

Chatham Lodging Trust
Form 10-Q
October 31, 2017
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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, 2017

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 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
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, 2017
Common Shares of Beneficial Interest (\$0.01 par value per share)	40,371,958

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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, 2017	December 31, 2016
	(unaudited)	
Assets:		
Investment in hotel properties, net	\$ 1,263,183	\$ 1,233,094
Cash and cash equivalents	11,282	12,118
Restricted cash	27,693	25,083
Investment in unconsolidated real estate entities	25,448	20,424
Hotel receivables (net of allowance for doubtful accounts of \$249 and \$155, respectively)	7,691	4,389
Deferred costs, net	4,882	4,642
Prepaid expenses and other assets	4,350	2,778
Deferred tax asset, net	—	426
Total assets	\$ 1,344,529	\$ 1,302,954
Liabilities and Equity:		
Mortgage debt, net	\$ 527,144	\$ 530,323
Revolving credit facility	75,000	52,500
Accounts payable and accrued expenses	32,763	27,782
Distributions and losses in excess of investments of unconsolidated real estate entities	5,975	6,017
Distributions payable	5,217	4,742
Total liabilities	646,099	621,364
Commitments and contingencies (Note 13)		
Equity:		
Shareholders' Equity:		
Preferred shares, \$0.01 par value, 100,000,000 shares authorized and unissued at September 30, 2017 and December 31, 2016	—	—
Common shares, \$0.01 par value, 500,000,000 shares authorized; 39,839,476 and 38,367,014 shares issued and outstanding at September 30, 2017 and December 31, 2016, respectively	395	380
Additional paid-in capital	752,148	722,019
Retained earnings (distributions in excess of retained earnings)	(60,097) (45,657)
Total shareholders' equity	692,446	676,742
Noncontrolling Interests:		
Noncontrolling interest in Operating Partnership	5,984	4,848
Total equity	698,430	681,590
Total liabilities and equity	\$ 1,344,529	\$ 1,302,954

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, 2017	2016	September 30, 2017	2016
Revenue:				
Room	\$ 76,221	\$ 74,736	\$213,415	\$211,438
Food and beverage	1,378	1,494	4,353	4,728
Other	3,052	2,699	8,465	7,689
Cost reimbursements from unconsolidated real estate entities	753	804	2,302	2,728
Total revenue	81,404	79,733	228,535	226,583
Expenses:				
Hotel operating expenses:				
Room	15,618	15,068	44,147	43,453
Food and beverage	1,307	1,280	3,770	3,703
Telephone	410	449	1,205	1,300
Other hotel operating	737	563	2,047	1,790
General and administrative	5,906	5,652	17,534	16,848
Franchise and marketing fees	6,366	6,157	17,758	17,293
Advertising and promotions	1,353	1,203	3,955	3,899
Utilities	2,708	2,684	7,431	7,301
Repairs and maintenance	3,467	3,084	9,898	9,443
Management fees	2,693	2,558	7,511	7,171
Insurance	297	318		