



RLJ Lodging Trust Continues to Expand on the West Coast: Acquires Two Assets for \$120 Million

May 23, 2014

BETHESDA, Md.--(BUSINESS WIRE)--May 23, 2014-- RLJ Lodging Trust (the "Company") (NYSE:RLJ) today announced that it acquired two West Coast hotels, the 256-room Courtyard Portland City Center in Portland, Oregon, and the 293-room Embassy Suites Irvine Orange County in Irvine, California, in an off-market transaction. The combined purchase price is \$120.0 million, or approximately \$219,000 per key. The purchase price represents a forward capitalization rate of approximately 7.4% on the hotels' combined projected 2015 net operating income.

"This portfolio acquisition is another great example of our ability to source attractive, off-market opportunities," commented Thomas J. Baltimore, Jr., President and Chief Executive Officer. "Both assets benefit from prime central locations, strong brand affiliations, and strong operating performance. With the acquisition of these two hotels, we continue to expand our West Coast presence and upgrade our portfolio's overall quality."

The Company remains selective and disciplined in its pursuit to acquire assets in markets that will create long-term shareholder value. The hotels' 2013 aggregate revenue per available room ("RevPAR") is greater than \$116, which is approximately a 10% premium to RLJ's reported 2013 RevPAR.

The Portland area's diverse and growing economy has a broad base of technology, apparel, and advanced manufacturing companies. Intel, Nike, and Oregon Health & Science University, which are some of the area's largest and most well-known demand generators, are all undergoing large-scale expansion in the area. The Portland area also offers a multitude of tourist attractions such as world-renowned markets, shops, and eating and drinking establishments. Furthermore, the Oregon Convention Center, which is the largest convention center in the Pacific Northwest, is located in downtown Portland and generates healthy group demand for area hotels.

The custom-designed Courtyard Portland City Center's prime location in the heart of downtown Portland enables the hotel to benefit from corporate, group, and leisure demand generated throughout the city. Downtown Portland's relatively high barriers to entry are expected to limit new hotel supply and promote positive long-term lodging fundamentals. We expect that the hotel is well positioned to capitalize on these positive fundamentals and will continue to perform strongly.

The city of Irvine is located in the center of southern California's Orange County. Irvine has a diverse mix of high-density office, commercial, and residential properties. Irvine is home to major employers in the education, life sciences, software, and advanced manufacturing industries including the University of California Irvine, Broadcom Corporation, and Allergan Inc. Furthermore, Google currently has under construction a 109,000 square foot build-to-suit office building that is expected to be completed by second quarter 2014. The city of Irvine is also known as a family-friendly destination with a variety of recreational, entertainment, shopping, and sports facilities.

The upscale, all-suite Embassy Suites Irvine Orange County hotel is located less than one mile from the John Wayne Airport. The hotel is located in the largest office submarket in Orange County. With over 22 million square feet of office space and over 24 million square feet of industrial space within close proximity, the hotel benefits from a stable supply of corporate demand. The hotel's all-suite product is also an attractive option for leisure travelers given the close proximity to some of the area's top leisure destinations including Disneyland, the iconic local beaches of Huntington Beach and Laguna Beach, and the area's various sporting events.

We expect that both hotels will continue to benefit from strong local market conditions and positive lodging fundamentals. In 2013, the Portland and Irvine markets both outperformed overall U.S. RevPAR growth, as reported by Smith Travel Research, and we expect both markets will continue to perform well and generate additional positive growth in 2014 and beyond.

The transaction was funded with cash available on the Company's balance sheet and its revolving credit facility. The Company expects to use proceeds from the Company's recently announced follow-on offering to subsequently repay its revolving credit facility.

With the addition of these two hotels, the Company now owns 148 properties, consisting of 146 hotels with approximately 23,000 rooms, and two planned hotel conversions located in 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

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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