

Chesapeake Lodging Trust
Form 10-Q
August 13, 2010
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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, 2010

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 001-34572

CHESAPEAKE LODGING TRUST

(Exact name of registrant as specified in its charter)

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MARYLAND
(State or Other Jurisdiction of

27-0372343
(I.R.S. Employer

Incorporation or Organization)

Identification No.)

1997 Annapolis Exchange Parkway, Suite 410, Annapolis, Maryland 21401

(Address and zip code of principal executive offices)

(410) 972-4140

(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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). 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 (Do not check if a smaller reporting company)

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Securities Exchange Act of 1934). Yes No

As of August 12, 2010, there were 9,349,813 shares of the registrant's common shares issued and outstanding.

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CHESAPEAKE LODGING TRUST

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CHESAPEAKE LODGING TRUST
CONSOLIDATED BALANCE SHEETS
(in thousands, except share data)

	June 30, 2010 (unaudited)	December 31, 2009
ASSETS		
Property and equipment, net	\$ 122,657	\$ -
Intangible asset, net of accumulated amortization of \$152	35,953	-
Cash and cash equivalents	11,160	23
Restricted cash	438	-
Accounts receivable, net of allowance for doubtful accounts of \$19	3,133	-
Prepaid expenses and other assets	1,981	412
Total assets	\$ 175,322	\$ 435
LIABILITIES AND SHAREHOLDERS' EQUITY		
Accounts payable and accrued expenses	\$ 5,056	\$ 185
Related-party loan	-	249
Total liabilities	5,056	434
Commitments and contingencies (Note 9)		
Preferred shares, \$.01 par value; 100,000,000 shares authorized; no shares issued and outstanding, respectively	-	-
Common shares, \$.01 par value; 400,000,000 shares authorized; 9,349,813 shares and 100,000 shares issued and outstanding, respectively	93	1
Additional paid-in capital	170,107	-
Retained earnings	66	-
Total shareholders' equity	170,266	1
Total liabilities and shareholders' equity	\$ 175,322	\$ 435

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

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CHESAPEAKE LODGING TRUST
CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands, except share and per share data)

(unaudited)

	Three Months Ended June 30, 2010	Six Months Ended June 30, 2010
REVENUE		
Rooms	\$ 8,769	\$ 10,576
Food and beverage	2,710	3,238
Other	296	382
Total revenue	11,775	14,196
EXPENSES		
Hotel operating expenses:		
Rooms	1,833	2,300
Food and beverage	1,801	2,230
Other direct	196	242
Indirect	3,439	4,321
Total hotel operating expenses	7,269	9,093
Depreciation and amortization	744	952
Intangible asset amortization	130	152
Corporate general and administrative:		
Share-based compensation	429	829
Hotel property acquisition costs	453	1,127
Other	1,407	2,094
Total operating expenses	10,432	14,247
Operating income (loss)	1,343	(51)
Interest income	36	85
Income before income taxes	1,379	34
Income tax benefit (expense)	(12)	32
Net income	\$ 1,367	\$ 66
Net income per share:		
Basic	\$.15	\$.01
Diluted	\$.15	\$.01
Weighted-average number of common shares outstanding:		
Basic	9,098,930	9,083,306
Diluted	9,111,597	9,094,891

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

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CHESAPEAKE LODGING TRUST

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY

(in thousands, except share data)

(unaudited)

	Common Shares		Additional	Retained	Total
	Shares	Amount	Paid-In Capital	Earnings	
Balances at December 31, 2009	100,000	\$ 1	\$ -	\$ -	\$ 1
Sale of common shares, net of underwriting fees and offering costs	9,093,147	91	169,280	-	169,371
Repurchase of common shares	(100,000)	(1)	-	-	(1)
Issuance of restricted common shares	250,414	2	(2)	-	-
Issuance of unrestricted common shares	6,252	-	118	-	118
Amortization of deferred compensation	-	-	711	-	711
Net income	-	-	-	66	66
Balances at June 30, 2010	9,349,813	\$ 93	\$ 170,107	\$ 66	\$ 170,266

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

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CHESAPEAKE LODGING TRUST
CONSOLIDATED STATEMENT OF CASH FLOWS

(in thousands)

(unaudited)

	Six Months Ended June 30, 2010
Cash flows from operating activities:	
Net income	\$ 66
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation and amortization	952
Intangible asset amortization	152
Share-based compensation	829
Changes in assets and liabilities:	
Accounts receivable, net	(1,976)
Prepaid expenses and other assets	(91)
Accounts payable and accrued expenses	3,837
Net cash provided by operating activities	3,769
Cash flows from investing activities:	
Acquisition of hotel properties, net of cash acquired	(159,007)
Deposit on hotel property acquisition	(750)
Improvements and additions to hotel properties	(1,497)
Change in restricted cash	(438)
Net cash used in investing activities	(161,692)
Cash flows from financing activities:	
Proceeds from sale of common shares, net of underwriting fees	171,131
Payment of offering costs related to sale of common shares	(1,644)
Repurchase of common shares	(1)
Repayment of related-party loan	(249)
Deposit on loan application	(50)
Payment of deferred financing costs	(127)
Net cash provided by financing activities	169,060
Net increase in cash	11,137
Cash and cash equivalents, beginning of period	23
Cash and cash equivalents, end of period	\$ 11,160

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

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CHESAPEAKE LODGING TRUST

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

1. Organization and Description of Business

Chesapeake Lodging Trust (the Company) is a self-advised real estate investment trust (REIT) that was organized in the state of Maryland on June 12, 2009. The Company is focused on investments primarily in upper-upscale hotel properties in major business, airport and convention markets and, on a selective basis, premium select-service hotel properties in urban settings or unique locations in the United States of America.

On January 27, 2010, the Company completed its initial public offering (IPO) and sold 7,500,000 common shares, resulting in net proceeds (after deducting initial underwriting fees and offering costs) of approximately \$146.7 million. Concurrent with the IPO, the Company sold in private placement transactions an aggregate of 1,507,293 common shares, resulting in net proceeds of approximately \$28.5 million. On February 24, 2010, the Company sold an additional 85,854 common shares as a result of the exercise of the underwriters' over-allotment option, resulting in net proceeds (after deducting initial underwriting fees) of approximately \$1.7 million. On May 21, 2010, the Company paid an additional \$7.6 million in deferred underwriting fees as a result of satisfying the capital deployment hurdle set forth in its agreement with the underwriters of the IPO. The total net proceeds (after deducting initial and deferred underwriting fees and offering costs) generated from the IPO, the private placement transactions, and the exercise of the underwriters' over-allotment option were approximately \$169.4 million.

On March 18, 2010, the Company acquired its first hotel property, the Hyatt Regency Boston hotel located in Boston, Massachusetts, for approximately \$113.1 million. On June 1, 2010, the Company acquired its second hotel property, the Hilton Checkers Los Angeles hotel located in Los Angeles, California, for approximately \$46.0 million. Subsequent to June 30, 2010, the Company acquired the Courtyard Anaheim at Disneyland Resort hotel located in Anaheim, California for approximately \$25.1 million and the Boston Marriott Newton hotel located in Newton, Massachusetts for approximately \$77.2 million.

Substantially all of the Company's assets are held by, and all of its operations are conducted through, Chesapeake Lodging, L.P., a Delaware limited partnership, which is wholly owned by the Company (the Operating Partnership). For the Company to qualify as a REIT, it cannot operate hotels. Therefore, the Operating Partnership leases its hotels to CHSP TRS LLC (CHSP TRS), which is a wholly owned subsidiary of the Operating Partnership. CHSP TRS then engages hotel management companies to operate the hotels pursuant to management agreements. CHSP TRS is treated as a taxable REIT subsidiary for federal income tax purposes.

2. Summary of Significant Accounting Policies

Basis of Presentation The Company had no operations prior to the completion of its IPO on January 27, 2010. The consolidated financial statements presented herein include all of the accounts of Chesapeake Lodging Trust and its subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation.

The information in these consolidated financial statements is unaudited but, in the opinion of management, reflects all adjustments necessary for a fair presentation of the results for the periods covered. All such adjustments are of a normal, recurring nature unless disclosed otherwise. These consolidated financial statements, including notes, have been prepared in accordance with the applicable rules of the Securities and Exchange Commission (SEC) and do not include all of the information and disclosures required by U.S. generally accepted accounting principles (GAAP) for complete financial statements.

Cash and Cash Equivalents The Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Restricted Cash Restricted cash includes reserves held in escrow for normal replacements of furniture, fixtures and equipment, pursuant to certain requirements in the Company's hotel management agreements.

Investments in Hotel Properties The Company allocates the purchase prices of hotel properties acquired based on the fair value of the acquired property, furniture, fixtures and equipment, and identifiable intangible assets and the fair value of the liabilities assumed. In making estimates of fair value for purposes of allocating the purchase price, the Company utilizes a number of sources of information that are obtained in connection with the acquisition of a hotel property, including cost segregation studies and valuations performed by independent third parties. The Company also considers information obtained about each hotel property as a result of its pre-acquisition due diligence in estimating the fair value of the

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tangible and intangible assets acquired. Hotel property acquisition costs, such as transfer taxes, title insurance, environmental and property condition reviews, and legal and accounting fees, are expensed in the period incurred.

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Property and equipment are depreciated using the straight-line method over the estimated useful lives of the assets, generally 15 to 40 years for buildings and building improvements and three to ten years for furniture, fixtures and equipment. Replacements and improvements at the hotel properties are capitalized, while repairs and maintenance are expensed as incurred. Upon the sale or retirement of property and equipment, the cost and related accumulated depreciation are removed from the Company's accounts and any resulting gain or loss is recognized in the consolidated statements of operations.

Intangible assets are recorded on non-market contracts, including air rights and lease, management and franchise agreements, assumed as part of the acquisition of certain hotel properties. Above-market and below-market contract values are based on the present value of the difference between contractual amounts to be paid pursuant to the contracts acquired and the Company's estimate of the fair market contract rates for corresponding contracts measured over a period equal to the remaining non-cancelable term of the contracts acquired. Contracts acquired which are at market do not have significant value. Intangible assets are amortized using the straight-line method over the remaining non-cancelable term of the related contracts.

The Company reviews its hotel properties for impairment whenever events or changes in circumstances indicate that the carrying values of the hotel properties may not be recoverable. Events or circumstances that may cause a review include, but are not limited to, adverse changes in the demand for lodging at the properties due to declining national or local economic conditions and/or new hotel construction in markets where the hotels are located. When such conditions exist, management performs an analysis to determine if the estimated undiscounted future cash flows from operations and the proceeds from the ultimate disposition of a hotel property exceed its carrying value. If the estimated undiscounted future cash flows are less than the carrying amount of the asset, an adjustment to reduce the carrying amount to the related hotel property's estimated fair market value is recorded and an impairment loss is recognized. No impairment losses have been recognized for the three and six months ended June 30, 2010.

The Company classifies a hotel property as held for sale in the period in which it has made the decision to dispose of the hotel property, a binding agreement to purchase the property has been signed under which the buyer has committed a significant amount of nonrefundable cash, and no significant financing contingencies exist which could cause the transaction not to be completed in a timely manner. If these criteria are met, depreciation and amortization of the hotel property will cease and an impairment loss will be recognized if the fair value of the hotel property, less the costs to sell, is lower than the carrying amount of the hotel property. The Company will classify the loss, together with the related operating results, as discontinued operations in the consolidated statements of operations and classify the assets and related liabilities as held for sale in the consolidated balance sheet. As of June 30, 2010, the Company had no assets held for sale or liabilities related to assets held for sale.

Revenue Recognition Revenues from operations of the hotels are recognized when the services are provided. Revenues consist of room sales, food and beverage sales, and other hotel department revenues, such as parking, telephone, and gift shop sales.

Income Taxes The Company intends to elect to be taxed as a REIT under Sections 856 through 860 of the Internal Revenue Code. As a REIT, the Company generally will not be subject to federal income tax on that portion of its net income (loss) that does not relate to CHSP TRS, the Company's wholly owned taxable REIT subsidiary, and that is currently distributed to its shareholders. CHSP TRS, which leases the Company's hotels from the Operating Partnership, is subject to federal and state income taxes.

The Company accounts for income taxes using the asset and liability method under which deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Valuation allowances are provided if based upon the weight of the available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized.

Earnings Per Share Basic net income (loss) per share is calculated by dividing net income (loss), less dividends on unvested restricted common shares, by the weighted-average number of common shares outstanding during the period. Diluted net income (loss) per share is calculated by dividing net income (loss), less dividends on unvested restricted common shares, by the weighted-average number of common shares outstanding, plus other dilutive securities, such as unvested restricted common shares, during the period.

Share-Based Compensation From time-to-time, the Company grants restricted share awards to employees. To-date, the Company has granted two types of restricted share awards: (1) awards that vest solely on continued employment (time-based awards) and (2) awards that vest based on the Company achieving specified levels of relative total shareholder return and continued employment (performance-based awards). The Company measures share-based compensation expense for the restricted share awards based on the fair value of the awards on the date of grant. The fair value of time-based awards is determined based on the closing price of the Company's common shares on the measurement date, which is generally the date of grant. The fair value of performance-based awards is determined using a Monte Carlo simulation. For time-based awards, share-based compensation expense is recognized on a straight-line basis over the life of the entire award. For performance-based awards, share-based compensation expense is recognized over the requisite service period for each award. No share-based compensation expense is

recognized for awards for which employees do not render the requisite service.

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Comprehensive Income (Loss) Comprehensive income (loss), as defined, includes all changes in shareholders' equity during a period from non-owner sources. The Company does not have any items of comprehensive income (loss) other than net income (loss).

Segment Information The Company has determined that its business is conducted in one reportable segment, hotel ownership.

Use of Estimates The preparation of the consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

3. Acquisition of Hotel Properties

On March 18, 2010, the Company acquired the 498-room Hyatt Regency Boston hotel located in Boston, Massachusetts for approximately \$113.1 million. The effective date of the Hyatt Regency Boston hotel acquisition was March 1, 2010. As part of the acquisition, the Company acquired an air rights contract which expires on September 11, 2079 and that requires no payments through maturity. The Company recorded the fair value of the air rights contract as an intangible asset in the consolidated balance sheet and is amortizing the asset using the straight-line method over the term of the contract. The Company entered into a long-term agreement with Hyatt Corporation to continue to operate the hotel under the Hyatt Regency flag.

On June 1, 2010, the Company acquired the 188-room Hilton Checkers Los Angeles hotel located in Los Angeles, California for approximately \$46.0 million. The Company entered into an agreement with Crestline Hotels & Resorts, Inc. to operate the hotel under the Hilton flag.

The preliminary allocation of the purchase prices to the acquired assets and liabilities based on their fair values was as follows (in thousands):

Land	\$ 9,010
Buildings and improvements	104,172
Furniture, fixtures and equipment	8,930
Intangible asset	36,105
Cash	89
Accounts receivable, net	1,157
Prepaid expenses and other assets	667
Accounts payable and accrued expenses	(1,034)
Net assets acquired	\$ 159,096

The following pro forma financial information presents the results of operations of the Company for the three and six months ended June 30, 2010 and 2009 as if the Hyatt Regency Boston hotel acquisition and the Hilton Checkers Los Angeles hotel acquisition had both taken place on January 1, 2009. Since the Company commenced operations on January 27, 2010 upon completion of the IPO, pro forma adjustments have been included for corporate general and administrative expenses and income taxes for the three months ended June 30, 2009 and the six months ended June 30, 2010 and 2009. The pro forma results have been prepared for comparative purposes only and do not purport to be indicative of the results of operations that would have actually occurred had both transactions taken place on January 1, 2009, or of future results of operations (in thousands, except per share data).

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2010	2009	2010	2009
Total revenue	\$ 13,773	\$ 12,614	\$ 22,870	\$ 21,565
Total hotel operating expenses	8,779	8,484	16,382	16,288
Total operating expenses	11,727	11,421	22,131	22,999
Operating income (loss)	2,046	1,193	739	(1,434)
Net income (loss)	2,060	1,110	828	(1,540)

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Net income (loss) per common share:

Basic	.23	.12	.09	(.17)
Diluted	.23	.12	.09	(.17)

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Property and equipment as of June 30, 2010 consisted of the following (in thousands):

	June 30, 2010
Land	\$ 9,010
Buildings and improvements	104,212
Furniture, fixtures and equipment	9,054
Construction-in-progress	1,333
	123,609
Less: accumulated depreciation and amortization	(952)
Property and equipment, net	\$ 122,657

5. Earnings Per Share

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

	Three Months Ended June 30, 2010	Six Months Ended June 30, 2010
Numerator:		
Net income	\$ 1,367	\$ 66
Less: dividends on unvested restricted common shares		
Net income after dividends on unvested restricted common shares	\$ 1,367	\$ 66
Denominator:		
Weighted-average number of common shares outstanding basic	9,098,930	9,083,306
Effect of dilutive securities:		
Unvested restricted common shares	12,667	11,585
Weighted-average number of common shares outstanding diluted	9,111,597	9,094,891
Earnings per share:		
Basic	\$.15	\$.01
Diluted	\$.15	\$.01

6. Shareholders Equity

Common Shares The Company is authorized to issue up to 400,000,000 common shares, \$.01 par value per share. Each outstanding common share entitles the holder to one vote on all matters submitted to a vote of shareholders. Holders of the Company's common shares are entitled to receive distributions when authorized by the Company's board of trustees out of assets legally available for the payment of distributions.

On January 27, 2010, the Company completed its IPO and sold 7,500,000 common shares at a price of \$20 per share, resulting in gross proceeds of \$150 million and net proceeds (after deducting initial underwriting fees and offering costs) of approximately \$146.7 million. Concurrent with the IPO, the Company sold in third-party private placement transactions an aggregate of 1,357,293 common shares at a price per share equal to the IPO price, less an amount equal to the initial and deferred underwriting fees of \$1.20 per share. The Company also sold in private placement transactions to its non-executive chairman and certain executives an aggregate of 150,000 common shares at a price per share equal to the IPO price. The proceeds generated from the private placement transactions were approximately \$28.5 million. On February 24, 2010, the Company

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sold an additional 85,854 common shares at a price of \$19.80 per share, net of the initial underwriting fee, as a result of the exercise of the underwriters' over-allotment option, resulting in additional net proceeds of approximately \$1.7 million. On May 21, 2010, the Company paid an additional \$7.6 million in deferred underwriting fees as a result of satisfying the capital deployment hurdle set forth in its agreement with the underwriters of the IPO. The total net proceeds (after deducting initial and deferred underwriting fees and offering costs) generated from the IPO, the private placement transactions, and the exercise of the underwriters' over-allotment option were approximately \$169.4 million.

For the three and six months ended June 30, 2010, the Company issued 474 and 256,666 restricted and unrestricted common shares, respectively, to its employees and trustees. As of June 30, 2010, the Company had 9,349,813 common shares outstanding.

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Preferred Shares The Company is authorized to issue up to 100,000,000 preferred shares, \$.01 par value per share. The Company's board of trustees is required to set for each class or series of preferred shares the terms, preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications, and terms or conditions of redemption.

7. Equity Plan

In January 2010, the Company established the Chesapeake Lodging Trust Equity Plan (the "Plan"), which provides for the issuance of equity-based awards, including restricted shares, unrestricted shares, share options, share appreciation rights (SARs), and other awards based on the Company's common shares. Employees and trustees of the Company and other persons that provide services to the Company are eligible to participate in the Plan. The compensation committee of the board of trustees administers the Plan and determines the number of awards to be granted, the vesting period, and the exercise price, if any.

The Company has reserved 454,657 common shares for issuance under the Plan. Shares that are issued under the Plan to any person pursuant to an award are counted against this limit as one share for every one share granted. If any shares covered by an award are not purchased or are forfeited, if an award is settled in cash or if an award otherwise terminates without delivery of any shares, then the number of common shares counted against the aggregate number of shares available under the Plan with respect to the award will, to the extent of any such forfeiture or termination, again be available for making awards under the Plan.

The Company will make appropriate adjustments in outstanding awards and the number of shares available for issuance under the Plan, including the individual limitations on awards, to reflect share dividends, share splits, spin-offs and other similar events. While the compensation committee can terminate or amend the Plan at any time, no amendment can adversely impair the rights of grantees with respect to outstanding awards. In addition, an amendment will be contingent on approval of the Company's common shareholders to the extent required by law or if the amendment would materially increase the benefits accruing to participants under the Plan, materially increase the aggregate number of shares that can be issued under the Plan, or materially modify the requirements as to eligibility for participation in the Plan. Unless terminated earlier, the Plan will terminate in January 2020, but will continue to govern unexpired awards.

For the six months ended June 30, 2010, the Company granted 250,414 restricted common shares to certain employees. Two types of shares were granted: (1) 212,044 shares that vest solely on continued employment (time-based awards) and (2) 38,370 shares that vest based on the Company achieving specified levels of relative total shareholder return and continued employment (performance-based awards). The time-based awards are eligible to vest at the rate of one-third of the number of restricted shares granted commencing on the first anniversary of their issuance. The performance-based awards are eligible to vest at the rate of one-third of the number of restricted shares granted commencing on December 31, 2010 and each year thereafter. Additional vesting of performance-based awards can also occur at December 31, 2012 based on the cumulative level of relative total shareholder return during the entire performance measurement period. Dividends on the performance-based awards will accrue, but will not be paid unless the related shares vest. The fair value of the performance-based awards was determined using a Monte Carlo simulation with the following assumptions: volatility of 79.42%; an expected term equal to the requisite service period for the awards; and a risk-free interest rate of 1.45%.

As of June 30, 2010, there was approximately \$3.9 million of unrecognized share-based compensation expense related to restricted common shares. The unrecognized share-based compensation expense is expected to be recognized over a weighted-average period of 2.5 years. The following is a summary of the Company's restricted common shares for the six months ended June 30, 2010:

	Number of Shares	Weighted-Average Grant-Date Fair Value
Restricted common shares as of December 31, 2009		
Granted	250,414	\$ 18.50
Vested		
Forfeited		
Restricted common shares as of June 30, 2010	250,414	\$ 18.50

For the six months ended June 30, 2010, the Company granted 6,252 unrestricted common shares to the Company's trustees, which vested immediately. As of June 30, 2010, subject to increases resulting from the forfeiture of currently outstanding awards, 197,991 common shares were reserved and available for future issuances under the Plan.

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8. Related-Party Transactions

On January 27, 2010, at the time of the closing of the IPO, the Company repaid a \$249 thousand loan from certain executives that had been made in 2009 to fund certain offering costs of the IPO. At the same time, the Company repurchased from those same executives 100,000 common shares issued in connection with the Company's initial capitalization for an aggregate price of \$1 thousand, the same price the executives paid for the shares.

9. Commitments and Contingencies

Management Agreements The Company's hotel properties operate pursuant to management agreements with two management companies, Hyatt Corporation and Crestline Hotels & Resorts, Inc. Each management company receives a base management fee generally between 2% and 4% of hotel revenues. The management companies are also eligible to receive an incentive management fee if hotel operating income, as defined in the management agreements, exceeds certain performance thresholds. The incentive management fee is generally calculated as a percentage of hotel operating income after the Company has received a priority return on its investment in the hotel.

Franchise Agreement The Hilton Checkers Los Angeles hotel operates pursuant to a franchise agreement with Hilton Worldwide. Pursuant to the franchise agreement, the Company pays a royalty fee of 4% of room revenues and 1% of food and beverage revenues, plus additional fees for marketing, central reservation systems, and other franchisor costs that amount to between 4% and 5% of room revenues. The Hyatt Regency Boston hotel is managed by Hyatt Corporation pursuant to a management agreement that allows the hotel property to operate under the Hyatt Regency brand.

Property Improvement Reserves Pursuant to its management agreements, the Company is required to establish a property improvement reserve for each hotel to cover the cost of replacing furniture, fixtures and equipment. Contributions to the property improvement reserve are based on a percentage of gross revenues at each hotel. The Company is generally required to contribute between 3% and 5% of gross revenues over the term of the agreements.

Litigation The Company is not involved in any material litigation nor, to its knowledge, is any material litigation threatened against the Company.

10. Subsequent Events

On July 30, 2010, the Company entered into a credit agreement to obtain a \$115 million, two-year secured revolving credit facility with a syndicate of banks. The facility is led by Wells Fargo Bank, N.A., as administrative agent, and JPMorgan Chase Bank, N.A., as syndication agent. The amount that the Company can borrow under the revolving credit facility is based on the value of the Company's hotel properties included in the borrowing base, as defined in the credit agreement. Borrowings under the revolving credit facility bear interest equal to LIBOR plus 3.75%, subject to a LIBOR floor of 2.00%. The credit agreement contains standard financial covenants, including certain leverage ratios, coverage ratios, and a minimum tangible net worth requirement. Subject to certain conditions, the facility allows for a one-year extension.

Also on July 30, 2010, the Company acquired the 153-room Courtyard Anaheim at Disneyland Resort hotel in Anaheim, California for approximately \$25.1 million and the 430-room Boston Marriott Newton hotel in Newton, Massachusetts for approximately \$77.2 million. The Company entered into an agreement with Tarsadia Hotels to operate the Courtyard Anaheim at Disneyland Resort hotel under the Courtyard by Marriott flag and entered into an agreement with TPG Hospitality, Inc. to operate the Boston Marriott Newton hotel under the Marriott flag. The Courtyard Anaheim at Disneyland Resort hotel and Boston Marriott Newton hotel acquisitions were funded by a \$105 million borrowing under the Company's revolving credit facility.

Item 2. *Management's Discussion and Analysis of Financial Condition and Results of Operations* **Forward-Looking Statements**

This report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, and as such may involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Forward-looking statements, which are based on certain assumptions and describe our future plans, strategies and expectations, are generally identified by our use of words, such as intend, plan, may, should, will, project, estimate, anticipate, expect, continue, potential, opportunity, and

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similar expressions, whether in the negative or affirmative. We cannot guarantee that we actually will achieve these plans, intentions or expectations. All statements regarding our expected financial position, business and financing plans are forward-looking statements. Factors which could have a material adverse effect on our operations and future prospects include, but are not limited to:

U.S. economic conditions generally and the real estate market and the lodging industry specifically;

management and performance of our hotels;

our plans for renovation of our hotels;

our financing plans;

supply and demand for hotel rooms in our current and proposed market areas;

our ability to acquire additional properties and the risk that potential acquisitions may not perform in accordance with expectations;

legislative/regulatory changes, including changes to laws governing taxation of real estate investment trusts; and

our competition.

These risks and uncertainties, together with the information contained in our Form S-11 Registration Statement (SEC File No. 333-162184) under the caption "Risk Factors," should be considered in evaluating any forward-looking statement contained in this report or incorporated by reference herein. All forward-looking statements speak only as of the date of this report or, in the case of any document incorporated by reference, the date of that document. All subsequent written and oral forward-looking statements attributable to us or any person acting on our behalf are qualified by the cautionary statements in this section. We undertake no obligation to update or publicly release any revisions to forward-looking statements to reflect events, circumstances or changes in expectations after the date of this report, except as required by law.

Overview

The Company was organized as a self-advised REIT in the state of Maryland in June 2009, with a focus on investments in primarily upper-upscale hotels in major business, airport and convention markets and, on a selective basis, premium select-service hotels in urban settings or unique locations in the United States of America. In January 2010, we completed our IPO. In conjunction with the IPO, we sold additional common shares through private placement transactions and through the exercise of the underwriters' over-allotment option. The total net proceeds (after deducting initial and deferred underwriting fees and offering costs) generated from the IPO, the private placement transactions, and the exercise of the underwriters' over-allotment option was approximately \$169.4 million.

As of the date of this report, we have now invested all of the proceeds from our IPO and private placement transactions through the acquisitions of the following four hotel properties with an aggregate of 1,269 rooms:

Hotel Property	Location	Rooms	Acquisition Date
Hyatt Regency Boston	Boston, MA	498	March 18, 2010
Hilton Checkers Los Angeles	Los Angeles, CA	188	June 1, 2010

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Courtyard Anaheim at Disneyland Resort	Anaheim, CA	153	July 30, 2010
Boston Marriott Newton	Newton, MA	430	July 30, 2010

In mid-2008, U.S. lodging demand started to decline as a result of the economic recession which led industry revenue per available room (RevPAR) to decline for the year, as reported by Smith Travel Research. Throughout 2009, the decrease in lodging demand accelerated with RevPAR down 16.7% for the year, the largest decline recorded by Smith Travel Research since they began tracking the U.S. lodging industry. Through the first six months of 2010, based on industry reports from Smith Travel Research, fundamentals in the U.S. lodging industry showed trends of improvement with demand for rooms increasing in almost all of the major markets, as general economic indicators began to experience improvement. In the second quarter of 2010, pricing power returned in a

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few of the major leading markets such as New York, NY, Boston, MA, and Washington, D.C., with gains in average daily rate (ADR) for the first time since the economic recession started. With supply of available rooms expected to rise at a significantly slower pace over the next several years than during 2006-2008 and demand for rooms expected to increase significantly as the U.S. economy rebounds, we expect meaningful growth in RevPAR to start in 2011 and to accelerate for several years thereafter.

We believe the Boston, MA market is one of the most compelling lodging markets in the U.S. With limited new supply in the foreseeable future that will compete with our two hotels in the market, and solid demand growth in both transient and group segments, we believe we are positioned for a multi-year period of strong revenue and profit growth. RevPAR for the Boston, MA market was up 17.0% and 13.7% for the three and six months ended June 30, 2010, respectively, as reported by Smith Travel Research. The gain for the six months ended June 30, 2010 was second only to the New York, NY market.

The acquisition environment and deal activity have begun to increase in recent months. While there are numerous sources, much of the deal activity is coming from private sellers either distressed or at least stressed with their current hotel holdings and underlying capital structure. Many owners have some equity remaining in their hotels, but cannot refinance their existing debt, which in many cases is coming due. As well, these owners may not have the needed capital to reinvest in the hotel and for others, they may have fund life issues with the need to begin returning capital to their investors. In addition, there are public sellers that are selling for strategic reasons, whether it is a brand company or another REIT. All of these forces are driving much of the current deal activity. We see the bid/ask spread closing in many situations as sellers become more realistic in their expectations given debt coming due or fund life issues and buyers able to pay a little more as industry fundamentals continue to improve. The environment remains competitive; however, we feel strongly that we can continue to acquire hotels and prudently deploy capital. We believe the opportunities today are compelling and will be viewed as significantly discounted entry points as the lodging cycle continues to grow through a multi-year recovery period.

Results of Operations

Three months ended June 30, 2010

Results of operations for the three months ended June 30, 2010 include the operating activity of the Hyatt Regency Boston hotel for the full three months and the operating activity of the Hilton Checkers Los Angeles hotel for 30 days (acquired on June 1, 2010), and are not indicative of the results we expect when our investment strategy has been fully implemented.

Revenues Total revenue was \$11.8 million, which includes rooms revenue of \$8.8 million, food and beverage revenue of \$2.7 million, and other revenue of \$0.3 million.

Hotel operating expenses Hotel operating expenses, excluding depreciation and amortization, were \$7.3 million. Direct hotel operating expenses included rooms expense of \$1.8 million, food and beverage expense of \$1.8 million, and other direct expenses of \$0.2 million. Indirect hotel operating expenses, which includes management and franchise fees, real estate taxes, insurance, utilities, repairs and maintenance, advertising and sales, and general and administrative expenses, were \$3.4 million.

Depreciation and amortization Depreciation and amortization expense was \$0.7 million.

Intangible asset amortization Intangible asset amortization expense relating to an air rights contract associated with the Hyatt Regency Boston hotel was \$0.1 million.

Corporate general and administrative Total corporate general and administrative expenses were \$2.3 million, which included non-cash share-based compensation expense of \$0.4 million and hotel property acquisition costs of \$0.5 million.

Interest income Interest income on cash and cash equivalents was \$36 thousand.

Income tax expense Income tax expense was \$12 thousand, which resulted from taxable income generated by our TRS during the period.

Six months ended June 30, 2010

Results of operations for the six months ended June 30, 2010 include the operating activity of the Hyatt Regency Boston hotel for 122 days (the effective date of the acquisition was March 1, 2010) and the operating activity of the Hilton Checkers Los Angeles hotel for 30 days (acquired on June 1, 2010), and are not indicative of the results we expect when our investment strategy has been fully implemented.

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Revenues Total revenue was \$14.2 million, which includes rooms revenue of \$10.6 million, food and beverage revenue of \$3.2 million, and other revenue of \$0.4 million.

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Hotel operating expenses Hotel operating expenses, excluding depreciation and amortization, were \$9.1 million. Direct hotel operating expenses included rooms expense of \$2.3 million, food and beverage expense of \$2.2 million, and other direct expenses of \$0.2 million. Indirect hotel operating expenses, which includes management and franchise fees, real estate taxes, insurance, utilities, repairs and maintenance, advertising and sales, and general and administrative expenses, were \$4.3 million.

Depreciation and amortization Depreciation and amortization expense was \$1.0 million.

Intangible asset amortization Intangible asset amortization expense relating to an air rights contract associated with the Hyatt Regency Boston hotel was \$0.2 million.

Corporate general and administrative Total corporate general and administrative expenses were \$4.1 million, which included non-cash share-based compensation expense of \$0.8 million and hotel property acquisition costs of \$1.1 million.

Interest income Interest income on cash and cash equivalents was \$0.1 million.

Income tax benefit Income tax benefit was \$32 thousand, which resulted from a taxable loss incurred by our TRS during the period.

Sources and Uses of Cash

For the six months ended June 30, 2010, net cash flows from operating activities were \$3.8 million, net cash flows used in investing activities were \$161.7 million, of which \$113.1 million was used to acquire the Hyatt Regency Boston hotel and \$46.0 million was used to acquire the Hilton Checkers Los Angeles hotel, and net cash flows provided by financing activities were \$169.1 million, of which \$169.4 million were proceeds generated from the IPO, private placement transactions, and the exercise of the underwriters' over-allotment option, net of underwriting fees and offering costs. As of June 30, 2010, we had cash and cash equivalents of approximately \$11.2 million. We currently expect that our operating cash flows will be sufficient to fund our continuing operations and, given that we expect to generate taxable income for the year, we also expect to make a distribution to shareholders, as required to maintain our REIT status, in the second half of 2010.

Liquidity and Capital Resources

We expect our primary source of cash to meet operating requirements, including payment of dividends in accordance with the REIT requirement of the U.S. federal income tax laws, payment of interest on any borrowings and funding of any capital expenditures, will be from our hotels' results of operations and existing cash and cash equivalent balances. We intend to incur indebtedness to supplement our investment capital and to maintain flexibility to respond to industry conditions and opportunities. We intend to target an overall debt level of 40-50% of the aggregate purchase prices of all our portfolio properties.

On July 30, 2010, we entered into a credit agreement to obtain a \$115 million, two-year secured revolving credit facility with a syndicate of banks. Also on July 30, 2010, we made an initial borrowing of \$105.0 million under the revolving credit facility to fund the acquisitions of the Courtyard Anaheim at Disneyland Resort hotel for approximately \$25.1 million and the Boston Marriott Newton hotel for approximately \$77.2 million. As of July 30, 2010, we had approximately \$10 million of cash and cash equivalents in addition to \$10.0 million of remaining borrowing capacity under our revolving credit facility. The amount that we can borrow under our revolving credit facility is based on the value of our hotel properties included in the borrowing base, as defined in the credit agreement. We intend to invest our remaining cash and cash equivalents and additional borrowing capacity under the revolving credit facility through a new hotel acquisition, although we have not yet identified a particular property for this purpose.

We expect to meet long-term liquidity requirements, such as new hotel property acquisitions and scheduled debt maturities, through additional secured and unsecured borrowings and the issuance of additional equity or debt securities. Our ability to raise funds through the issuance of equity securities depends on, among other things, general market conditions for hotel companies and REITs and market perceptions about us. We will continue to analyze alternate sources of capital in an effort to minimize our capital costs and maximize our financial flexibility.

Capital Expenditures

We maintain each hotel property in good repair and condition and in conformity with applicable laws and regulations and in accordance with the franchisor's standards and the agreed-upon requirements in our management agreements. The cost of all such routine improvements and alterations will be paid out of property improvement reserves, which will be funded by a portion of each hotel's gross revenues. Routine capital expenditures will be administered by the management companies. However, we will have approval rights over the capital expenditures as part of the annual budget process.

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From time to time, certain of our hotel properties may be undergoing renovations as a result of our decision to upgrade portions of the hotels, such as guestrooms, meeting space, and/or restaurants, in order to better compete with other hotels in our markets. In addition, often after we acquire a hotel property, we are required to complete a property improvement plan (PIP) in order to bring the hotel property up to the respective franchisor's standards. If permitted by the terms of the management agreement, funding for a renovation will first come from the property improvement reserve. To the extent that the property improvement reserve is not adequate to cover the cost of the renovation, we will fund the remaining portion of the renovation with cash and cash equivalents on hand.

Contractual Obligations

The following table sets forth our contractual obligations as of June 30, 2010, and the effect such obligations are expected to have on our liquidity and cash flow in future periods (in thousands). There were no other material off-balance sheet arrangements at June 30, 2010.

	Total	Payments Due by Period			
		Less Than One Year	One to Three Years	Three to Five Years	More Than Five Years
Contractual Obligations					
Corporate office lease	\$ 1,541	\$ 160	\$ 415	\$ 440	\$ 526

Inflation

Operators of hotels, in general, possess the ability to adjust room rates daily to reflect the effects of inflation. However, competitive pressures may limit the ability of our management companies to raise room rates.

Seasonality

Demand in the lodging industry is affected by recurring seasonal patterns. For non-resort properties, demand is generally lower in the winter months due to decreased travel and higher in the spring and summer months during the peak travel season. For resort properties, demand is generally higher in the winter months. We expect that our operations will generally reflect non-resort seasonality patterns. Accordingly, 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, expected to be greatly influenced by overall economic cycles.

Critical Accounting Policies

We believe that the following critical accounting policies affect the most significant judgments and estimates used in the preparation of our consolidated financial statements:

Investments in Hotel Properties We allocate the purchase prices of hotel properties acquired based on the fair value of the acquired property, furniture, fixtures and equipment, and identifiable intangible assets and the fair value of the liabilities assumed. In making estimates of fair value for purposes of allocating the purchase price, we utilize a number of sources of information that are obtained in connection with the acquisition of a hotel property, including cost segregation studies and valuations performed by independent third parties. We also consider information obtained about each hotel property as a result of our pre-acquisition due diligence in estimating the fair value of the tangible and intangible assets acquired. Hotel property acquisition costs, such as transfer taxes, title insurance, environmental and property condition reviews, and legal and accounting fees, are expensed in the period incurred.

Property and equipment are depreciated using the straight-line method over the estimated useful lives of the assets, generally 15 to 40 years for buildings and building improvements and three to ten years for furniture, fixtures and equipment. Leasehold improvements are amortized over the shorter of the lease term or the useful lives of the related assets. Replacements and improvements at the hotel properties are capitalized, while repairs and maintenance are expensed as incurred. Upon the sale or retirement of a fixed asset, the cost and related accumulated depreciation are removed from our accounts and any resulting gain or loss is recognized in the consolidated statements of operations.

Intangible assets are recorded on non-market contracts, including air rights and lease, management and franchise agreements, assumed as part of the acquisition of certain hotel properties. Above-market and below-market contract values are based on the present value of the difference between contractual amounts to be paid pursuant to the contracts acquired and our estimate of the fair market contract rates for corresponding contracts measured over a period equal to the remaining non-cancelable term of the contracts acquired. Contracts acquired which are at market

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do not have significant value. Intangible assets are amortized using the straight-line method over the remaining non-cancelable term of the related contracts.

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We review our hotel properties for impairment whenever events or changes in circumstances indicate that the carrying value of the hotel properties may not be recoverable. Events or circumstances that may cause us to perform our review include, but are not limited to, adverse changes in the demand for lodging at our properties due to declining national or local economic conditions and/or new hotel construction in markets where our hotels are located. When such conditions exist, management performs an analysis to determine if the estimated undiscounted future cash flows from operations and the proceeds from the ultimate disposition of an investment in a hotel property exceed the hotel's carrying value. If the estimated undiscounted future cash flows are less than the carrying amount of the asset, an adjustment to reduce the carrying value to the estimated fair market value is recorded and an impairment loss recognized.

Share-Based Compensation From time-to-time, we grant restricted share awards to employees. To-date, we have granted two types of restricted share awards: (1) time-based awards and (2) performance-based awards.

We measure share-based compensation expense for the restricted share awards based on the fair value of the awards on the date of grant. The fair value of time-based awards is determined based on the closing trading price of our common shares on the measurement date, which is generally the date of grant. The fair value of performance-based awards is determined using a Monte Carlo simulation performed by a third-party valuation specialist. A Monte Carlo simulation requires the use of a number of assumptions, including historical volatility and correlation of the price of our common shares and the price of the common shares of our peer group, a risk-free rate of return, and an expected term.

For time-based awards, share-based compensation expense is recognized on a straight-line basis over the life of the entire award. For performance-based awards, share-based compensation expense is recognized over the requisite service period for each award. For both time-based awards and performance-based awards, once the total amount of share-based compensation expense is determined on the date of the grant, no adjustments are made to the amount recognized each period. No share-based compensation expense is recognized for awards for which employees do not render the requisite service.

Revenue Recognition Hotel revenues, including room, food and beverage, and other hotel revenues, are recognized as the related services are provided.

Item 3. *Quantitative and Qualitative Disclosures About Market Risk*

We earn interest income from cash and cash equivalent balances. Considering our current cash and cash equivalents, if interest rates increase or decrease by 0.1%, our interest income will increase or decrease by less than \$0.1 million, respectively.

As of June 30, 2010, we had no outstanding long-term debt. Subsequent to June 30, 2010, we obtained a \$115 million revolving credit facility discussed under Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources, and have borrowed \$105 million under it. Given that borrowings under our credit facility bear interest equal to LIBOR plus 3.75%, our future income, cash flows and fair values relevant to financial instruments will be dependent upon changes in LIBOR. Market risk refers to the risk of loss from adverse changes in market prices and interest rates.

Item 4. *Controls and Procedures*

The Chief Executive Officer and Chief Financial Officer of the Company have evaluated the effectiveness of the disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the Exchange Act)), as required by paragraph (b) of Rules 13a-15 and 15d-15 under the Exchange Act, and have concluded that as of the end of the period covered by this report, the Company's disclosure controls and procedures were effective at a reasonable assurance level.

There was no change in the Company's internal control over financial reporting identified in connection with the evaluation required by paragraph (d) of Rules 13a-15 and 15d-15 under the Exchange Act during the Company's most recent fiscal quarter that materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

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PART II

Item 1. *Legal Proceedings*

We are not involved in any material litigation nor, to our knowledge, is any material litigation threatened against us.

Item 1A. *Risk Factors*

There have been no material changes from the risk factors disclosed under the caption "Risk Factors" in the final prospectus forming a part of the Company's Form S-11 Registration Statement (SEC File No. 333-162184), which was filed January 22, 2010 pursuant to Rule 424(b)(4) and is accessible on the SEC's website at www.sec.gov.

**Item 2. *Unregistered Sales of Equity Securities and Use of Proceeds*
*Use of Proceeds from Registered Securities***

On January 21, 2010, a Form S-11 Registration Statement (SEC File No. 333-162184) relating to our IPO was declared effective by the SEC. The managing underwriters of the IPO were J.P. Morgan Securities Inc. and Deutsche Bank Securities Inc. The offering was closed on January 27, 2010. All 7,500,000 common shares registered under the registration statement were sold at a price to the public of \$20 per share. On February 24, 2010, we sold an additional 85,854 common shares as a result of the exercise of an over-allotment option that we granted to the underwriters. The aggregate gross proceeds from the common shares sold by us were \$151.7 million. The aggregate net proceeds to us from the offering were approximately \$140.9 million after deducting approximately \$9.1 million in initial and deferred underwriting fees and approximately \$1.8 million in other expenses incurred in connection with the offering. All of the common shares were sold by us and there were no selling shareholders in the offering.

No offering expenses were paid directly or indirectly to any of our trustees or officers (or their associates) or persons owning 10% or more of any class of our equity securities or to any other affiliates.

We used \$250 thousand of the net proceeds to repay a loan to certain executives and to repurchase 100,000 common shares from those same executives that were issued in connection with our initial capitalization, approximately \$113.1 million of the net proceeds to acquire the Hyatt Regency Boston hotel on March 18, 2010, and the remaining net proceeds to partially fund the \$46.0 million acquisition of the Hilton Checkers Los Angeles hotel on June 1, 2010. As of the date of this report, we have now invested all of the proceeds from our IPO.

Item 3. *Defaults Upon Senior Securities*

Not applicable.

Item 4. *(Removed and Reserved)*

Item 5. *Other Information*

None.

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Item 6. Exhibits

The following exhibits are filed as part of this Form 10-Q:

Exhibit

Number	Description of Exhibit
10.1	Purchase and Sale Agreement by and between Kalpana, LLC and Chesapeake Lodging, L.P., dated as of April 14, 2010
10.1.1	First Amendment to the Purchase and Sale Agreement by and between Kalpana, LLC and Chesapeake Lodging, L.P., dated as of May 4, 2010
10.1.2	Second Amendment to the Purchase and Sale Agreement by and between Kalpana, LLC and Chesapeake Lodging, L.P., dated as of May 17, 2010
10.2	Purchase and Sale Agreement by and between 535 Grand Avenue, LLC and Chesapeake Lodging, L.P., dated as of April 14, 2010
10.2.1	First Amendment to the Purchase and Sale Agreement by and between 535 Grand Avenue, LLC and Chesapeake Lodging, L.P., dated as of May 4, 2010
10.3	Purchase and Sale Agreement by and between Mantra, LLC and Chesapeake Lodging, L.P., dated as of April 14, 2010
10.3.1	First Amendment to the Purchase and Sale Agreement by and between Mantra, LLC and Chesapeake Lodging, L.P., dated as of May 4, 2010
10.3.2	Second Amendment to the Purchase and Sale Agreement by and between Mantra, LLC and Chesapeake Lodging, L.P., dated as of July 19, 2010
10.4	Purchase and Sale Agreement by and between CR/TPG Newton Hotel LLC and Chesapeake Lodging, L.P., dated as of June 30, 2010
31.1	Rule 13a-14(a)/15d-14(a) Certification of President and Chief Executive Officer
31.2	Rule 13a-14(a)/15d-14(a) Certification of Executive Vice President, Chief Financial Officer and Treasurer
32.1	Section 1350 Certification of President and Chief Executive Officer
32.2	Section 1350 Certification of Executive Vice President, Chief Financial Officer and Treasurer

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SIGNATURE

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

CHESAPEAKE LODGING TRUST

Date: August 13, 2010

By: */s/* DOUGLAS W. VICARI
Douglas W. Vicari
Executive Vice President, Chief Financial Officer and Treasurer

(Principal Financial Officer)

/s/ GRAHAM J. WOOTTEN
Graham J. Wootten
Senior Vice President and Chief Accounting Officer

(Principal Accounting Officer)