

Chatham Lodging Trust

Key Takeaways

Based on a review and evaluation of company disclosures and practices at this time, a vote for all agenda items is warranted.

ISS QuickScore

GOVERNANCE

6

Scores indicate decile rank relative to index or region. A decile score of 1 indicates lower governance risk, while a 10 indicates higher governance risk.

Meeting Type: Annual
Meeting Date: 21 May 2015
Record Date: 1 April 2015
Meeting ID: 969192

New York Stock Exchange: CLDT
Index: Russell 3000
Sector: Hotel & Resort REITs
GICS: 40402035

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Agenda & Recommendations

Policy: United States

Incorporated: Maryland, USA

Item	Code	Proposal	Board Rec.	ISS Rec.
MANAGEMENT PROPOSALS				
1.1	M0201	Elect Director C. Gerald Goldsmith	FOR	FOR
1.2	M0201	Elect Director Rolf E. Ruhfus	FOR	FOR
1.3	M0201	Elect Director Joel F. Zemans	FOR	FOR
2	M0101	Ratify PricewaterhouseCoopers LLP as Auditors	FOR	FOR
3	M0550	Advisory Vote to Ratify Named Executive Officers' Compensation	FOR	FOR

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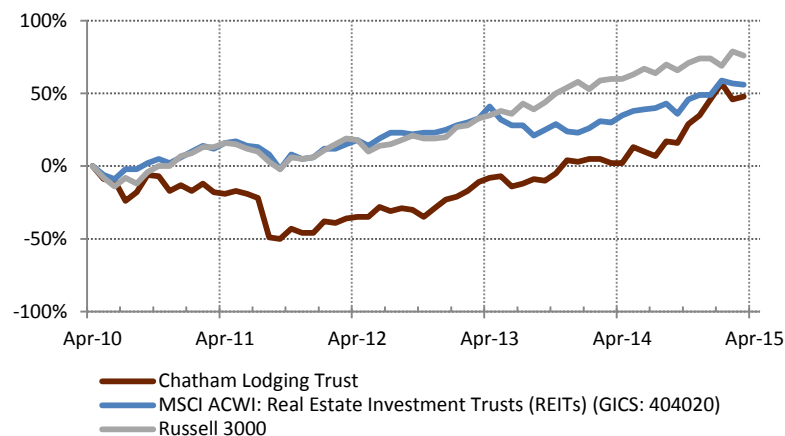
Material Company Updates

Item	Summary
Amendments to Bylaws	<p>On May 22, 2014, the board of trustees adopted a resignation policy pursuant to which, in future uncontested election of trustees, any nominee who receives a greater number of votes "withhold" from his or her election than votes "for" his or her election will submit his or her written offer to resign from the board.</p> <p>On April 9, 2015, the trustees of the company elected to opt out of the provisions of Section 3-803 of the Maryland General Corporation Law, which permits the trustees to divide its trustees into three classes. As a result of opting out, all trustees will continue to serve for their current terms, but will be elected for one-year terms starting at the 2015 annual meeting.</p> <p>On April 13, 2015, the company announced that the board adopted a clawback policy, adopted an anti-pledging and anti-hedging policy, and made certain revisions to its corporate governance guidance.</p> <p>On April 20, 2015, the trustees amended the company's bylaws to remove the trustee qualification provision wherein a person is disqualified from being nominated for election, or serving as a trustee of the company, if such person has any third-party compensatory, payment, or other financial arrangement related to his or her service as a trustee.</p>
Notable Shareholder Opposition	<p>At the last annual meeting, trustee Miles L. Berger received the support of less than a majority of votes cast. See <i>Board Responsiveness</i> section of Elect Directors below.</p>

Financial Highlights

Company Description: Chatham Lodging Trust is an equity real estate investment trust. The firm invests in the real estate markets of the United States. It primarily invests in premium-branded upscale extended-stay and select-service hotels to create its portfolio.

STOCK PRICE PERFORMANCE



TOTAL SHAREHOLDER RETURNS

	1 Yr	3 Yr	5 Yr
Company TSR (%)	47.56	45.78	N/A
GICS 4040 TSR (%)	26.19	18.78	16.08
Russell 3000 TSR (%)	12.56	20.51	15.63

Source: Compustat. As of last day of company FY end month: 12/31/2014

COMPANY SNAPSHOT

Market Cap (M)	1,128.3
Closing Price	29.46
Annual Dividend	1.02
52-Week High	31.60
52-Week Low	20.05
Shares Outstanding (M)	38.30
Average daily trading volume (prior mo)*	284.09

As of April 1, 2015 (All currency in USD)

* Trading Volume in thousands of shares

FINANCIAL & OPERATIONAL PERFORMANCE

All currency in USD	Historical Performance (FY ending)					Compared to Peers (Compustat FY*) – 2014				
	12/2010	12/2011	12/2012	12/2013	12/2014	INN	SOHO	FPO	EXL	CCG
Earnings						Summit Hotel Properties, Inc.	Sotherly Hotels Inc.	First Potomac Realty Trust	Excel Trust, Inc.	Campus Crest Communities, Inc.
Revenue (M)	26	72	99	124	193	404	123	169	133	101
Net Income (M)	-1	-9	-1	3	67	21	2	17	9	-163
EBITDA (M)	N/A	N/A	N/A	N/A	N/A	48	N/A	N/A	N/A	N/A
EPS (USD)	-0.14	-0.69	-0.12	0.13	2.32	0.04	0.21	0.05	-0.07	-2.54
EPS Y/Y Growth (%)	N/A	-393	83	N/A	1,685	N/A	N/A	N/A	22	-8,367
Profitability										
Net Margin (%)	-5	-13	-1	3	35	5	1	9	7	-152
EBITDA Margin (%)	N/A	N/A	N/A	N/A	N/A	12	N/A	N/A	N/A	N/A
Return on Equity (%)	-1	-4	-1	1	11	1	8	1	-1	-35
Return on Assets (%)	-1	-2	0	0	6	0	1	0	0	-14
ROIC (%)	-1	-2	0	1	6	0	1	0	0	-15
Leverage										
Debt/Assets	23	50	52	40	47	43	85	50	50	53
Debt/Equity	30	106	117	71	94	80	980	114	116	131
Cash Flows										
Operating (M)	5	9	15	32	49	102	N/A	63	59	66
Investing (M)	-202	-113	-13	-235	-453	-201	N/A	-112	-391	-213
Financing (M)	201	103	-2	203	415	90	N/A	53	335	130
Net Change (M)	5	0	0	0	11	-8	N/A	5	3	-17
Valuation & Performance										
Price/Earnings	N/A	N/A	N/A	157.30	12.50	311.00	35.70	247.20	N/A	N/A
Annual TSR (%)	N/A	-33.97	50.71	39.31	47.56	44.44	30.15	11.33	24.14	-16.23

Source: Compustat. *Note: Compustat standardizes financial data and fiscal year designations to allow for accurate comparison across companies and industries. Compustat data may differ from companies' disclosed financials. See www.issgovernance.com/policy-gateway/company-financials-faq/ for more information. Peers used in Financial Highlights represent closest industry peers drawn from those peers used in ISS' pay-for-performance analysis.

Corporate Governance Profile

BOARD & COMMITTEE SUMMARY

	Independence	Members	Meetings
Full Board	89%	9	10
Audit	100%	3	7
Compensation	100%	3	3
Nominating	100%	2	3

Chairman classification	Insider
Separate chair/CEO	No
Independent lead director	Yes
Voting standard	Plurality
Plurality carveout for contested elections	N/A
Resignation policy	Yes
Total director ownership (000 shares)	816
Total director ownership (%)	2.1
Percentage of directors owning stock	100%
Number of directors attending < 75% of meetings	0
Number of directors on excessive number of outside boards	0
Average director age	71 years
Average director tenure	5 years
Percentage of women on board	0%

SHAREHOLDER RIGHTS SUMMARY

Controlled company	No
Classified board	In process of declassifying
Dual-class stock	No
Vote standard for mergers/acquisitions	Majority
Vote standard for charter/bylaw amendment	66.67%
Shareholder right to call special meetings	No
Material restrictions on right to call special meetings	N/A
Shareholder right to act by written consent	Unanimous
Cumulative voting	No
Board authorized to issue blank-check preferred stock	Yes
Poison pill	No

Board Profile

Director Independence & Affiliations

EXECUTIVE DIRECTORS

On Ballot	Name	Affiliation	Independence Classification		Attend <75%	Gen-der	Age	Tenure	Term Ends	Outside		Key Committees				
			Company	ISS						Boards	CEO	Audit	Comp	Nom	Gov	
	Jeffrey H. Fisher	CEO/Chair	Non-Independent	Insider		M	59	5	2016	0						

NON-EXECUTIVE DIRECTORS

On Ballot	Name	Affiliation	Independence Classification		Attend <75%	Gen-der	Age	Tenure	Term Ends	Outside		Key Committees				
			Company	ISS						Boards	CEO	Audit	Comp	Nom	Gov	
	Miles L. Berger	Lead Director	Independent	Independent Outsider		M	84	5	2017	1		M	M			
	Thomas J. Crocker		Independent	Independent Outsider		M	61	5	2016	0				C	C	
	Jack P. DeBoer		Independent	Independent Outsider		M	84	5	2017	0						
	Glen R. Gilbert		Independent	Independent Outsider		M	70	5	2017	0		C	F			
✓	C. Gerald Goldsmith		Independent	Independent Outsider		M	86	5	2016	0			C	M	M	
	Robert Perlmutter		Independent	Independent Outsider		M	53	5	2016	0						
✓	Rolf E. Ruhfus		Independent	Independent Outsider		M	70	5	2016	0						
✓	Joel F. Zemans		Independent	Independent Outsider		M	73	5	2016	0		M	M			

M = Member | C = Chair | F = Financial Expert

Director Notes

Jeffrey H. Fisher

1) As of March 30, 2015, 33 of the company's wholly owned hotels and 81 hotels owned by the company's with two joint ventures with affiliates of NorthStar Realty Finance Corp. ("NorthStar") are managed by Island Hospitality Management Inc. ("IHM") pursuant to a management agreement. The company paid IHM an aggregate of approximately \$5.8 million for management, accounting and revenue management fees and \$161,000 for incentive management fee during fiscal 2014. Jeffrey H. Fisher majority owns IHM. 2) In connection with certain acquisitions and dispositions or other transactions, the company may engage a brokerage firm with which Fisher's daughter is employed. (Source: DEF14A, 4/20/15, pp. 5, 25, 26; 10-K, 3/16/15, p. 5.)

Director Employment, Compensation & Ownership

Name	Primary Employment	Outside Boards	Total Compensation*	Shares Held	60-day Options	Total	Voting Power (%)
Jeffrey H. Fisher	CEO, Chairman, President - Chatham Lodging Trust		**	668,996	0	668,996	1.75
Miles L. Berger	Consultant	Universal Health Realty Income Trust	85,000	21,587	0	21,587	<1
Thomas J. Crocker	Financial Services		80,000	16,870	0	16,870	<1
Jack P. DeBoer	Financial Services		75,000	20,370	0	20,370	<1
Glen R. Gilbert	Retired		85,000	15,587	0	15,587	<1
C. Gerald Goldsmith	Financial Services		82,500	10,625	0	10,625	<1
Robert Perlmutter	EVP of Leasing - The Macerich Company		75,000	26,212	0	26,212	<1
Rolf E. Ruhfus	Other		75,000	15,587	0	15,587	<1
Joel F. Zemans	Financial Services		75,000	20,587	0	20,587	<1

*Local market currency

**For executive director data, please refer to Executive Pay Overview.

Compensation Profile

EXECUTIVE PAY OVERVIEW

Executive	Title	Base Salary	Change in Pension, Deferred Comp, All Other Comp	Bonus & Non-equity Incentives	Restricted Stock	Option Grant	Total
J. Fisher	Chairman, President & Chief Executive Officer	500	35	1,000	992	0	2,527
D. Craven	Executive Vice President & Chief Financial Officer	335	20	400	347	0	1,102
P. Wills	Executive Vice President & Chief Investment Officer	335	20	315	298	0	968
Median CEO Pay	ISS Selected Peer Group	542	12	611	1,437	0	2,630
	Company Defined Peers	750	38	1,390	2,065	0	4,929

Source: ISS. Pay in \$thousands. Total pay is sum of all reported pay elements, using ISS' Black-Scholes estimate for option grant-date values. Note: Median total pay will not equal sum of pay elements medians. Company Defined Peers are as disclosed. More information on ISS' peer group methodology at www.issgovernance.com/policy-gateway/us-compensation-policy-guidance/.

OPTION VALUATION ASSUMPTIONS

For CEO's last FY Grant	Company	ISS
Volatility (%)*	N/A	N/A
Dividend Yield (%)*	N/A	N/A
Term (yrs)*	N/A	N/A
Risk-free Rate (%)*	N/A	N/A
Grant date fair value per option*	N/A	N/A
Grant Date Fair Value (\$ in 000)**	N/A	N/A

*Source: Standard & Poor's Xpressfeed;**Source DEF14A (company value); ISS (ISS value); Difference between ISS and company grant date fair value %

CEO PAY MULTIPLES

Compared to	Multiple
2nd highest active executive	2.29
Average active NEO	2.44
ISS peer median	0.96
Company peer median	0.51

Source: ISS

CEO TALLY SHEET

CEO	J. Fisher
CEO tenure at FYE:	5.2 years
Present value of all accumulated pension:	N/A
Value of CEO stock owned (excluding options):	\$19,708,622
Potential Termination Payments	
Involuntary termination without cause:	\$9,552,791
Termination after a change in control:	\$9,622,791

Source: DEF14A

Dilution & Burn Rate

DILUTION

	Dilution (%)
Chatham Lodging Trust	6.48
Peer group median	3.66
Peer group weighted average	3.75
Peer group 75th percentile	6.54

Dilution is the sum of the total amount of shares available for grant and outstanding under options and other equity awards (vested and unvested) expressed as a percentage of total basic common shares outstanding as of the record date. The dilution figure typically excludes employee stock purchase plans (ESPPs) and 401(k) shares. The underlying information for the company is based on the company's equity compensation table in the most recent proxy statement or 10-K.

BURN RATE


	Non-Adjusted (%)	Adjusted (%)
1-year	0.30	0.91
3-year average	0.51	1.52



Burn rate equals the number of shares granted in each fiscal year, including stock options, restricted stock (units), actual performance shares delivered under the long-term incentive plan or earned deferred shares, to employees and directors divided by weighted average common shares outstanding. The adjusted burn rate places a premium on grants of full-value awards using a multiplier based on the company's annual volatility.


ISS QuickScore

As of May 1, 2015

ISS GOVERNANCE QUICKSCORE PILLARS

Board	7
Subcategory & Impact:	
Board Composition	
Composition of Committees	
Board Practices	
Board Policies	
 Related Party Transactions	
Controversies	


Compensation	7
Subcategory & Impact:	
Pay For Performance	
Non-Performance Based Pay	
Use Of Equity	
 Equity Pay Risk Mitigation	
Communications & Disclosure	
 Termination	
Controversies	

Shareholder Rights	6
Subcategory & Impact:	
One Share - One Vote	
Takeover Defenses	
 Meeting and Voting Related Issues	

Audit	2
Subcategory & Impact:	
External Auditor	
Audit & Accounting Controversies	
Other Issues	

ISS Governance QuickScore is derived from publicly disclosed data on the company's governance practices. Scores indicate decile rank relevant to index or region. While company practices that raise concerns in ISS Governance QuickScore are in many cases factors that weigh against the company in analyzing certain proposals, ISS recommendations are based on situational proposals and the related qualitative aspects of our review at a point in time

Scores on the proxy research report are "As of" the date indicated. QuickScore data and scores are dynamic and updated on a daily basis and available year round. Scores are calculated at each pillar by summing the factor scores in that pillar. Not all factors and not all subcategories have equal weight, and not all factors or subcategories apply to all markets. For more information on ISS Governance QuickScore, visit <http://www.issgovernance.com/governance-solutions/investment-tools-data/quickscore/>. For questions, please contact: Quickscore@issgovernance.com.

 The total number of points in this subcategory is at the top of the possible range.

 The total number of points in this subcategory is at the bottom of the possible range.

No Star or Flag: The total number of points in this subcategory is in the middle of the possible range.

Vote Results

ANNUAL MEETING 22 MAY 2014

Proposal	Board Rec	ISS Rec	Disclosed Result	Support Including Abstains (%) ¹	Support Excluding Abstains (%) ²
1.1 Elect Trustee Miles Berger	For	Withhold	Majority	49.8	49.8
1.2 Elect Trustee Jack P. DeBoer	For	Withhold	Majority	55.2	55.2
1.3 Elect Trustee Glen R. Gilbert	For	Withhold	Majority	55.2	55.2
2 Ratify Auditors	For	For	Pass	99.7	99.7
3 Advisory Vote to Ratify Named Executive Officers' Compensation	For	For	Pass	96.6	96.9

Shaded results reflect a majority of votes cast FOR shareholder proposal or AGAINST management proposal or director election

¹Support Including Abstains is defined as %FOR/(For + Against + Abstain), as expressed as a percentage.

²Support Excluding Abstains is defined as %FOR/(For + Against), as expressed as a percentage, provided if different from For + Against + Abstain.

Meeting Agenda & Proposals

Items 1.1-1.3. Elect Directors

FOR

VOTE RECOMMENDATION

A vote FOR the director nominees is warranted.

BACKGROUND INFORMATION

Policies: [Board Accountability](#) | [Board Responsiveness](#) | [Director Competence](#) | [Director Independence](#) | [Election of Directors](#) | [ISS Categorization of Directors](#) | [Vote No campaigns](#)

Vote Requirement: The company has a plurality vote standard for the election of directors, and has a director resignation policy in its governance guidelines

Discussion

BOARD RESPONSIVENESS TO SHAREHOLDER CONCERNS

At the last annual meeting, trustee Miles L. Berger received a majority of WITHHOLD votes out of the total votes that were cast for that director. The receipt of WITHHOLD votes from a majority of votes cast sends a clear message of dissatisfaction from shareholders. Additionally, trustees Jack P. DeBoer and Glen R. Gilbert each received only 55.2 percent shareholder support. Last year, ISS recommended that shareholders WITHHOLD votes for all trustee nominees for a material governance failure resulting from the board's unilateral adoption of bylaw amendments that significantly diminished shareholders' rights. Specifically, the board amended the company's bylaws to: (i) disqualify from board candidacy or service any individual who receives certain payments from third parties in connection with his or her candidacy for board service; and (ii) classify the board.

On April 9, 2015, the board was declassified. Although trustees will serve for their remaining three-year terms, trustees are again elected on an annual basis. On April 20, 2015, the board removed the provision which would disqualify individuals from board service who receive third-party compensation for such board service.

Additionally, at a board meeting following the 2014 annual meeting, the board amended the company's bylaws to adopt a resignation policy in the case a trustee receives the support of less than a majority of votes cast. Furthermore, the board adopted clawback, anti-hedging, and anti-pledging policies on April 13, 2015.

Given that the company has removed the concerning provisions and adopted additional policies which are considered good governance practice, it appears that the board has sufficiently responded to shareholder concerns. As such, adverse recommendations are not warranted at this time.

Item 2. Ratify PricewaterhouseCoopers LLP as Auditors

FOR

VOTE RECOMMENDATION

A vote FOR this proposal to ratify the company's auditor is warranted.

BACKGROUND INFORMATION

Policies: [Auditor Ratification](#)

Vote Requirement: Majority of votes cast (abstentions and broker non-votes not counted)

Discussion

The board recommends that PricewaterhouseCoopers LLP be approved as the company's independent accounting firm for the coming year.

Accountants	PricewaterhouseCoopers LLP
Auditor Tenure	Not Disclosed
Audit Fees	\$721,800
Audit-Related Fees	\$209,000
Tax Compliance/Preparation*	\$0
Other Fees	\$607,144
Percentage of total fees attributable to non-audit ("other") fees	39.48%

*Only includes tax compliance/tax return preparation fees. If the proxy disclosure does not indicate the nature of the tax services and provides the fees associated with tax compliance/preparation, those fees will be categorized as "Other Fees."

The auditor's report contained in the annual report is unqualified, meaning that in the opinion of the auditor, the company's financial statements are fairly presented in accordance with generally accepted accounting principles.

Analysis

This request to ratify the auditor does not raise any exceptional issues, as the auditor is independent, non-audit fees are reasonable relative to audit and audit-related fees, and there is no reason to believe the auditor has rendered an inaccurate opinion or engaged in poor accounting practices.

Item 3. Advisory Vote to Ratify Named Executive Officers' Compensation

FOR

VOTE RECOMMENDATION

A vote FOR this proposal is warranted, as no significant concerns were found in reviewing the company's executive compensation practices at this time.

BACKGROUND INFORMATION

Policies: [Advisory Votes on Executive Compensation](#)

Vote Requirement: Majority of votes cast (abstentions and broker non-votes not counted)

Executive Compensation Analysis

COMPONENTS OF PAY

(\$ in thousands)	CEO			CEO Peer Median	Other NEOS
	J. Fisher	J. Fisher	J. Fisher		
	2014	Change	2013	2012	2014
Base salary	500	11.1%	450	400	542
Deferred comp & pension	0		0	0	0
All other comp	35	0.0%	35	35	12
Bonus	1,000	11.1%	900	575	0
Non-equity incentives	0		0	0	550
Restricted stock	992	31.8%	752	750	1,437
Option grant	0		0	0	0
Total	2,527	18.2%	2,137	1,760	2,630
% of Net Income	3.8%				3.1%
% of Revenue	1.3%				1.1%

Non-Performance-Based Pay Elements (CEO)

Key perquisites (\$)	None
Key tax gross-ups on perks (\$)	None
Value of accumulated NQDC* (\$)	N/A
Present value of all pensions (\$)	N/A
Years of actual plan service	N/A
Additional years credited service	N/A

*Non-qualified Deferred Compensation

Disclosed Benchmarking Targets

Base salary	None Disclosed
Target short-term incentive	None Disclosed
Target long-term incentive (equity)	None Disclosed
Target total compensation	None Disclosed

Severance/Change-in-Control Arrangements (CEO unless noted)

<i>Contractual severance arrangement</i>	Individual Contract
<i>Non-CIC estimated severance (\$)</i>	9,552,791

Change-in-Control Severance Arrangement

<i>Cash severance trigger*</i>	Double trigger
<i>Cash severance multiple</i>	3 times
<i>Cash severance basis</i>	Base Salary + Last/Highest Paid Bonus
<i>Treatment of equity</i>	Auto-accelerated equity vesting
<i>Excise tax gross-up*</i>	No
<i>Estimated CIC severance(\$)</i>	9,622,791

*All NEOs considered

Compensation Committee Communication & Responsiveness

Disclosure of Metrics/Goals

<i>Annual incentives</i>	No
<i>Long-term incentives</i>	Yes

Pay Riskiness Discussion

<i>Process discussed?</i>	Yes
<i>Material risks found?</i>	No

Risk Mitigators

<i>Clawback policy*</i>	Yes
<i>CEO stock ownership guideline</i>	No stock ownership guidelines
<i>Stock holding period requirements</i>	No stock holding period requirements disclosed

*Must apply to cash incentives and at least all NEOs.

Pledging/Hedging of Shares

<i>Anti-hedging policy</i>	Company has a robust policy
<i>Anti-pledging policy</i>	Company has a robust policy

Compensation Committee Responsiveness

<i>MSOP vote results (F/F+A)</i>	2014: 96.9%; 2013: 96.6%
<i>Frequency approved by shareholders</i>	Annual with 70.6% support
<i>Frequency adopted by company</i>	Annual (year of adoption: 2011)

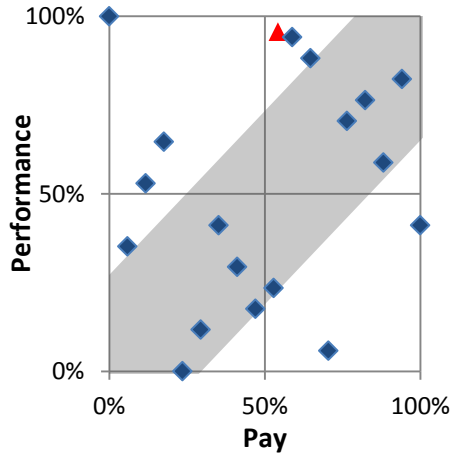
Repricing History

<i>Repriced/exchanged underwater options last FY?</i>	No
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Pay for Performance Evaluation

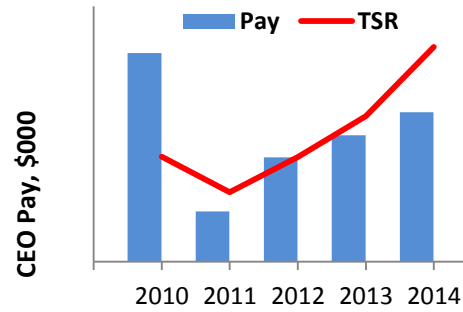
RELATIVE ALIGNMENT

The chart plots percentiles of the annualized 3-year performance and pay rankings for the company (▲) and ISS' derived peers (◆). The gray bar indicates pay and performance alignment.



ABSOLUTE ALIGNMENT

CEO granted pay trends versus value of a \$100 investment made on the first day of the five-year period.



	2010	2011	2012	2013	2014
Pay(\$000)	3,525	850	1,760	2,137	2,527
Indexed TSR	100.00	66.03	99.52	138.64	204.58
CEO	Fisher	Fisher	Fisher	Fisher	Fisher

PAY MAGNITUDE

Pay in \$thousands. The gray band represents 25th to 75th percentile of CEO pay of ISS' selected peer group, and the blue line represents the 50th percentile.



PAY-FOR-PERFORMANCE QUANTITATIVE SCREEN

Measure	Result	Level
Relative degree of alignment	41	Better than 84% of Companies*
Multiple of peer group median	0.96	Better than 56% of Companies
Absolute alignment	-3	Better than 23% of Companies
Initial Quantitative Screen	Low Concern	

*Constituents of Russell 3000 Index.
For more information on ISS' quantitative pay-for-performance measures, visit <http://issgovernance.com/policy/USCompensation>

Peer Groups

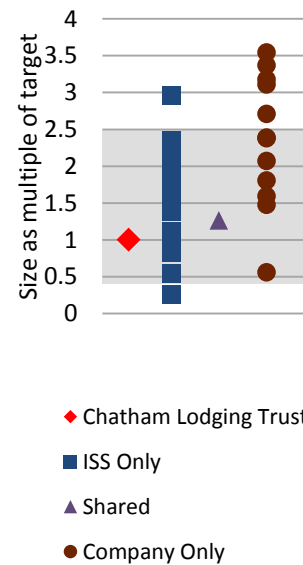
ISS AND COMPANY DISCLOSED PEER GROUPS

ISS-Selected Peers (17)	Acadia Realty Trust	Campus Crest Communities, Inc.	
	Cedar Realty Trust, Inc.	DCT Industrial Trust Inc.	
	Education Realty Trust, Inc.	Excel Trust, Inc.	
	First Industrial Realty Trust, Inc.	First Potomac Realty Trust	
	Hudson Pacific Properties, Inc.	LTC Properties, Inc.	
	Post Properties, Inc.	PS Business Parks, Inc.	
	Sabra Health Care REIT, Inc.	Sotherly Hotels Inc.	
	STAG Industrial, Inc.	Washington Real Estate Investment Trust	
	Whitestone REIT		
	Shared Peers (1)	Summit Hotel Properties, Inc.	
	Company-Disclosed Peers (12)	Ashford Hospitality Trust, Inc.	Chesapeake Lodging Trust
		Choice Hotels International, Inc.	DiamondRock Hospitality Company
		FelCor Lodging Trust Incorporated	Hersha Hospitality Trust
		LaSalle Hotel Properties	Pebblebrook Hotel Trust
		RLJ Lodging Trust	Ryman Hospitality Properties, Inc.
		Strategic Hotels & Resorts, Inc.	Sunstone Hotel Investors, Inc.

The shaded area represents the overlap group of companies that are in both ISS' comparison group and the company's disclosed CEO compensation benchmarking peer group. Excludes company peers for which financial data is not available. For more information on the ISS peer group methodology, visit www.issgovernance.com/policy/USCompensation

PEER GROUP SIZE ANALYSIS

Size (by revenue) of the ISS, company and overlap peer groups. Gray indicates 0.4- 2.5 times the company's revenue.



Short-Term Cash Incentives

STI performance metrics/goals Not disclosed

Other Short-Term Incentive Factors

Discretionary bonus?*	Yes
CEO's last FY award (\$)	1,000,000 (200% of base salary)
CEO's last FY award target	Not disclosed
Future performance metrics	Not disclosed

*Based on the Bonus column in the SCT; per SEC rules, amounts disclosed in this column were not based on pre-set goals.

Long-Term Incentives

CEO's last FY LTI target (%)	None disclosed			
NEOs' last FY award type(s)	Performance-based stock, Time-based stock			
Most recent performance metrics/goals	Metric	Threshold	Target	Maximum
	3-yr. TSR	ND	8% per year	ND
CEO's last FY long-term cash earned award(\$)	0			
CEO's last FY options granted (#)	None			
CEO's last FY stock granted*(#)	47,034			
CEO equity pay mix (by value)*	Performance-conditioned: 49.6%; Time-based: 50.4%			

*Performance shares, if any, are counted and valued at target.

Executive Summary

Evaluation Component	Level of Concern	Key Reason(s)
Non-Performance-Based Pay Elements	Low	
Peer Group Benchmarking	Low	
Severance/CIC Arrangements	Medium	Auto-Accelerated Equity Vesting
Comp Committee Communication/Responsiveness	Low	
Pay for Performance Evaluation	Low	
ISS Recommendation: FOR		

Analysis

Single-trigger equity vesting acceleration

Equity award arrangements provide for automatic accelerated vesting of outstanding equity awards upon a change-in-control event. Such single-trigger vesting may result in an economic windfall to the executive without an accompanying termination of employment.

CONCLUSION

After reviewing the company's executive compensation programs and practices, the concern noted above does not rise to a level of an adverse vote recommendation at this time. Therefore, a vote FOR this proposal is warranted.

Equity Ownership Profile

Type	Votes per share	Issued
Common Shares	1.00	38,218,580

Ownership - Common Shares	Number of Shares	% of Class
The Vanguard Group, Inc.	3,609,452	9.43
Forward Management LLC	1,850,000	4.83
BlackRock Fund Advisors	1,833,175	4.79
OppenheimerFunds, Inc.	1,778,877	4.65
V3 Capital Management LP	1,477,822	3.86
Crow Point Partners LLC	1,200,000	3.13
Jennison Associates LLC	1,107,624	2.89
AEW Capital Management LP	913,700	2.39
Robeco Investment Management, Inc.	842,796	2.20
Prudential Real Estate Investors	756,852	1.98
Renaissance Technologies LLC	705,918	1.84
FISHER JEFFREY H	668,996	1.75
AllianceBernstein LP	647,891	1.69
Allianz Global Investors U.S. LLC	638,003	1.67
Columbia Management Investment Advisers LLC	586,622	1.53
Janus Capital Management LLC	534,552	1.40
SSgA Funds Management, Inc.	530,452	1.39
Allianz Global Investors GmbH	487,035	1.27
Fuller & Thaler Asset Management, Inc.	487,844	1.27
Cohen & Steers Capital Management, Inc.	479,136	1.25

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Additional Information

Meeting Location	Brazilian Court Hotel 301 Australian Avenue Palm Beach, Florida 33480
Meeting Time	9:00 a.m.
Shareholder Proposal Deadline	Dec. 19, 2015
Solicitor	Wells Fargo Shareholder Services
Security IDs	16208T102(CUSIP)

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