



## RLJ Lodging Trust Strengthens Balance Sheet with \$565 Million Debt Refinancing

September 3, 2013

BETHESDA, Md.--(BUSINESS WIRE)--Sep. 3, 2013-- RLJ Lodging Trust (the "Company") (NYSE: RLJ) today announced that it successfully refinanced approximately \$565 million of debt, further strengthening its balance sheet and increasing its liquidity. The Company used proceeds from a new \$350 million five-year unsecured term loan (the "New Term Loan"), a \$100 million expansion of its seven-year unsecured term loan (the "Seven-Year Term Loan"), and a \$115 million draw from its existing credit facility. As a result of this transaction, the Company expects to realize significant interest expense savings in 2014 of at least eight million dollars.

"We have completed yet another significant milestone in our efforts to become investment grade," said Thomas J. Baltimore, Jr., President and Chief Executive Officer. "This transaction enhances our flexibility for future growth and will provide us with meaningful cash flow savings. We will continue to be prudent and disciplined managers of our balance sheet."

Proceeds from the two term loans and the Company's existing credit facility were used to retire approximately \$565 million of debt across 8 loans that were secured by 51 assets. Upon retiring these loans, the Company increased its total unencumbered pool of assets from 63 to 114. The Company's unencumbered hotels now make up approximately 76% of the total portfolio's 2012 pro forma hotel EBITDA.

The New Term Loan's interest rate is based on a pricing grid tied to the Company's leverage ratio. Based on the Company's second quarter leverage ratio and including the effects of an interest rate swap estimate, the New Term Loan's interest rate is approximately 285 basis points lower than the 6.29% interest rate of the loans that were paid off. The New Term Loan price grid is five basis points lower than the Company's prior term loan; there are no other material term differences.

Additionally, the Company exercised the entire accordion on its Seven-Year Term Loan, bringing the total borrowing under this loan to \$225 million from \$125 million. Finally, the Company drew approximately \$115 million from its existing credit facility as temporary financing until the Company completes its pending secured financing transaction.

"With the execution of this transaction we expect that in aggregate we will have saved almost \$40 million in interest expense since going public," said Leslie Hale, Chief Financial Officer, Treasurer, and Executive Vice President. "We have further staggered our future maturities and significantly increased our unencumbered asset pool. We are very pleased with the overall execution and with how the transaction has strengthened our balance sheet."

The Company's weighted average cost of debt is expected to decrease by more than 70 basis points. As a result, the Company expects to realize significant interest expense savings in 2014. The Company estimates at least eight million dollars of interest expense savings on an annualized basis, actual savings realized will be predicated on the Company's final hedging strategy.

The New Term Loan was arranged by Wells Fargo Securities, LLC and PNC Capital Markets LLC as Joint Lead Arrangers and Joint Bookrunners.

### 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. The Company 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.

### 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.*

For additional information or to receive press releases via email, please visit our website:  
<http://rljlodgingtrust.com>

Source: RLJ Lodging Trust

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