

RAYMOND JAMES / WELLS FARGO LODGING HQ TOUR - MAY 2024



RLJ LODGING TRUST

AC HOTEL BOSTON DOWNTOWN

225



# RLJ INVESTMENT HIGHLIGHTS



The evolution of RLJ's portfolio in recent years has positioned it to benefit from the upside in urban demand and to capitalize on unique internal and external growth catalysts



## HIGH QUALITY PORTFOLIO

***High-quality portfolio with an attractive growth profile***

- Urban-centric portfolio growth expected to exceed the industry
- Urban markets represent over two-thirds of RLJ's portfolio



## INTERNAL GROWTH

***Phase I & II initiatives to generate \$14M to \$18M of incremental EBITDA***

- Three conversions announced in 2023 underway in New Orleans, Houston and Nashville
- Two conversion of the Renaissance and the Wyndham in Pittsburgh
- Expanded conversion pipeline by acquiring Wyndham Boston Beacon Hill



## EXTERNAL GROWTH

***Well positioned to drive external growth***

- Ability to execute all-cash transactions in a constrained lending environment
- Attractive pipeline of off-market, external growth opportunities



## BALANCE SHEET

***Strong balance sheet with ~\$1B of liquidity providing optionality<sup>(1)</sup>***

- Low leveraged balance sheet with a strong track record of returning capital
- In 2023, repurchased \$77.2M of common shares while doubling dividend

(1) As of March 31, 2024





THE PIERSIDE SANTA MONICA

# OPERATING PERFORMANCE

## RevPAR increased 1%, led by increased Occupancy

- Q1 RevPAR growth exceeded the industry for the 5<sup>th</sup> consecutive quarter
- Portfolio gained 110 bps of market share in Q1

## Urban-centric portfolio benefitted from improvement in all segments of demand

- BT revenue growth of 13% driven by balanced contribution of Occupancy and ADR growth
  - Benefitted from strength in SME's and broadening BT across consulting, technology and financial services
- Group strength continued, with January and February achieving revenue increases of 10% and 9%, respectively
  - Q1 Group ADR increased ~3% despite Easter impact in March
  - March impacted by Easter shift
- Leisure revenues increased 2%
  - Urban leisure revenues increased 3%

## Total Revenues increased 3%

- ROI initiatives drove ~8% increase in out-of-room spend

## Seeing strong returns from Conversions

- Charleston, Mandalay Beach, and Santa Monica, achieved ~27% RevPAR growth in Q1



# OPERATING PERFORMANCE | 2024 OUTLOOK



RLJ's urban-centric portfolio with multiple channels of growth position the portfolio to outperform the industry

## Urban markets are expected to benefit from positive growth in all demand segments

- Group is expected to remain strong due to continued demand from small group and favorable citywides
- Expect continued momentum in business transient and improvement in international travel demand
- Leisure should remain healthy, with urban leisure to benefit from special events

## Expect Q2 to sequentially improve from Q1

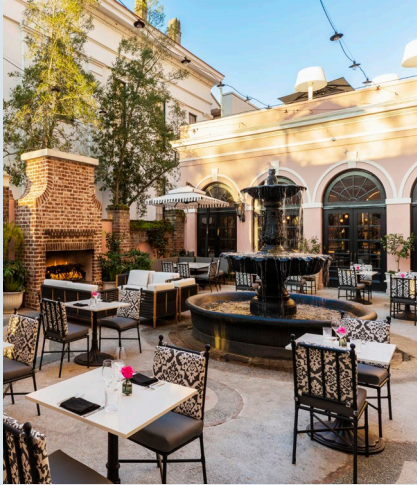
- 2nd quarter RevPAR growth to be below the mid-point of the full-year range
- May expected to be the strongest month of Q2
  - Citywides in Boston, Washington DC, Southern California, and Louisville to benefit from 150th Kentucky Derby

## Performance should benefit from a favorable footprint

- Citywide calendars and event locations to drive divergence in individual market performance
  - RLJ has a favorable footprint in urban markets such as Boston, Southern California and New York

## Outlook

- Reaffirmed FY 2024 Outlook
- Expect Q2 RevPAR growth to be below the mid-point of the full-year range



## URBAN CENTRIC PORTFOLIO ORGANIC GROWTH



- Multiple demand drivers
- Capture new normal
- Limited new supply
- Next leg of recovery



## INITIAL CONVERSIONS / ACQUISITIONS



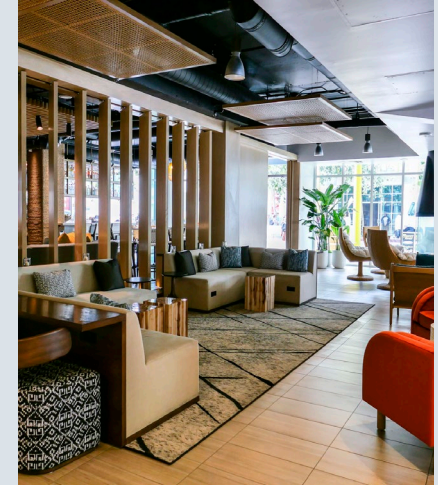
- Pacing ahead of underwriting
- External growth from high-growth markets
- Additional growth to stabilization



## FUTURE PIPELINE OF CONVERSIONS



- Targeting two conversions per year
- Executing incremental revenue enhancement opportunities



## BALANCE SHEET OPTIONALITY



- Strong Liquidity
- Generate significant free cash flow
- Optionality to drive external / internal growth
- Ability to return capital to shareholders





# HIGH-QUALITY PORTFOLIO

# RLJ | HIGH QUALITY PORTFOLIO

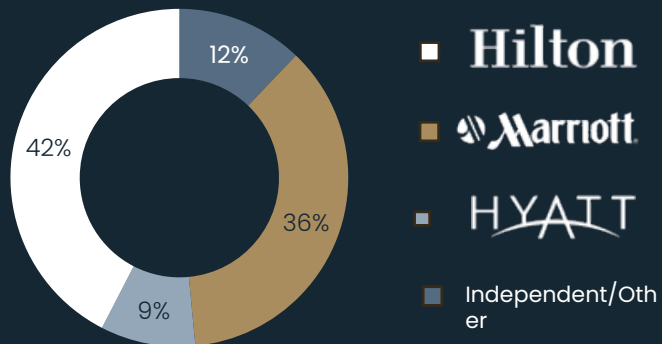
RLJ owns a geographically diversified portfolio of premium branded, high-margin hotels



## Portfolio Overview <sup>(1)</sup>

|                 |                   |       |
|-----------------|-------------------|-------|
| Hotels          | 96 <sup>(1)</sup> |       |
| ADR             | \$197             | +4.5% |
| RevPAR          | \$141             | +9.0% |
| EBITDA/Key      | \$19k             | +8.5% |
| Urban Footprint | 66%               |       |

## Brand Exposure



(1) Based on proforma FY 2023 for Comparable Hotels owned as of December 31, 2023



THE MILLS HOUSE CHARLESTON



# RLJ | HIGH QUALITY PORTFOLIO

RLJ owns a geographically diversified portfolio of premium branded, high-margin hotels



## Urban Lifestyle

MOXY DENVER CHERRY CREEK

**33**  
# of Hotels

**41%**  
of EBITDA<sup>1</sup>

**\$21K**  
EBITDA / KEY

## Urban Gateway

COURTYARD / RESIDENCE INN / SPRINGHILL SUITES HOUSTON DOWNTOWN CONVENTION CENTER

**32**  
# of Hotels

**31%**  
of EBITDA<sup>1</sup>

**\$22K**  
EBITDA / KEY

## Resort

ZACHARI DUNES ON MANDALAY BEACH HOTEL & RESORT

**11**  
# of Hotels

**17%**  
of EBITDA<sup>1,2</sup>

**\$25K**  
EBITDA / KEY

## Urban Metro

HYATT PLACE MADISON DOWNTOWN

**20**  
# of Hotels

**11%**  
of EBITDA<sup>1</sup>

**\$16K**  
EBITDA / KEY

(1) Based on FY 2023 for Comparable Hotels owned as of December 31, 2023

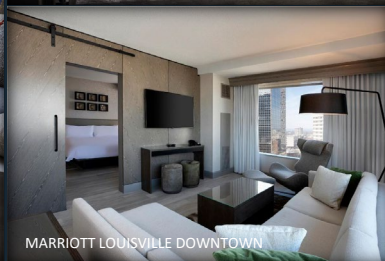
(2) Includes the Pierside Santa Monica, Mills House Charleston and Zachari Dunes conversions currently in ramp up



# URBAN LIFESTYLE

PROPERTIES IN TOP URBAN SUBMARKETS THAT BENEFIT FROM SEVEN-DAY-A-WEEK DEMAND AND “BLEISURE” WITH HIGH LEISURE MIX

41% OF EBITDA<sup>(1)</sup>



(1) Based on FY 2023 for Comparable Hotels owned as of December 31, 2023; excludes Chateau LeMoyné which is unconsolidated



# URBAN GATEWAY

PROPERTIES LOCATED IN TOP HOTEL MARKETS IN THE U.S.,  
THAT ARE ALSO THE NATION'S KEY ECONOMIC CENTERS

31% OF EBITDA<sup>(1)</sup>



(1) Based on FY 2023 for Comparable Hotels owned as of December 31, 2023; excludes Chateau LeMoyné which is unconsolidated



# RESORT

PROPERTIES LOCATED IN RESORT DESTINATIONS WITH  
A HIGH LEISURE MIX

17% OF EBITDA<sup>(1)(2)</sup>



ZACHARI DUNES ON MANDALAY BEACH-HOTEL & RESORT



WYNDHAM SANTA MONICA AT THE PIER



HILTON CABANA MIAMI BEACH



EMBASSY SUITES DEERFIELD BEACH RESORT



DOUBLETREE GRAND KEY RESORT



FAIRFIELD INN & SUITES KEY WEST

(1) Based on FY 2023 for Comparable Hotels owned as of December 31, 2023; excludes Chateau LeMoyné which is unconsolidated  
(2) Includes the Pierside Santa Monica, Mills House Charleston and Zachari Dunes conversions currently in ramp up



# URBAN METRO

PROPERTIES LOCATED IN NICHE SUBMARKETS WITHIN MAJOR U.S. HOTEL MARKETS

11% OF EBITDA<sup>(1)</sup>



<sup>(1)</sup> Based on FY 2023 for Comparable Hotels owned as of December 31, 2023; excludes Chateau LeMoyné which is unconsolidated

# RLJ | DIVERSIFIED FOOTPRINT



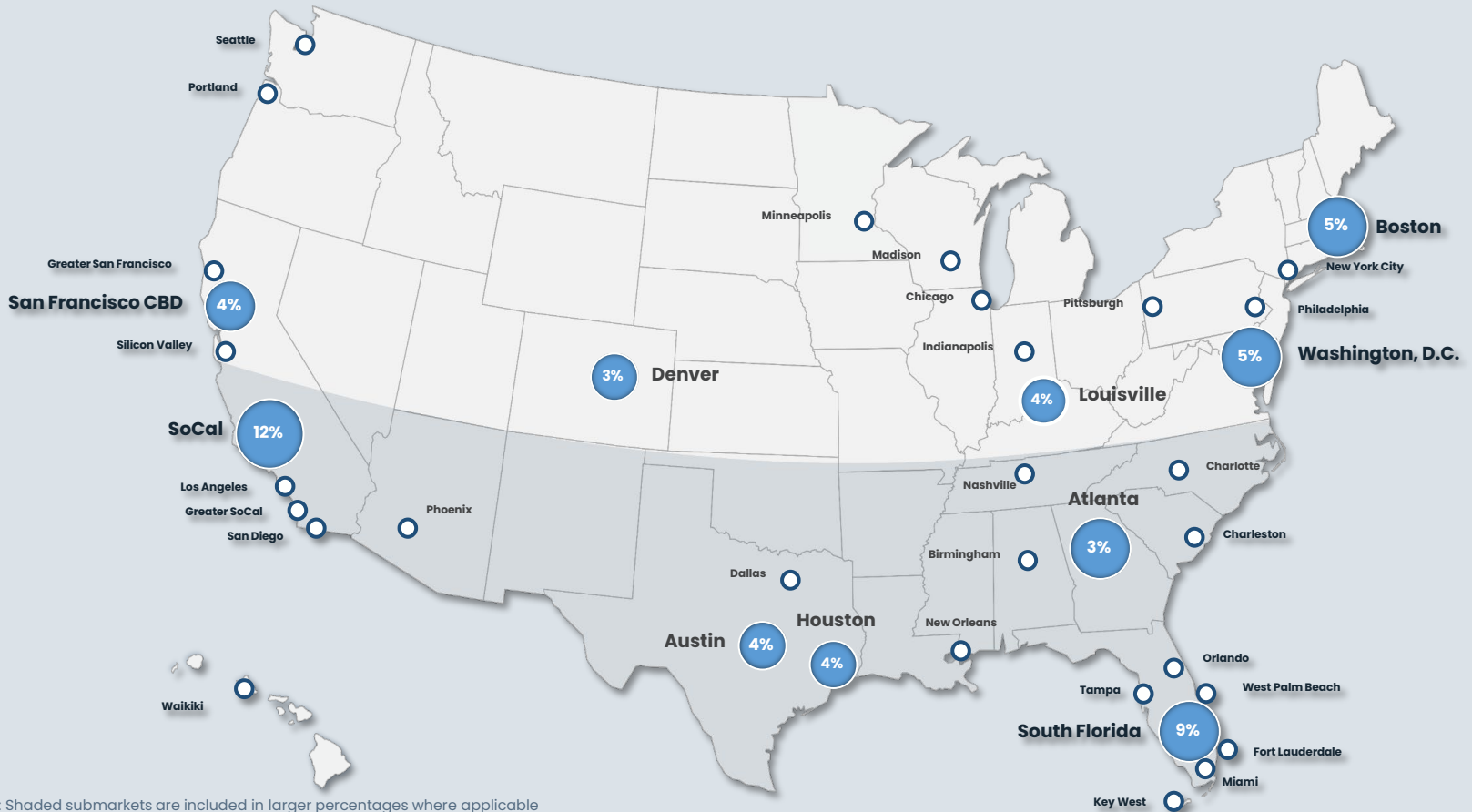
RLJ's footprint in top Urban markets is well-positioned to capture recovery in all segments

## +51%

of EBITDA is generated  
in the Sun Belt

## Over 2/3<sup>rd</sup>s

of RLJ's portfolio is  
concentrated in Urban  
markets



Note: Shaded submarkets are included in larger percentages where applicable  
(1) Based on FY 2023 EBITDA pro forma for the portfolio owned as of December 31, 2023; excludes Chateau LeMoyne which is consolidated





# EXTERNAL GROWTH CATALYSTS

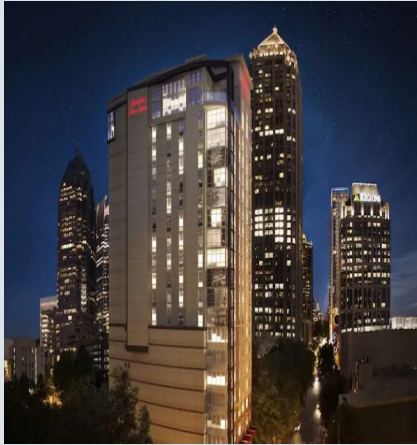


# EXTERNAL GROWTH | RECENT ACQUISITIONS



Since 2021, RLJ has accretively deployed capital into four high-quality acquisitions in top growth markets

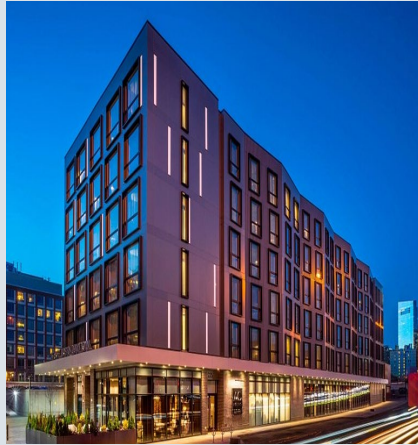
**Hampton Inn & Suites Atlanta Midtown**



**186** **\$150** **2020**  
KEYS STABILIZED YEAR BUILT  
REVPAR

**~8.0 – 8.5%**  
STABILIZED NOI YIELD

**AC Hotel Boston Downtown**



**205** **\$200** **2018**  
KEYS STABILIZED YEAR BUILT  
REVPAR

**~7.5 – 8.0%**  
STABILIZED NOI YIELD

**Moxy Denver Cherry Creek**



**170** **\$170** **2017**  
KEYS STABILIZED YEAR BUILT  
REVPAR

**~8.0 – 8.5%**  
STABILIZED NOI YIELD

**The Banker's Alley Hotel Nashville**



**124** **\$260** **2017**  
KEYS STABILIZED YEAR BUILT  
REVPAR

**~8.0 – 8.5%**  
STABILIZED NOI YIELD





# INTERNAL GROWTH CATALYSTS



# INTERNAL GROWTH | VALUE CREATION STRATEGY



Initial Phase of Opportunities only represents a fraction of the total portfolio of opportunities

Phase I results have significantly outpaced initial underwriting

2023 Paced Ahead of Underwriting at \$28M <sup>(1)</sup>

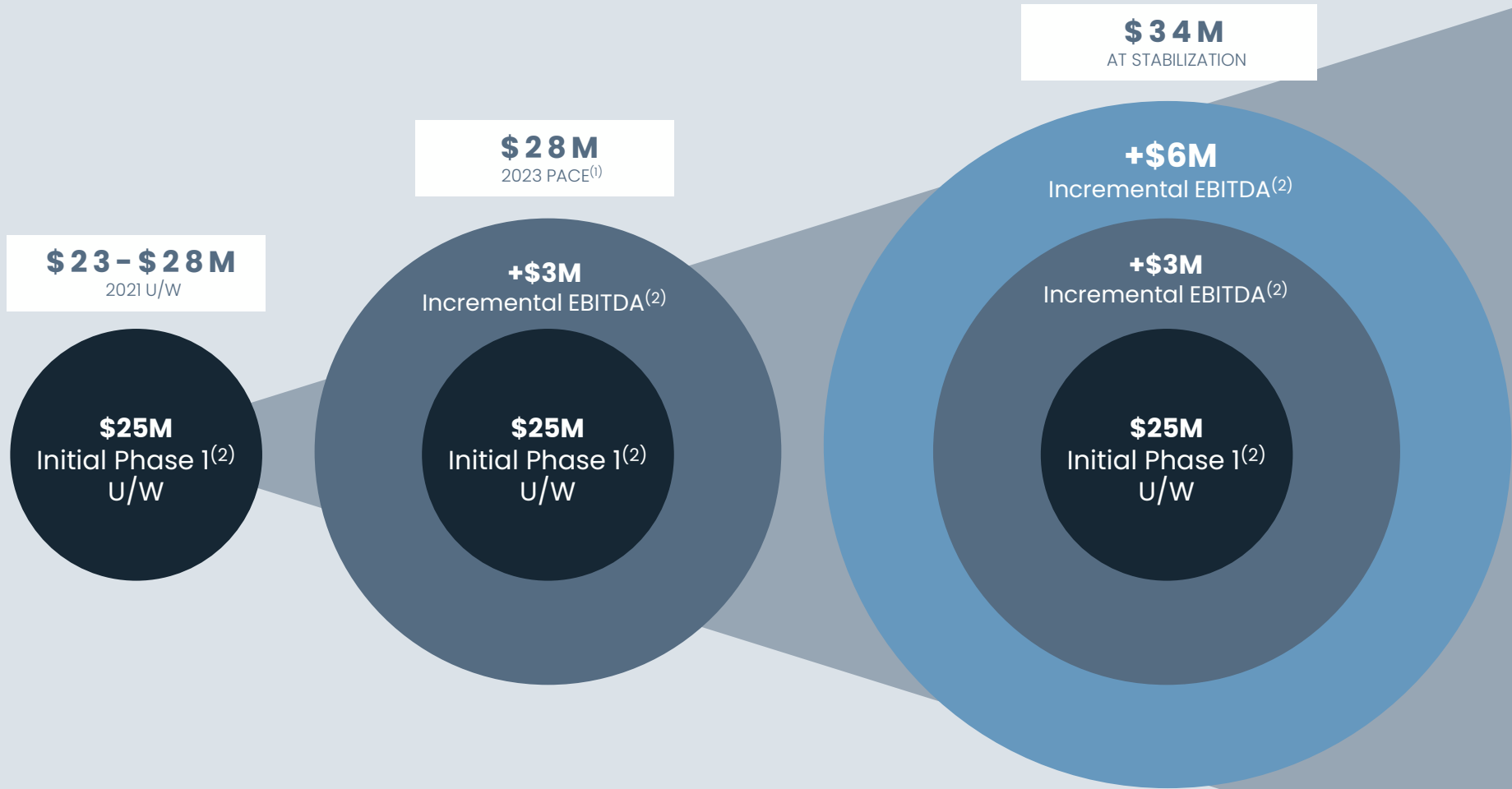


(1) Based on 2023 EBITDA

# INTERNAL GROWTH | PHASE I VALUE CREATION ACHIEVED



As of 2023, Phase I Value Creation Initiatives achieved the top-end of initial underwriting with room for stabilized EBITDA to grow by an incremental \$9M



(1) Based on 2023 EBITDA  
(2) Shown at the midpoint of the range



# INTERNAL GROWTH | PHASE II – 2023 CONVERSIONS



The 2023 conversions currently underway are poised to significantly exceed initial underwriting

## Hotel Tonnelle New Orleans



- New Orleans is a top leisure, drive-to market with the hotel located in the heart of the Historic Garden District
- Repositioning as a Tribute Portfolio Hotel, joining Marriott's family of independent boutique hotels to allow for capturing higher rated Bonvoy guests

## DoubleTree Houston Medical Center



- Hotel located across from the Texas Medical Center - home to 60 medical institutions, as one of the largest medical complexes in the world
- Rebranding captures significant lift in ADR, already in the market, as well as higher rated Hilton rewards members

## The Banker's Alley Hotel Nashville



- Nashville is a strong growth market with a diversified economy benefiting from existing and emerging corporate expansions/relocation
- Opportunity to capture higher rated rewards members and drive market share by joining Hilton's Tapestry Collection

**+\$25 – \$30**

ADR Lift<sup>(1)</sup>

**+\$5M – \$6M**

Incremental EBITDA<sup>(1)</sup>

**~50%+**

Unlevered IRR<sup>(1)</sup>

(1) Annual, upon stabilization based on underwriting

# INTERNAL GROWTH | PHASE II – 2024 CONVERSIONS

Announced two conversion in Pittsburgh



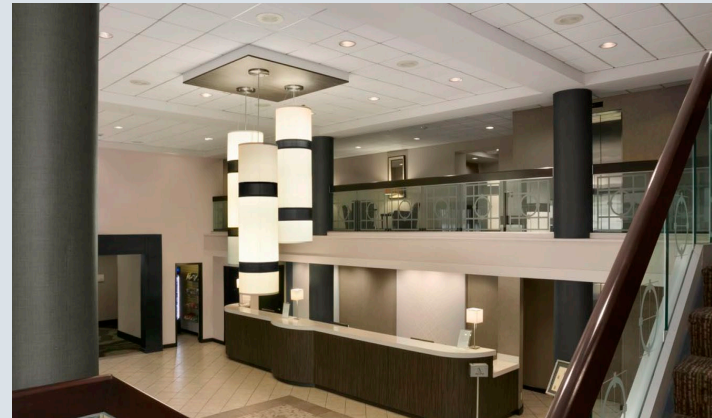
## Autograph Pittsburgh Downtown



*Conversion from Renaissance Pittsburgh Hotel*

- Iconic building in prime CBD location
- Autograph Collection expected to capture higher ADR

## Courtyard at the University of Pittsburgh



*Conversion from Wyndham Pittsburgh University Center*

- Benefits from multiple demand drivers given prime location on university campus
- Courtyard affiliation expected to capture higher ADR

**+\$15 – \$20**

ADR Lift<sup>(1)</sup>

**+\$2M – \$3M**

Incremental EBITDA<sup>(1)</sup>

**~50%+**

Unlevered IRR<sup>(1)</sup>

(1) Annual, upon stabilization based on underwriting



# INTERNAL GROWTH | PHASE II – AGGREGATE VALUE CREATION

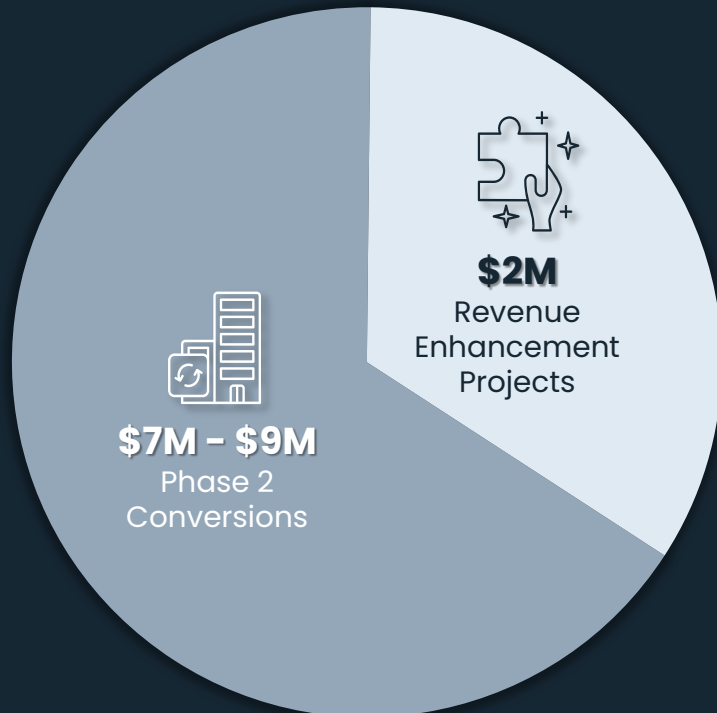


In addition to conversions, Phase II value creation will also benefit from \$2M in incremental EBITDA from ROI projects

Phase II Value Creation:

**Expected +\$9M – \$11M**

Of Incremental EBITDA



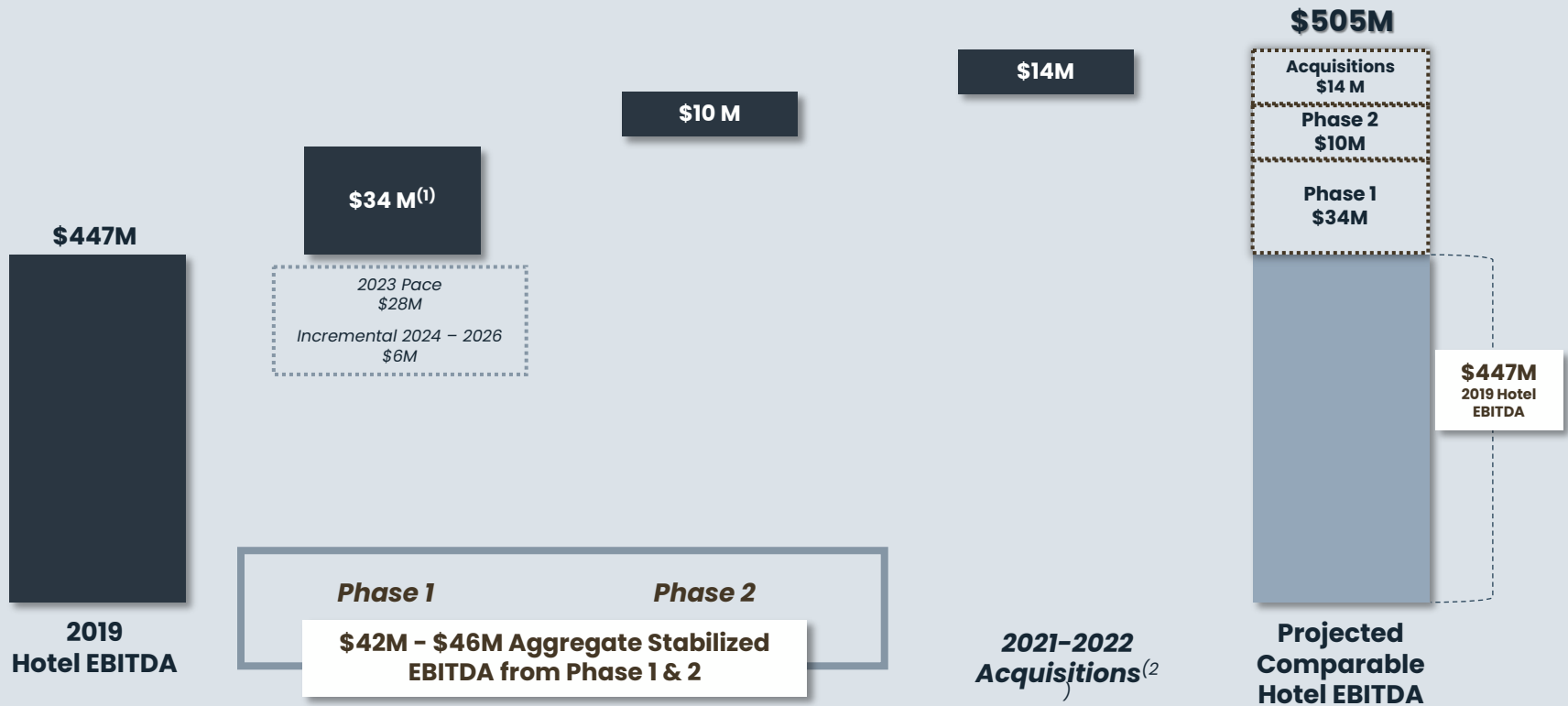
HOTEL TONNELLE NEW ORLEANS

# RLJ | INCREMENTAL EBITDA BRIDGE



RLJ expects to generate significant incremental EBITDA over the next several years from its internal and external growth initiatives

## Portfolio EBITDA Expectations



All figures are shown at the midpoint

(1) Actual 2023, plus projected 2024 - 2026 EBITDA at midpoint of range

(2) At stabilization



# INTERNAL GROWTH | EMBEDDED PIPELINE OF OPPORTUNITIES



RLJ is well positioned for continued value creation through incremental conversions and value-add opportunities



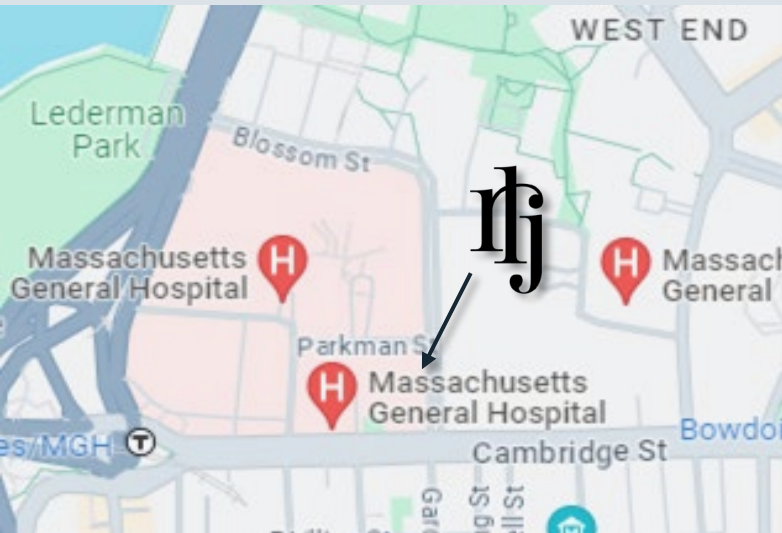
Incremental 10-to-15 conversion and value-add opportunities in portfolio

- Brand expirations
- Conversions with renovations
- Embedded real estate value creation potential in 'Opportunity' assets
- Incremental ROI opportunities
- Remix customer base
- Drive higher ADR
- Gain market share



*Expect to execute two incremental conversions per year*

# WYNDHAM BOSTON BEACON HILL ACQUISITION



## RLJ acquired the fee-simple ownership of the Wyndham Boston Beacon Hill in January

- Pulls forward an additional compelling conversion opportunity with significant upside potential
- Boston represents a top hotel market with a favorable growth outlook for the next several years
- Recent transaction in the market at \$875k / key
- Property's A+ location within Boston's Beacon Hill neighborhood, surrounded by Massachusetts General Hospital which is currently undergoing a \$1.8 billion expansion

**8.5x**  
Multiple on  
Acquisition Price<sup>(1)</sup>

**\$411,000**  
Price Per Key

**>40%**  
EBITDA Upside

(1) Based on post-conversion stabilized EBITDA; Conversion capital expected to add 1.5x to multiple





HYATT CENTRIC ATLANTA MIDTOWN

## STRONG LIQUIDITY & BALANCE SHEET

# RLJ | BEST-IN-CLASS BALANCE SHEET

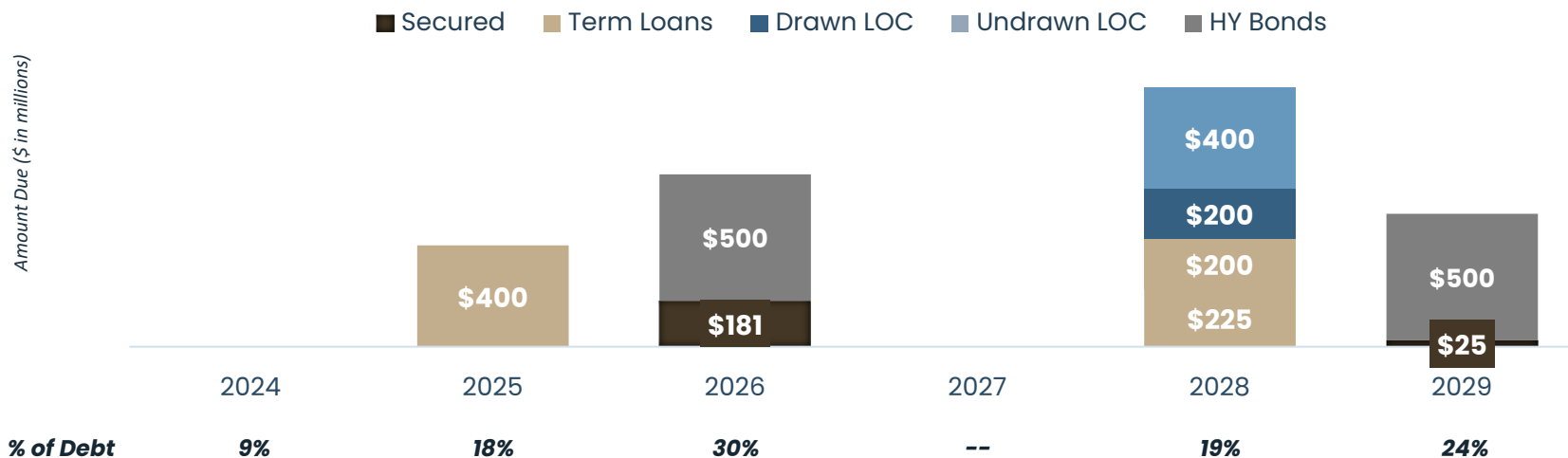


RLJ has a strong balance sheet and well-staggered debt maturity profile

## Focused on maintaining a best-in-class balance sheet

- ~\$1.0B of liquidity, including \$350.0M of cash <sup>(1)</sup>
  - Addressed 2024 maturities by repaying \$200M of CMBS debt using LOC and exercised option to extend \$181M of mortgage debt to 2025
- 82% of debt fixed or hedged, with a portfolio weighted average interest rate of 4.29%
- Repurchased ~\$300 million of common shares since 2018, representing ~13% of float
- Well covered annualized dividend of \$0.40/share

### DEBT MATURITY SCHEDULE <sup>(2)</sup>



(1) As of March 31, 2024

(2) AS of May 1, 2024, assumes all extension options are exercised; 2029 maturities include \$25M of secured debt



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THE MILLS HOUSE CHARLESTON

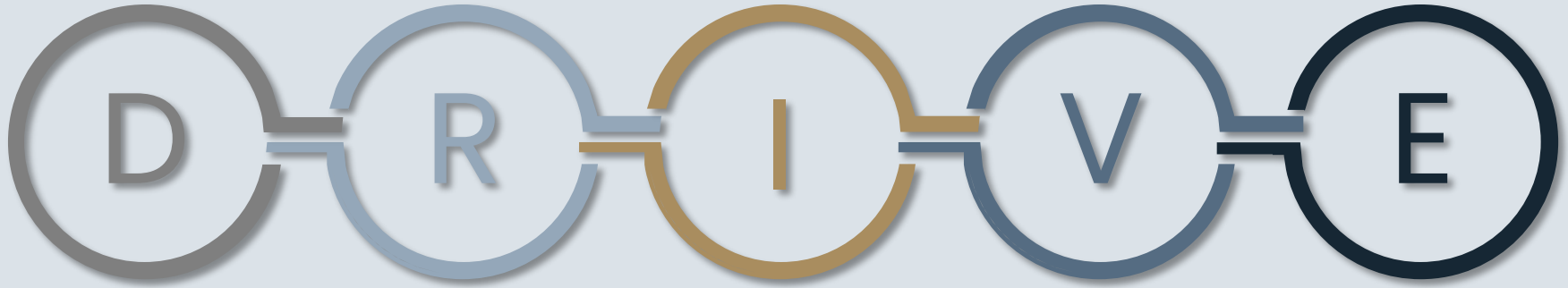
# CORPORATE RESPONSIBILITY



# RLJ ESG | CORPORATE RESPONSIBILITY APPROACH



Our sustainability strategy aligns our ESG objectives with our commitment to generate long-term stakeholder value



## Drive

revenue growth by following a disciplined investment strategy and through aggressive asset management

## Reduce

cost through investments in energy and water conservation and other “greening” efforts

## Improve

our human capital by championing our corporate culture of diversity and inclusivity, to boost motivation, attract top talent and retain associates

## Validate

our sustainability commitments through external benchmarking and transparent reporting

## Expand

our engagement with our partners, suppliers and the communities in which we operate



*This 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 our actual results could differ materially from those set forth in the forward-looking 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 urges 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 and the Company's Quarterly Reports on Form 10-Q for the quarter ended March 31, 2024, which will be filed on May 2, 2024, as well as risks, uncertainties and other factors discussed in other documents filed by the Company with the Securities and Exchange Commission.*