



RLJ Lodging Trust Completes Acquisition of Residence Inn Palo Alto Los Altos

September 28, 2015

BETHESDA, Md.--(BUSINESS WIRE)--Sep. 28, 2015-- RLJ Lodging Trust (the "Company") (NYSE:RLJ) today announced that it has closed on the previously announced acquisition of the 156-room Residence Inn Palo Alto Los Altos (the "Hotel"), for a purchase price of \$70.0 million, or approximately \$449,000 per key. The purchase price represents a forward capitalization rate of approximately 8.1% on the Hotel's projected 2016 net operating income. The Company assumed \$33.4 million of existing debt and funded the remaining portion with cash available on the balance sheet.

The Hotel, which is located in the heart of Silicon Valley, recently underwent a comprehensive renovation including upgrades to the public spaces and all the guestrooms. The Company projects that during its first full year of ownership, the Hotel's revenue per available room ("RevPAR") will represent an 86% premium to the Company's 2014 reported RevPAR.

"We are excited to add this recently renovated hotel to our portfolio and to further expand our West Coast exposure," commented Thomas J. Baltimore, Jr., President and Chief Executive Officer. "The acquisition of this Hotel is immediately accretive to our portfolio and its central location in Silicon Valley, a leading technology hub, should allow it to benefit from the region's strong fundamentals."

Silicon Valley has long been recognized as the global technology center of the world due to its high concentration of venture capitalists, start-ups, and some of the world's largest technology companies, as well as its focus on technological innovation, research & development and investment. The emergence of new technology platforms such as mobile, cloud, cyber security and analytics are driving growth in the area.

The Hotel's submarket is exhibiting strong hotel fundamentals with a RevPAR increase of 15.8% in 2014 and an increase of approximately 15.3% for the first six months of 2015, per PKF Hospitality Research.

Palo Alto is also home to a diverse base of corporate, research and education related demand generators. Major corporate employers in close proximity to the Hotel include well recognized names such as Hewlett-Packard, VMware Inc., SAP, Google Inc., LinkedIn, and Intuit, among others. The Silicon Valley office market supports nearly 67 million square feet of existing space and with 5 million square feet of space under development, the region is expected to continue to bring new corporate demand generators. The Hotel is also conveniently located near the Stanford Research Park and Stanford University, one of the most prestigious universities in the nation.

With a growing base of demand generators, the Silicon Valley hotel market is poised to see a strong year in 2016, helped in part by Super Bowl 50 which is scheduled to be held at the Levi Stadium in Santa Clara, CA next year.

The Company believes that this recently renovated hotel is well positioned in this attractive, growing market. With the addition of this asset, the Company now owns 127 hotels, with approximately 21,100 rooms, located in 22 states and the District of Columbia.

About Us

RLJ Lodging Trust is a self-advised, publicly traded real estate investment trust focused on acquiring premium-branded, focused-service and compact full-service hotels.

Forward Looking Statements

The following information contains certain statements, other than purely historical information, including estimates, projections, statements relating to the Company's business plans, objectives and expected operating results, and the assumptions upon which those statements are based, that are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended and Section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements generally are identified by the use of the words "believe," "project," "expect," "anticipate," "estimate," "plan," "may," "will," "will continue," "intend," "should," "may" or similar expressions. Although the Company believes that the expectations reflected in such forward-looking statements are based upon reasonable assumptions, beliefs and expectations, such forward-looking statements are not predictions of future events or guarantees of future performance and the Company's actual results could differ materially from those set forth in the forward-looking statements. Some factors that might cause such a difference include the following: the current global economic uncertainty, increased direct competition, changes in government regulations or accounting rules, changes in local, national and global real estate conditions, declines in the lodging industry, seasonality of the lodging industry, risks related to natural disasters, such as earthquakes and hurricanes, hostilities, including future terrorist attacks or fear of hostilities that affect travel, the Company's ability to obtain lines of credit or permanent financing on satisfactory terms, changes in interest rates, access to capital through offerings of the Company's common and preferred shares of beneficial interest, or debt, the Company's ability to identify suitable acquisitions, the Company's ability to close on identified acquisitions and integrate those businesses and inaccuracies of the Company's accounting estimates. Given these uncertainties, undue reliance should not be placed on such statements. Except as required by law, the Company undertakes no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise. The Company cautions investors not to place undue reliance on these forward-looking statements and urge investors to carefully review the disclosures the Company makes concerning risks and uncertainties in the sections entitled "Risk Factors," "Forward-Looking Statements," and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Company's Annual Report, as well as risks, uncertainties and other factors discussed in other documents filed by the Company with the SEC.

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