall be exercisable, vested or settled until such shareholder approval is obtained.

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.

Dated: August 6, 2025

CHATHAM LODGING TRUST

/s/ JEFFREY H. FISHER

Jeffrey H. Fisher

Chairman, President and Chief Executive Officer

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.

Dated: August 6, 2025

CHATHAM LODGING TRUST

/s/ JEREMY B. WEGNER

Jeremy B. Wegner

Senior Vice President and Chief Financial Officer

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

In connection with the Quarterly Report of Chatham Lodging Trust (the “Company”) on Form 10-Q for the period ended June 30, 2025 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: August 6, 2025

/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