



RLJ Lodging Trust Acquires a Value-Add Conversion Opportunity in San Francisco for \$29.5 Million

June 24, 2013

BETHESDA, Md., Jun 24, 2013 (BUSINESS WIRE) --RLJ Lodging Trust (the "Company") (NYSE: RLJ) today announced that it acquired the 150-room Vantaggio Suites Cosmo ("the Hotel") in San Francisco, CA for a purchase price of \$29.5 million, or approximately \$197,000 per key in an off-market transaction. The purchase price per key represents a significant discount to replacement cost given the high barriers-to-entry in San Francisco. The Company purchased this Hotel with cash available on its balance sheet.

The Hotel, which is located three blocks from Union Square, was constructed in 1930 and is listed on the National Register of Historic Places. Recently, the property primarily catered to short-term stay rentals. Upon acquisition, the Company plans to close the unoccupied hotel for an extensive \$13.0 million multi-phase conversion. It is anticipated that the renovation will be completed by the end of 2014 and the Hotel will reopen at that time as a 150-room Courtyard by Marriott. The Company expects that the total investment, including capital expenditures, will represent a forward capitalization rate of approximately 7.8% based on the Hotel's projected 2015 net operating income.

"The acquisition of this Hotel at such an attractive price exemplifies our investment strategy of sourcing off-market premium focused-service hotels in high-density, urban markets," commented Thomas J. Baltimore, Jr., President and Chief Executive Officer. "We expect that our proven track record with complex brand conversions will yield strong returns for our shareholders."

San Francisco serves as a major gateway market and is ranked as one of the top ports of entry for international travelers to the U.S. and one of the most important transportation centers in the western U.S. The San Francisco Metro is serviced by three major airports, San Francisco International Airport, Oakland International Airport, and Mineta San Jose International Airport. The San Francisco Travel Association reported that in 2012 there were 16.5 million visitors to the city and estimated that these visitors spent almost \$9 billion, the highest spending level ever recorded.

As one of the leading hotel markets in the U.S., the Hotel will benefit from San Francisco's reputation as a major tourist destination and corporate hub for the technology, financial, and biotech sectors. In 2012, the greater San Francisco area was the third highest revenue per available room ("RevPAR") hotel market in the U.S. Its 12.8% RevPAR growth in 2012 was one of the highest among the top 25 U.S. lodging markets according to Smith Travel Research. Year-to-date through April 2013, the market continues to experience double digit RevPAR growth.

The Hotel's urban location provides it access to a wide variety of leisure and corporate demand generators. It is only blocks away from one of San Francisco's most visited attractions, Union Square, world-renowned for its shopping, restaurant, hotel, and entertainment offerings. San Francisco's famed cable car system is also only blocks away from the Hotel with access to other major tourist destinations such as Fisherman's Wharf and Alcatraz.

San Francisco is home to numerous Fortune 500 companies as well as major technology companies. In addition, the city's office submarket features more than 75 million square feet of total office space, providing a steady flow of corporate demand to the market. San Francisco is also a major meeting destination for groups with the city's convention center, the Moscone Center, contributing a significant amount of room nights annually.

With the repositioning of the property to a premium select-service brand and the projected continuance of strong visitor demand to the market, the Company expects that this Hotel has significant upside and is well positioned to outperform in this dynamic growing market.

With the addition of this asset, the Company now owns 150 properties, comprised of 148 hotels with more than 22,300 rooms and two planned hotel conversions, 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.

SOURCE: RLJ Lodging Trust

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