



RLJ Lodging Trust Acquires Two Premium-Branded Hotels and One Planned Hotel Conversion in Downtown Houston for \$79.5 Million

March 20, 2013

BETHESDA, Md.--(BUSINESS WIRE)--Mar. 20, 2013-- RLJ Lodging Trust (the "Company") (NYSE: RLJ) today announced that it acquired the historic Humble Oil Building complex in downtown Houston, for a purchase price of \$79.5 million, or approximately \$151,000 per key based on a combined forward room count of 528 keys.

The Humble Oil Building is a three-tower complex that occupies an entire city block in downtown Houston. The complex consists of an 82-unit apartment tower that will be converted to a 166-room SpringHill Suites and two existing hotels, the existing 191-room Courtyard Houston Downtown Convention Center ("the Courtyard") and the 171-room Residence Inn Houston Downtown Convention Center ("the Residence Inn"). The purchase price represents a forward capitalization rate of approximately 10.1% for the Courtyard and 9.5% for the Residence Inn based on each hotel's projected 2013 net operating income and applicable purchase price allocation. The Company purchased this portfolio of assets with its revolving credit facility.

"Our ability to execute this off-market transaction required the expertise, experience, and relationships that are unique to RLJ," commented Thomas J. Baltimore, Jr., President and Chief Executive Officer. "Acquiring the Humble Oil Building complex represents a value-add opportunity. Both existing hotels have notable upside potential and our extensive experience managing complex renovations will enable us to deliver another conversion property that will help drive economies of scale."

An estimated \$70.0-million renovation of the premises was completed in 2003 that restored several historical features and converted the complex into its present use of two hotels and one apartment tower. The Company will leverage its proven in-house capabilities to convert the existing apartment tower into a high-quality, institutional-grade hotel. The conversion is expected to be completed in mid-2015 and will enable the Company to capitalize on design, brand, and operational efficiencies. The Courtyard and the Residence Inn underwent 6-year Marriott "Refresh" renovations in 2010 and 2011, respectively.

The Company remains selective and disciplined in its pursuit to acquire assets in markets that will create long-term shareholder value. Houston's revenue per available room growth of 13.8% in 2012 was the third highest among the top 25 U.S. lodging markets. The Central Business District ("CBD"), the submarket in which the hotels are located, is currently underrepresented with premium-branded, focused-service hotels. Therefore, the Company expects that the hotels' affiliation with Marriott's strong reservation system and guest loyalty program, as well as their proximity to multiple demand generators, will benefit all three assets and position them for strong growth.

The hotels' prime location in Houston's CBD provides access to a wide variety of demand generators. While Houston is known as the energy capital of the world, its economy is well diversified. According to the Greater Houston Partnership, Houston ranks third among U.S. cities for *Fortune 500* company headquarters, behind only New York and Chicago. With almost 40 million square feet of office space in the CBD housing companies within the energy, education, healthcare, and transportation sectors, corporate demand is expected to continue to drive future growth for the hotels. Furthermore, the city's convention center, three major sporting arenas, and four performing arts companies, all located in downtown, create additional sources for group and leisure demand.

Houston serves as a major gateway for Latin America and several other countries. Houston's largest airport, the George Bush Intercontinental Airport, offers nonstop service to approximately 116 domestic destinations, 70 international destinations, and offers service to more Mexican destinations than any other airport in the United States.

Overall, Houston is expected to benefit from continued economic growth in the energy sector as well as expansion of the healthcare, distribution, and trade industries. With limited premium-branded, focused-service hotels in the submarket, as well as the implementation of new efficiencies within the complex, the Company expects that these hotels will be well positioned to outperform.

With the addition of these three assets, the Company now owns 147 hotels with nearly 22,000 rooms and one planned hotel conversion across 21 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. Additional information may be found on the Company's website at <http://rljlodgingtrust.com>.

Forward Looking Statements

Certain statements in this press release, other than purely historical information, including estimates, projections, statements relating to our business plans, objectives and expected operating results, and the assumptions upon which those statements are based, 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 we believe 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 our 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, our ability to obtain lines of credit or permanent financing on satisfactory terms, changes in interest rates, access to capital through offerings of our common and preferred shares of beneficial interest, or debt, our ability to identify suitable acquisitions, our ability to close on identified acquisitions and integrate those businesses and inaccuracies of our accounting estimates. A discussion of these and other risks and uncertainties that could cause actual results and events to differ materially from such forward-looking statements is included in "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" of the Company's Annual Report on Form 10-K for the year ended December 31, 2012. Given these uncertainties, undue reliance should not be placed on such statements. Except as required by law, we undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

Source: RLJ Lodging Trust

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Leslie D. Hale, Chief Financial Officer, 301-280-7774