

Chatham Lodging Trust
Form 10-Q
October 31, 2018
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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
^x 1934

For the quarterly period ended September 30, 2018

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 (I.R.S. Employer
Incorporation or Organization) 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)

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

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

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

Large accelerated filer Accelerated filer

Non-accelerated filer Smaller reporting company
Emerging growth company

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

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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 October 31, 2018
Common Shares of Beneficial Interest (\$0.01 par value per share)	46,516,275

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements.

CHATHAM LODGING TRUST

Consolidated Balance Sheets

(In thousands, except share and per share data)

	September 30, 2018	December 31, 2017
	(unaudited)	
Assets:		
Investment in hotel properties, net	\$ 1,328,560	\$ 1,320,082
Cash and cash equivalents	10,270	9,333
Restricted cash	28,383	27,166
Investment in unconsolidated real estate entities	22,542	24,389
Hotel receivables (net of allowance for doubtful accounts of \$249 and \$200, respectively)	6,418	4,047
Deferred costs, net	5,126	4,646
Prepaid expenses and other assets	3,757	2,523
Deferred tax asset, net	30	30
Total assets	\$ 1,405,086	\$ 1,392,216
Liabilities and Equity:		
Mortgage debt, net	\$ 502,950	\$ 506,316
Revolving credit facility	30,000	32,000
Accounts payable and accrued expenses	36,358	31,692
Distributions and losses in excess of investments of unconsolidated real estate entities	8,022	6,582
Distributions payable	5,578	5,846
Total liabilities	582,908	582,436
Commitments and contingencies (Note 12)		
Equity:		
Shareholders' Equity:		
Preferred shares, \$0.01 par value, 100,000,000 shares authorized and unissued at September 30, 2018 and December 31, 2017	—	—
Common shares, \$0.01 par value, 500,000,000 shares authorized; 46,514,186 and 45,375,266 shares issued and outstanding at September 30, 2018 and December 31, 2017, respectively	465	450
Additional paid-in capital	896,156	871,730
Retained earnings (distributions in excess of retained earnings)	(83,758) (69,018)
Total shareholders' equity	812,863	803,162
Noncontrolling Interests:		
Noncontrolling interest in Operating Partnership	9,315	6,618
Total equity	822,178	809,780
Total liabilities and equity	\$ 1,405,086	\$ 1,392,216

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

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CHATHAM LODGING TRUST

Consolidated Statements of Operations

(In thousands, except share and per share data)

(unaudited)

	For the three months ended		For the nine months ended	
	September 30, 2018	2017	September 30, 2018	2017
Revenue:				
Room	\$ 81,457	\$ 76,221	\$225,983	\$213,415
Food and beverage	2,274	1,378	6,584	4,353
Other	3,731	3,052	10,285	8,465
Cost reimbursements from unconsolidated real estate entities	2,764	2,302	7,679	7,198
Total revenue	90,226	82,953	250,531	233,431
Expenses:				
Hotel operating expenses:				
Room	17,261	15,618	47,759	44,147
Food and beverage	1,870	1,307	5,350	3,770
Telephone	442	410	1,316	1,205
Other hotel operating	886	737	2,403	2,047
General and administrative	6,498	5,906	19,318	17,534
Franchise and marketing fees	6,863	6,366	18,962	17,758
Advertising and promotions	1,627	1,353	4,677	3,955
Utilities	3,064	2,708	8,209	7,431
Repairs and maintenance	3,783	3,467	11,043	