Chatham Lodging Trust
Form 424B5
September 18, 2014
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Registration No. 333-193389

The information in this preliminary prospectus supplement and the accompanying prospectus is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell these securities nor do they seek an offer to buy these securities in any jurisdiction where the offer or sale thereof is not permitted.

SUBJECT TO COMPLETION, DATED SEPTEMBER 18, 2014

PROSPECTUS SUPPLEMENT

(To Prospectus dated January 30, 2014)

5,000,000 Shares

Common Shares

This is an offering of 5,000,000 common shares of beneficial interest, $0.01 par value per share, of Chatham Lodging Trust.

Our common shares are listed on the New York Stock Exchange, or NYSE, under the symbol CLDT. The last reported trading price of our common shares on the NYSE on September 17, 2014 was $22.66 per share.

We are organized and conduct our operations to qualify as a real estate investment trust, or REIT, for federal income tax purposes. To assist us in qualifying as a REIT, among other reasons, ownership of our outstanding common shares by any person is limited to 9.8% by value or number of shares, whichever is more restrictive, subject to certain exceptions. In addition, our declaration of trust contains various other restrictions on the ownership and transfer of our common shares.

Investing in our common shares involves risks. See "Risk Factors" beginning on page S-7 of this prospectus supplement and page 5 of the accompanying prospectus.

	Per Share	Total
Public offering price	$	$
Underwriting discount	$	$
Proceeds to Chatham Lodging Trust (before expenses)	$	$

We have granted the underwriters the option to purchase up to an additional 750,000 common shares at the price at which the underwriters will purchase the common shares from us in this offering, within 30 days from the date of this prospectus supplement.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed on the adequacy or accuracy of this prospectus supplement. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the common shares on or about , 2014.

Joint Book-Running Managers

Barclays BofA Merrill Lynch UBS Investment Bank

Prospectus Supplement dated September , 2014

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You should rely only on the information contained in or incorporated by reference in this prospectus supplement, the accompanying prospectus or any applicable free writing prospectus. We have not, and the underwriters have not, authorized any other person to provide you with different or additional information. If anyone provides you with different or additional information, you should not rely on it. This prospectus supplement, the accompanying prospectus and any applicable free writing prospectus do not constitute an offer to sell, or a solicitation of an offer to purchase, any securities in any jurisdiction to or from any person to whom or from whom it is unlawful to make such offer or solicitation in such jurisdiction. You should assume that the information appearing in this prospectus supplement, the accompanying prospectus, any applicable free writing prospectus and the documents incorporated by reference herein or therein is accurate only as of their respective dates or on the date or dates which are specified in these documents. Our business, financial condition, results of operations and prospects may have changed since those dates.

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ABOUT THIS PROSPECTUS SUPPLEMENT

This document consists of two parts. The first part is the prospectus supplement, which describes the specific terms of this offering and also adds to and updates information contained in the accompanying prospectus and the documents incorporated by reference. The second part is the accompanying prospectus, which describes more general information, some of which may not apply to this offering.

If there is any inconsistency between the information in this prospectus supplement and the accompanying prospectus, you should rely on the information in this prospectus supplement. In addition, any statement in a filing we make with the Securities and Exchange Commission, or SEC, that adds to, updates or changes information contained in an earlier filing we made with the SEC shall be deemed to modify and supersede such information in the earlier filing. You should read carefully both this prospectus supplement and the accompanying prospectus together with the additional information described under the headings Incorporation by Reference in this prospectus supplement and Where You Can Find More Information in the accompanying prospectus.

Unless otherwise indicated or the context requires otherwise, in this prospectus and any prospectus supplement hereto, references to our company, we, us and our mean Chatham Lodging Trust, a Maryland real estate investment trust, and its consolidated subsidiaries, and references to our operating partnership mean Chatham Lodging, L.P., a Delaware limited partnership.

INCORPORATION BY REFERENCE

This prospectus supplement and the accompanying prospectus are part of a registration statement that we have filed with the SEC. The SEC rules allow us to incorporate by reference information into this prospectus supplement and the accompanying prospectus. This means that we can disclose important information to you by referring you to another document. Any information referred to in this way is considered part of this prospectus supplement and the accompanying prospectus from the date we file that document. Any reports filed by us with the SEC after the date of this prospectus supplement and before the date that this offering of securities by means of this prospectus supplement and the accompanying prospectus is terminated will automatically update and, where applicable, supersede any information contained in this prospectus supplement and the accompanying prospectus or incorporated by reference herein and therein. We incorporate by reference into this prospectus supplement and the accompanying prospectus the following documents or information filed with the SEC (other than, in each case, documents or information deemed to have been furnished and not filed in accordance with SEC rules):

- our Annual Report on Form 10-K for the fiscal year ended December 31, 2013;
- our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2014 and June 30, 2014;
- the information specifically incorporated by reference into our Annual Report on Form 10-K for the year ended December 31, 2013 from our Definitive Proxy Statement on Schedule 14A filed on April 18, 2014;
- our Current Reports on Form 8-K filed on June 12, 2013 (solely with respect to the information reported under Item 9.01(a)), September 24, 2013 (solely with respect to the information reported under Item 9.01(a)), January 24, 2014 (solely with respect to the information reported under Item 8.01), January 31, 2014, March 18, 2014, April 10, 2014 (solely with respect to the information reported under Item 8.01), May 14, 2014, May 23, 2014, May 28, 2014, May 30, 2014 and June 10, 2014;
- Our Current Report on Form 8-K/A filed on January 13, 2014;
- the description of our common shares of beneficial interest, $0.01 par value per share, or common shares, included in our registration statement on Form 8-A filed on April 14, 2010; and

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- all documents filed by us under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended, or the Exchange Act, on or after the date of this prospectus supplement and before the termination of this offering.

We will provide without charge to each person, including any beneficial owner, to whom this prospectus supplement and the accompanying prospectus is delivered, upon his or her written or oral request, a copy of any or all documents referred to above that have been or may be incorporated by reference into this prospectus supplement and the accompanying prospectus, excluding exhibits to those documents unless they are specifically incorporated by reference into those documents. Requests for those documents should be directed to us as follows: Chatham Lodging Trust, 50 Cocoanut Row, Suite 211, Palm Beach, Florida 33480, Attn: Chief Financial Officer, Telephone: (561) 802-4477.

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WHERE YOU CAN FIND MORE INFORMATION

We are subject to the informational requirements of the Exchange Act, and, in accordance with those requirements, file reports, proxy statements and other information with the SEC. Such reports, proxy statements and other information, as well as the registration statement and the exhibits and schedules thereto, can be inspected at the public reference facilities maintained by the SEC at 100 F Street, N.E., Washington, D.C. 20549. Copies of such materials may be obtained at prescribed rates. Information about the operation of the public reference facilities may be obtained by calling the SEC at 1-800-SEC-0330. The SEC also maintains a website that contains reports, proxy statements and other information regarding registrants, including us, that file such information electronically with the SEC. The address of the SEC s website is http://www.sec.gov. Copies of these documents may be available on our website at www.chathamlodgingtrust.com. Our internet website and the information contained therein or connected thereto are not incorporated into this prospectus supplement or the accompanying prospectus or any amendment or supplement hereto or thereto.

We have filed with the SEC a registration statement on Form S-3 under the Securities Act of 1933, as amended, or the Securities Act, with respect to the securities offered by this prospectus supplement and the accompanying prospectus. This prospectus supplement and the accompanying prospectus, which form a part of the registration statement, do not contain all of the information set forth in the registration statement and its exhibits and schedules, certain parts of which are omitted in accordance with the SEC s rules and regulations. For further information about us and the securities, we refer you to the registration statement and to such exhibits and schedules. You may review a copy of the registration statement at the SEC s public reference room in Washington, D.C. as well as through the SEC s website. Please be aware that statements in this prospectus supplement and the accompanying prospectus referring to a contract or other document are summaries and you should refer to the exhibits that are part of the registration statement for a copy of the contract or other document.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

When used in this prospectus supplement, the accompanying prospectus, in future filings with the SEC or in press releases or other written or oral communications, statements which are not historical in nature, including those containing words such as believe, expect, anticipate, estimate, plan, continue, intend, should, may or similar expressions, are intended to identify forward-looking statements within the me Section 27A of the Securities Act and Section 21E of the Exchange Act, and, as such, may involve known and unknown risks, uncertainties and assumptions. These forward-looking statements include information about possible or assumed future results of our business, financial condition, liquidity, results of operations, plans and objectives. Statements regarding the following subjects, among others, are forward-looking by their nature:

- our business and investment strategy;
- our forecasted operating results;
- completion of hotel acquisitions;
- our ability to obtain future financing arrangements;
- our expected leverage levels;
- our understanding of our competition;
- market and lodging industry trends and expectations;

our investment in joint ventures;

anticipated capital expenditures; and

our ability to maintain our qualification as a REIT for federal income tax purposes.

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The forward-looking statements are based on our beliefs, assumptions and expectations of our future performance, taking into account all information available to us at the time the forward-looking statements are made. These beliefs, assumptions and expectations can change as a result of many possible events or factors, not all of which are known to us. If a change occurs, our business, prospects, financial condition, liquidity and results of operations may vary materially from those expressed in our forward-looking statements. You should carefully consider these risks when you make an investment decision concerning our securities. Additionally, the following factors could cause actual results to vary from our forward-looking statements:

- the factors included or incorporated by reference in this prospectus supplement and the accompanying prospectus, including those set forth under the sections titled Risk Factors, and the sections titled Risk Factors in our Annual Report on Form 10-K for the fiscal year ended December 31, 2013 and in our Quarterly Report on Form 10-Q for the quarter ended June 30, 2014 and in the other information that we file with the SEC;
- general volatility of the capital markets and the market price of our securities;
- performance of the lodging industry in general;
- changes in our business or investment strategy;
- availability, terms and deployment of capital;
- availability of and our ability to attract and retain qualified personnel;
- our leverage levels;
- our capital expenditures;
- changes in our industry and the markets in which we operate, interest rates or the general U.S. or international economy;
- our ability to maintain our qualification as a REIT for federal income tax purposes; and
- the degree and nature of our competition.

All forward-looking statements speak only as of the date on which they are made. New risks and uncertainties arise over time and it is not possible to predict those events or how they may affect us. Except as required by law, we are not obligated to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

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SUMMARY

The following summary highlights information contained elsewhere or incorporated by reference in this prospectus supplement and the accompanying prospectus. This summary is not complete and does not contain all of the information that you should consider before investing in our common shares. We urge you to read this entire prospectus supplement, the accompanying prospectus and the documents incorporated by reference herein and therein carefully, including the financial statements and notes to those financial statements incorporated by reference herein and therein. Please read Risk Factors for more information about important risks that you should consider before investing in our common shares.

The Company

We are a self-advised hotel investment company organized in October 2009 to invest in premium-branded upscale extended-stay and select-service hotels. We commenced operations in April 2010, upon completion of the initial public offering, or IPO, of our common shares. Since the completion of our IPO, we have acquired 30 hotels with an aggregate of 4,540 rooms in fifteen states and the District of Columbia. In addition, we currently hold a 10.3% interest in a joint venture with NorthStar Realty Finance Corp., or NorthStar, that owns a 47-hotel, 6,094-room portfolio, which we refer to as the Innkeepers JV. We also hold a 5.0% interest in a separate joint venture with Cerberus Capital Management, or Cerberus, that owns one hotel with 248 rooms. Our current portfolio of wholly owned hotels includes upscale extended-stay hotels that operate under the Residence Inn by Marriott® brand (twelve hotels) and the Homewood Suites by Hilton® brand (eight hotels), as well as premium-branded select-service hotels that operate under the Courtyard by Marriott® brand (two hotels), the Hampton Inn or Hampton Inn and Suites by Hilton® brand (three hotels), the SpringHill Suites by Marriott® brand (two hotels), the Hilton Garden Inn by Hilton® brand (one hotel) and the Hyatt Place® brand (two hotels).

Upscale extended-stay hotels typically have the following characteristics:

- principal customer base includes business travelers who are on extended assignments and corporate relocations;
- services and amenities include complimentary breakfast and evening hospitality hour, high-speed internet access, in-room movie channels, limited meeting space, daily linen and room cleaning service, 24-hour front desk, guest grocery services and an on-site maintenance staff; and
- physical facilities include large suites, quality construction, full separate kitchens in each guest suite, quality room furnishings, pool and exercise facilities.

We also invest in premium-branded select-service hotels such as Hyatt Place®, Courtyard by Marriott®, Hampton Inn by Hilton®, Hampton Inn and Suites by Hilton® and SpringHill Suites by Marriott®. The service and amenity offerings of these hotels typically include complimentary breakfast, high-speed internet access, local calls, in-room movie channels, and daily linen and room cleaning service.

We focus our hotel investments primarily in the 25 largest metropolitan markets in the United States. We believe that current market conditions continue to create attractive opportunities to acquire high quality hotels that will benefit from an improving economy and our aggressive asset management.

Our management team, led by Jeffrey H. Fisher, our Chairman, President and Chief Executive Officer, has extensive experience acquiring, developing, financing, repositioning, managing and selling hotels. Prior to forming our company, Mr. Fisher served as chairman, chief executive officer and president of Innkeepers USA Trust, or Innkeepers, a NYSE-listed hotel REIT, from its inception in 1994 through its sale in June 2007. In addition, Peter Willis, our Executive Vice President and Chief Investment Officer, and Dennis M. Craven, our Executive Vice President and Chief Financial Officer, served in similar positions at Innkeepers.

We are the sole general partner of our operating partnership. Substantially all of our assets are held by, and all of our operations are conducted through, our operating partnership.

Our principal executive offices are located at 50 Cocoanut Row, Suite 211, Palm Beach, Florida 33480. Our telephone number is (561) 802-4477. Our website is www.chathamlodgingtrust.com. Our website and the information contained therein or connected thereto do not constitute a part of this prospectus supplement or the accompanying prospectus.

Recent Developments and Completed Hotel Acquisitions in 2014

Innkeepers JV and Silicon Valley Portfolio Acquisition

As previously announced, on June 9, 2014, a joint venture between Cerberus and our company completed the sale of its then 51-hotel, 6,845 room portfolio. As part of the transaction, 47 of the hotels with an aggregate of 6,094 rooms were acquired by a joint venture between affiliates of NorthStar and our company (the Innkeepers JV Sale), while the four remaining hotels, each of which is a Residence Inn hotel located in Silicon Valley in California, comprising an aggregate of 751 rooms, were acquired by us (the Four-Pack Acquisition). NorthStar owns an 89.7% ownership interest in the Innkeepers JV and its 47-hotel, 6,094-room portfolio, while we own the remaining 10.3% ownership interest, which is equal to our original interest in the initial Innkeepers JV between Cerberus and us.

Acquisition of Hyatt Place Denver/Cherry Hill Hotel

On August 29, 2014, we acquired the 194 room Hyatt Place® Denver/Cherry Creek in Glendale, Colorado for a cash purchase price of $32.0 million, plus customary pro-rated amounts and closing costs. We refer to this hotel as the Denver Hyatt Place. We funded the acquisition of the Denver Hyatt Place with borrowings under our senior secured revolving credit facility and available cash.

The Denver Hyatt Place was rebranded and reopened as a Hyatt Place in October 2013 and is in close proximity to downtown Denver and near such attractions as the Cherry Creek Shopping District, the University of Denver, Sports Authority Field at Mile High Stadium, Denver Zoo and the Denver Museum of Nature and Science. The Denver Hyatt Place is located adjacent to the 20-story, Rocky Mountain Tower office building.

The Denver Hyatt Place is managed by Island Hospitality Management, or IHM, pursuant to a management agreement between IHM and a wholly-owned subsidiary of Chatham TRS Holding, Inc., one of our taxable REIT subsidiaries, or TRSs. Mr. Fisher owns a 90% interest in IHM. The management agreement with IHM provides for a base management fee equal to 3.0% of the hotel s gross room revenue, a revenue management fee equal to $1,000 per month and an accounting fee of up to $1,500 per month. The management agreement has an initial term of five years and will renew automatically for two successive five-year terms unless terminated by the TRS or IHM by written notice to the other party no later than 90 days prior to the term s expiration. The management agreement may be terminated for cause, including the failure of the hotel s operating performance to meet specified levels, or upon the sale of the hotel.

Hotels Under Contract

On September 17, 2014, we entered into a separate joint venture with NorthStar which entered into an agreement to purchase (the Purchase Agreement) a 52-hotel, 6,976 room portfolio of upscale extended stay and premium branded select service hotels for a cash purchase price of approximately $1.1 billion, plus customary pro-rated amounts and closing costs, from Inland American Real Estate Trust, Inc. (Inland). We refer to this portfolio as the Inland Portfolio and to this acquisition as the Inland JV Acquisition. We expect that the joint

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venture will issue approximately $860 million (subject to adjustment if the Purchase Option as described below is exercised) of non-recourse mortgage financing to fund a portion of the purchase price for the Inland Portfolio. Based on this anticipated amount of financing, we expect that our equity contribution to the purchase price will be approximately $29 million. Upon completion of the Inland JV Acquisition, NorthStar will own a 90% ownership interest in the Inland Portfolio and we will own the remaining 10% ownership interest, which is equal to our interest in the Innkeepers JV.

The Inland Portfolio is comprised of 52 hotels with an aggregate of 6,976 rooms that operate under high-quality brands, including the Courtyard by Marriott® brand (18 hotels), the Residence Inn by Marriott® brand (14 hotels), the Hilton Garden Inn by Hilton® brand (eight hotels), the Homewood Suites by Hilton® brand (six hotels), Hampton Inn or Hampton Inn and Suites by Hilton® brand (two hotels), aloft by Starwood® brand (two hotels), the SpringHill Suites by Marriott® brand (one hotel) and the Hyatt Place® brand (one hotel). The Inland Portfolio is located in 21 states, with concentrations in Texas (eleven hotels), New Jersey (six hotels), North Carolina (five hotels), New York (five hotels) and Virginia (four hotels). The hotels in the Inland Portfolio have an average age of 15 years and an average year of renovation of 2009. As a part of our due diligence process in connection with the Inland JV Acquisition, we analyzed the occupancy, average daily rate, or ADR, and revenue per available room, or RevPAR, of the hotels comprising the Inland Portfolio as of December 31, 2013 based on information obtained from Inland. We have not independently verified such information. Based on our diligence, we believe the occupancy, ADR and RevPAR of these hotels are generally below our existing portfolio s metrics for the same period, providing the joint venture an opportunity to meaningfully increase occupancy and rates.

We have also signed a non-binding letter of intent with NorthStar pursuant to which we would negotiate an option to acquire from the joint venture four of the hotels included in the Inland Portfolio comprising an aggregate of 575 rooms, for a gross purchase price of approximately $107 million, plus customary pro-rated amounts and closing costs. We refer to this option as the Purchase Option. The hotels expected to be subject to the Purchase Option include a 120-room hotel in Houston, Texas, a 179-room hotel in Burlington, Massachusetts, a 176-room hotel in Addison, Texas and a 100-room hotel in Houston, Texas, all of which are expected to be premium-branded upscale select service and extended stay hotels consistent with our investment strategy and to be unencumbered by debt upon closing of the Inland JV Acquisition. The Purchase Option is expected to expire upon closing of the Inland JV Acquisition if we do not exercise the Purchase Option prior to that time. The Purchase Option will be contingent on the closing of the Inland JV Acquisition and our acquisition of the hotels included in the Purchase Option and will be subject to the negotiation of definitive documentation.

We expect that following the completion of the Inland JV Acquisition, the joint venture will enter into new management agreements with IHM for 38 of the 52 hotels while the remaining 14 hotels will be managed by Marriott. The Marriott management agreements provide for aggregate management and franchise fees of approximately 7% of the hotels gross room revenues and have an average remaining term of 43 years. The management agreements with IHM for 38 of the 52 hotels in the Inland Portfolio are expected to provide for a base management fee equal to 3.0% of the hotel s gross room revenue, a revenue management fee equal to $750 per month and an accounting fee of up to $1,200 per month.

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The Purchase Agreement contains representations, warranties and conditions customary for transactions of this type, including the satisfaction of certain U.S. federal income tax conditions on the part of the sellers. Completion of the Inland JV Acquisition is contingent upon satisfaction of certain closing conditions, with closing expected during the fourth quarter of 2014. Accordingly, until the closing of the Inland JV Acquisition, there can be no assurance that our joint venture with NorthStar will complete the Inland JV Acquisition. In addition, the letter of intent to enter into the Purchase Option is non-binding and subject to execution of definitive documentation. Also, there can be no assurance that we will enter into definitive binding documentation with respect to the Purchase Option on the terms set forth in the letter of intent, or at all, or that we will exercise the Purchase Option or satisfy the conditions required to close on the four hotels expected to be included in the Purchase Option. See Risk Factors below.

Other Matters

On August 8, 2014, we announced that our board of trustees declared a monthly common share dividend of $0.08 per share for August 2014 that is payable on September 26, 2014 to shareholders of record on August 29, 2014. On September 10, 2014, we announced that our board of trustees declared a monthly common share dividend of $0.08 per share for September 2014 that is payable on October 31, 2014 to shareholders of record on September 30, 2014. Common shares purchased in this offering will not receive the August 2014 common share dividend.

On July 2, 2014, we obtained $30 million of debt financing secured by a first mortgage on our Savannah Hotel. The loan has a 10-year term and a 30-year amortization payment schedule but is interest only for the first 60 months. The interest rate on the loan is a fixed annual rate of 4.62%.

Subsequent to June 30, 2014, we sold 219,000 common shares pursuant to our at-the-market offering program at an average price of $23.26 per share, raising net proceeds, after sales commissions and fees, of approximately $5.1 million.

In March 2014, we entered into an agreement with HG Vora Capital Management, LLC and certain of its affiliates (collectively, the HG Vora Group) pursuant to which, as subsequently amended, among other things, we agreed that if we issue any common shares to third parties, subject to certain exceptions, between the date of the agreement and the earlier of May 31, 2015 or our 2015 annual meeting of shareholders, we will provide the HG Vora Group with the opportunity to acquire enough common shares to maintain its percentage ownership of our outstanding common shares as calculated on the day immediately prior to such issuance (the HG Ownership Percentage). Under the terms of the agreement, the HG Vora Group has until 4:00 p.m., New York Time, on the day immediately preceding such issuance to elect to purchase up to a number of common shares sufficient to maintain the HG Ownership Percentage, in the case of an underwritten offering, at a price per share equal to the price to be paid by the underwriters. In addition, in the event we sell any shares through our at the market offering program during a quarter, we are required to provide the HG Vora Group with the opportunity to acquire from us common shares, at a price equal to the average share price of all shares sold pursuant to our at the market program during such quarter, in sufficient quantity to enable the HG Vora Group to maintain the HG Ownership Percentage. On June 27, 2014, the HG Vora Group advised us that it does not own any of our common shares. In the event the HG Vora Group owns any of our common shares as of 4:00 p.m. on the day immediately preceding the closing of this offering and elects to purchase shares in accordance with its rights under the agreement or elects to purchase its pro rata portion of the shares we sell through our at the market offering program during the quarter ending September 30, 2014, we may be required to sell to it, concurrent with or shortly after the closing of this offering, a number of registered and freely tradable common shares sufficient for it to maintain the HG Ownership Percentage. Such common shares, if any, will be issued and sold to the HG Vora Group pursuant to a separate prospectus supplement that we will file with the SEC and will not be subject to a lock-up agreement with us or the underwriters.

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The Offering

The offering terms are summarized below solely for your convenience. For a more complete description of the terms of our common shares, see Description of Shares of Beneficial Interest in the accompanying prospectus.

Issuer	Chatham Lodging Trust
Securities offered	5,000,000 common shares of beneficial interest, \$0.01 par value per share. We will grant the underwriters the option to purchase up to 750,000 additional common shares at the price at which the underwriters purchase the common shares from us in this offering, within 30 days after the date of this prospectus supplement.
Common shares outstanding immediately prior to this offering(1)	27,097,368 common shares
Common shares outstanding upon completion of this offering(1)	32,097,368 common shares (32,847,368 common shares if the underwriter exercises its option to purchase additional shares in full)
Use of proceeds	We estimate that the net proceeds from this offering, after deducting the underwriting discount and commissions and estimated expenses, will be approximately \$ million (approximately \$ million if the underwriters exercise their option to purchase additional shares in full). We will contribute the net proceeds of this offering to our operating partnership in exchange for common units of partnership interest in our operating partnership, or common units. Our operating partnership intends to use a portion of the net proceeds of this offering to pay down borrowings under our senior secured revolving credit facility. Our operating partnership intends to use the remaining net proceeds to invest in additional hotel properties in accordance with our investment strategy, including our equity contribution toward the purchase price for the Inland JV Acquisition and the potential exercise of the Purchase Option, and for general business purposes, including renovations and upgrades of guest rooms and common areas at certain of our hotels. Our operating partnership intends to use any additional remaining net proceeds for general corporate purposes. See Use of Proceeds.

(1) Includes an aggregate of 167,505 unvested restricted common shares awarded to Messrs. Fisher, Craven, and Willis pursuant to our Equity Incentive Plan. Also includes 219,611 common shares issued subsequent to June 30, 2014 pursuant to our at the market offering program and our Direct Share Purchase and Dividend Reinvestment Plan. Excludes (i) an aggregate of 257,775 common shares underlying long-term incentive plan, or LTIP, units in our operating partnership that were issued to Messrs. Fisher and Willis in connection with our IPO and to Mr. Craven upon joining our company, (ii) 2,296,458 common shares reserved for issuance under our Equity Incentive Plan and (iii) up to 750,000 common shares issuable upon the exercise of the underwriter s option to purchase additional shares in full.

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	The purchase price per share paid by the underwriters for the up to 750,000 additional common shares issuable pursuant to the exercise of their option will be reduced by the per share amount of any dividends or distributions declared by us and payable on the shares initially sold by us in this offering but not payable on these additional shares.
New York Stock Exchange symbol	CLDT
Ownership and transfer restrictions	Our declaration of trust, subject to certain exceptions, prohibits any person from directly or indirectly owning more than 9.8% by value or number of shares, whichever is more restrictive, of any outstanding class or series of our shares of beneficial interest. See Description of Shares of Beneficial Interest Restrictions on Ownership and Transfer in the accompanying prospectus.
Risk Factors	Investing in our common shares involves risks. You should carefully read and consider the information set forth under Risk Factors and all other information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus before investing in our common shares.

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RISK FACTORS

Investing in our common shares involves risks. In addition to other information in this prospectus supplement, you should carefully consider the following risks and the risks described in our Annual Report on Form 10-K for the year ended December 31, 2013 and our Quarterly Report on Form 10-Q for the quarter ended June 30, 2014, as well as other information and data set forth in this prospectus supplement and the accompanying prospectus and the documents we incorporate by reference herein and therein before making an investment decision with respect to the common shares. The occurrence of any of the following risks could materially and adversely affect our business, prospects, financial condition, results of operations and our ability to make cash distributions to our shareholders, which could cause you to lose all or a part of your investment in our common shares. Some statements in this prospectus supplement and the accompanying prospectus and the documents we incorporate by reference herein and therein, including statements in the following risk factors, constitute forward-looking statements. See Cautionary Note Regarding Forward-Looking Statements.

Risks Related to Our Business and Properties

Our joint venture with NorthStar may fail to complete the Inland JV Acquisition and we may not complete our acquisition of the four hotels we expect to be included in the potential Purchase Option on a timely basis or at all.

We expect to complete this offering prior to the completion of the Inland JV Acquisition and before we obtain or exercise the Purchase Option. Although we expect the Inland JV Acquisition to close during the fourth quarter of 2014 and that we will enter into definitive agreements with respect to the Purchase Option and may exercise and close on the Purchase Option on a similar timetable, these transactions are subject to customary closing conditions, many of which are outside of our control. Moreover, the letter of intent to enter into the Purchase Option between us and the joint venture is non-binding and subject to execution of definitive documentation. There can be no assurance that we will enter into binding definitive documentation with respect to the Purchase Option. Furthermore, there is no assurance that we or our joint venture with NorthStar will fulfill the closing conditions or that the Inland JV Acquisition or, if we obtain the Purchase Option, our acquisition of the four hotels included in the Purchase Option will be completed on the anticipated schedule or at all. In the event we, our joint venture with NorthStar or any other party to the Purchase Agreement or the potential Purchase Option fails to perform its respective obligations or satisfy all conditions to closing or exercise, as applicable, thereunder, the joint venture s acquisition of the Inland Portfolio and our acquisition of the four hotels we expect to be included in the Purchase Option may not be consummated.

There can be no assurance that we will enter into definitive binding agreements for the Purchase Option that we have on the terms contemplated by a non-binding letter of intent, or at all, or that we will exercise the Purchase Option or close on the four hotels expected to be included in the Purchase Option if obtained.

There can be no assurance that we will enter into definitive binding agreements for the Purchase Option on the terms contemplated by the letter of intent, or at all, because the letter of intent is not binding on us or NorthStar. Obtaining the Purchase Option is subject to us negotiating with NorthStar (and executing with our joint venture with NorthStar) mutually acceptable definitive agreements with respect to the Purchase Option, which we expect will contain a number of terms and conditions. There can be no assurance that NorthStar will be willing to proceed with the Purchase Option or that we will be able to successfully negotiate and execute satisfactory definitive agreements with our joint venture with NorthStar. Furthermore, there can be no assurance that we will exercise the Purchase Option if obtained or satisfy the closing conditions required to close on the four hotels expected to be included in the Purchase Option.

If our joint venture with NorthStar fails to complete the Inland JV Acquisition, we will have incurred substantial expenses without our shareholders realizing the expected benefits.

If our joint venture with NorthStar is unable to complete the Inland JV Acquisition, we will have incurred significant legal, accounting and other transaction costs in connection with the transaction without our shareholders realizing the anticipated benefits. We cannot assure you that the joint venture will complete the Inland JV Acquisition because the Inland JV Acquisition is subject to a variety of factors, including the satisfaction of customary closing conditions, many of which are outside of the joint venture s or our control.

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Moreover, in the event our joint venture with NorthStar is unable to complete the Inland JV Acquisition, we will be unable to exercise the Purchase Option or to receive any of the anticipated benefits related to such option.

If the transaction contemplated by the Purchase Agreement fails to close, we may lose our portion of the initial deposit we funded in connection with the joint venture s execution of the Purchase Agreement.

Our joint venture with NorthStar made a $50 million initial deposit in connection with the execution of the Purchase Agreement, including $5 million that we funded, that is non-refundable, except in the event Inland has defaulted in the performance of its obligations under the Purchase Agreement or the closing fails to occur before the nine month anniversary of the date of the Purchase Agreement. We could forfeit our share of the deposit if the joint venture does not complete the acquisition.

Risks Related to this Offering

The trading price of our common shares may be less than the offering price.

The public offering price for the shares in this offering has been determined by us and the underwriters. We cannot assure you that the price at which the common shares will sell in the public market after the completion of this offering will not be lower than the price at which they are sold by the underwriters.

Our senior secured revolving credit facility prohibits us from repurchasing our common shares and may limit our ability to pay dividends on our common shares.

Our senior secured revolving credit facility, which matures on November 5, 2016, prohibits us from repurchasing any common shares during the term of the senior secured revolving credit facility. Under our senior secured revolving credit facility, our distributions may not exceed the greater of (i) 95% of adjusted funds from operations (as defined in our senior secured revolving credit facility) for the preceding four-quarter period or (ii) the amount required for us to qualify and maintain our status as a REIT. As a result, if we do not generate sufficient adjusted funds from operations during the four quarters preceding any common share dividend payment date, we would not be able to pay dividends to our common shareholders consistent with our past practice without causing a default under our senior secured revolving credit facility. In the event of a default under our senior secured revolving credit facility, we would be unable to borrow under our senior secured revolving credit facility and any amounts we have borrowed thereunder could become due and payable.

The underwriters may receive benefits in connection with this offering.

Barclays Capital Inc., UBS Securities LLC and certain of the other underwriters in this offering and/or their affiliates are lenders under our senior secured revolving credit facility. We intend to use a portion of the net proceeds of this offering to pay down borrowings under our senior secured revolving credit facility. To the extent we use a portion of the net proceeds of this offering to pay down such borrowings, these underwriters will receive their proportionate shares of any amount of our senior secured revolving credit facility that is repaid with the net proceeds of this offering. These transactions create potential conflicts of interest because the underwriters may have an interest in the successful completion of this offering beyond the underwriting discount and sales commissions they will receive. These interests may influence the decision regarding the terms and circumstances under which the offering is completed.

You may experience significant dilution as a result of this offering, which may adversely affect the per share trading price of our common shares.

This offering may have a dilutive effect on our earnings per share and funds from operations per share after giving effect to the issuance of our common shares in this offering and the receipt of the expected net proceeds. The actual amount of dilution from this offering, or from any future offering of common or preferred shares, will be based on numerous factors, particularly the use of proceeds and the return generated by such investment, and cannot be determined at this time. The per share trading price of our common shares could decline as a result of sales of a large number of our common shares in the market pursuant to this offering, or otherwise, or as a result of the perception or expectation that such sales could occur.

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USE OF PROCEEDS

We estimate that the net proceeds from this offering, after deducting the underwriting discount and commissions and estimated expenses, will be approximately $ million (approximately $ million if the underwriters exercise their option to purchase additional shares in full).

We will contribute the net proceeds of this offering to our operating partnership in exchange for common units in our operating partnership. Our operating partnership intends to use a portion of the net proceeds of this offering to pay down borrowings under our senior secured revolving credit facility. Our operating partnership intends to use the remaining net proceeds to invest in additional hotel properties in accordance with our investment strategy, including our equity contribution toward the purchase price for the Inland JV Acquisition and the potential exercise of the Purchase Option, and for general business purposes, including renovations and upgrades of guest rooms and common areas at certain of our hotels. Our operating partnership intends to use any additional remaining net proceeds for general corporate purposes. As of September 17, 2014, we had approximately $84 million of borrowings outstanding under our senior secured revolving credit facility. Borrowings under our senior secured revolving credit facility bore interest at a rate of approximately 2.66% per annum as of September 17, 2014 and will mature on November 5, 2016.

Pending application of the proceeds, our operating partnership may invest the net proceeds from this offering in interest-bearing accounts and short-term, interest-bearing securities in a manner that is consistent with our intention to qualify for taxation as a REIT.

The purchase price per share paid by the underwriters for the up to the 750,000 additional common shares issuable pursuant to the exercise of their option will be reduced by the per share amount of any dividends or distributions declared by us and payable on the shares initially sold by us in this offering but not payable on these additional shares.

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CAPITALIZATION

The following table sets forth:

- our actual cash and cash equivalents and consolidated capitalization as of June 30, 2014;

- our pro forma cash and cash equivalents and consolidated capitalization as of June 30, 2014, giving effect to (i) the completion of our acquisition of the Denver Hyatt Place for $32.0 million and (ii) the closing of a $30.0 million first mortgage loan secured by our Savannah Hotel, the proceeds from which were used to pay down borrowings under our senior secured revolving credit facility; and

- our pro forma as adjusted cash and cash equivalents and capitalization as of June 30, 2014, giving effect to (i) the sale of 5,000,000 common shares to the underwriters in this offering at the price at which the underwriters will purchase the common shares from us in this offering (not including shares subject to the underwriters option to purchase additional shares) net of the estimated offering expenses payable by us in connection with this offering and (ii) the application of the net proceeds to pay down borrowings under our senior secured revolving credit facility (without giving effect to our equity contribution toward the purchase price for the Inland JV Acquisition or our exercise of the Purchase Option).

You should read this table in conjunction with Use of Proceeds in this prospectus supplement and the unaudited pro forma financial information as of June 30, 2014 included in the consolidated financial statements and related notes and Management s Discussion and Analysis of Financial Condition and Results of Operations in our Annual Report on Form 10-K for the year ended December 31, 2013, and our Quarterly Report on Form 10-Q for the quarter ended June 30, 2014, each of which is incorporated by reference in this prospectus supplement.

	As of June 30, 2014		
	Actual	Pro Forma	Pro Forma As Adjusted
	(in thousands, except per share amounts)		
Cash and cash equivalents	$ 11,935	$ 11,935	$
Debt:			
Borrowings under revolving credit facility	$ 98,000	$ 100,000	$
Mortgage loans payable	444,535	474,535	474,535
Total debt	542,535	574,535	
Shareholders equity:			
Common shares, $0.01 par value per share, 500,000,000 shares authorized, 26,877,757 shares issued and outstanding, actual and pro forma; 31,877,757 shares issued and outstanding, pro forma as adjusted(1)	266	266	311
Additional paid-in capital(1)	445,427	445,427	
Accumulated deficit	729	729	729
Total shareholders equity	446,422	446,422	