



RLJ Lodging Trust Acquires the DoubleTree Grand Key Resort for \$77 Million

September 15, 2014

BETHESDA, Md.--(BUSINESS WIRE)--Sep. 15, 2014-- RLJ Lodging Trust (the "Company") (NYSE: RLJ) today announced that it has acquired the 215-room DoubleTree Grand Key Resort (the "Hotel") located in Key West, FL for a purchase price of \$77.0 million, or approximately \$358,000 per key.

"We are excited to add an additional Key West asset to our portfolio at a significant discount to both replacement cost and recent per-key trades," commented Thomas J. Baltimore, Jr., President and Chief Executive Officer. "We expect that our knowledge of the market along with the implementation of various initiatives will create additional upside at this strategically-located hotel."

The Company plans to implement several enhancements including upgrading the property and replacing the Hotel's management company. Upon completing an estimated \$7.0 million renovation in 2015, the Company expects that the purchase price plus capital expenditures will represent a forward capitalization rate of approximately 8.0% based on the Hotel's projected 2016 net operating income.

The Hotel benefits from its location in Key West, which is one of the highest barrier-to-entry hotel markets in the country. Key West's Rate of Growth Ordinance caps the number of building permits allowed on the island. As a result, new supply is highly constrained, providing a very favorable environment for lodging fundamentals and hotel ownership on the island.

Recognized as one of the country's premier tourist destinations, Key West has strong leisure appeal for both domestic and international visitors. The island's year-round temperate climate allows visitors to enjoy a variety of activities, including world class fishing, snorkeling, scuba diving, and boating. A variety of events are also held on the island year-round that attract visitors worldwide.

In 2013, the Key West market revenue per available room ("RevPAR") was almost \$218, one of the highest RevPAR markets in the country. Key West's RevPAR growth in 2013 was 17.8% and the trailing twelve months as of July 2014 was 20.5%. The Hotel's 2013 RevPAR is nearly a 50% premium to the Company's 2013 Pro forma RevPAR, which will further enhance the composition of the Company's portfolio.

The market's extremely restrictive development profile and strong leisure demand are expected to maintain positive lodging fundamentals in this premier market. The Hotel is expected to capture additional upside after the completion of a comprehensive renovation and the implementation of new revenue management and cost containment initiatives.

With the addition of this asset, the Company now owns 150 properties, comprised of 148 hotels with more than 23,300 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.

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

RLJ Lodging Trust
Leslie D. Hale, Chief Financial Officer

