RLJ | Lodging Trust

Portfolio Evolution: Significant Milestones

August 2019

RLJ | Lodging Trust

Portfolio transformation continues: enhancing growth profile and unlocking significant embedded value

Selling slow-growth, low-RevPAR assets with meaningful capital needs, improving portfolio quality

- Disposing of 39 hotels for ~$490M at an accretive EBITDA multiple of 10.6x[1], inclusive of capital requirements
- Assets not aligned with RLJ's long-term vision, with absolute RevPAR ~$50 below current portfolio
- Reduced exposure to slower growth submarkets within Austin and Denver

Terminating Wyndham agreements, unlocking significant embedded value

- Entered into agreement to terminate NOI guarantee effective as of the end of 2019
  - Termination payment of $35 million from Wyndham
- High quality hotels located in premium markets with outsized growth expectations
- Expect rebrandings to start in 2020 with potential to unlock embedded NAV

Elevating growth profile

- Enhanced RevPAR growth
  - Adding 50 bps to annual growth following dispositions
  - Unlocking 200 bps of incremental growth from rebranding Wyndham hotels
- Enhanced geographic footprint with increased concentration in high quality markets (NoCal, SoCal, D.C. and Charleston)

Fortress balance sheet well-positioned to pursue accretive capital allocation opportunities

- RLJ has approximately $1B of investment capacity to pursue share repurchases, conversion/ROI and other value creation opportunities

Attractive valuation

- RLJ trading at a significant discount to NAV

1. Based on 2019 EBITDA estimates.

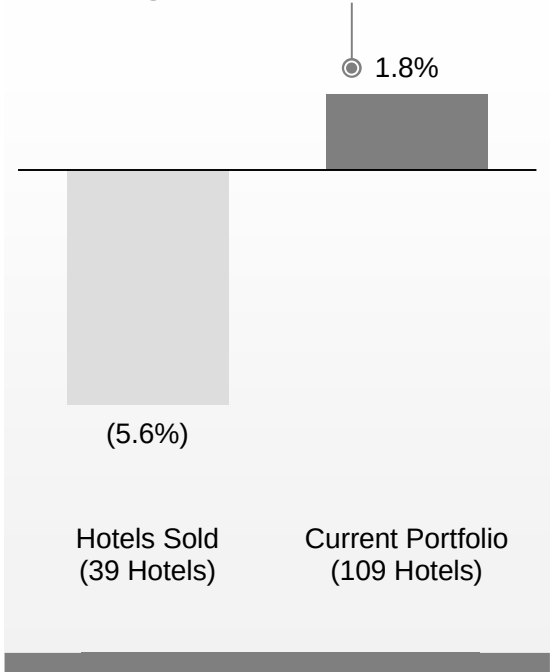
PORTFOLIO TRANSFORMATION

RENAISSANCE PITTSBURGH

RLJ Lodging Trust

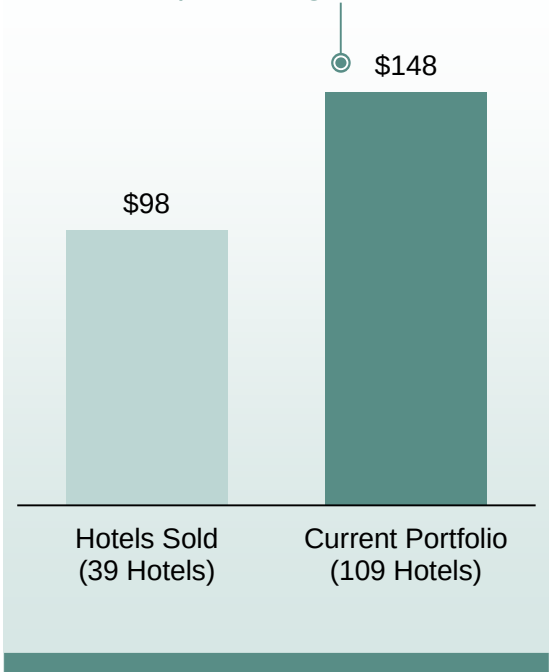
Sale of slow-growth, low-RevPAR assets is transformational

Year-to-date RevPAR growth for current portfolio is 740 bps higher than sold hotels



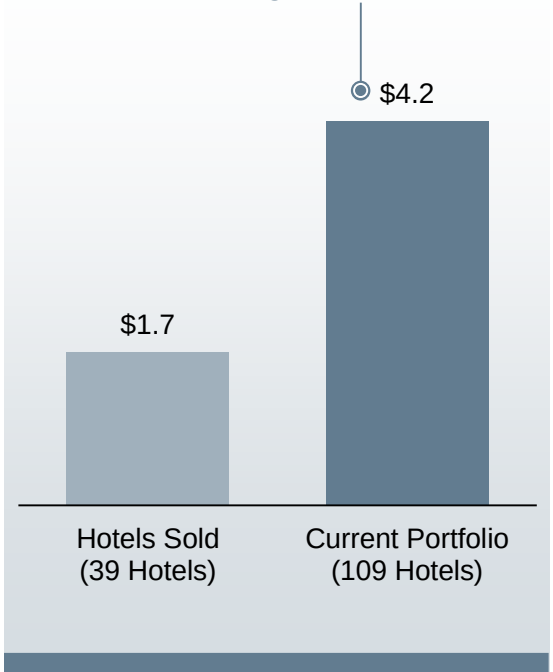
RevPAR Growth[1]

Year-to-date absolute RevPAR 51% higher, representing ~$50



RevPAR[1]

Efficiency improves with average EBITDA / Hotel increasing to $4.2M



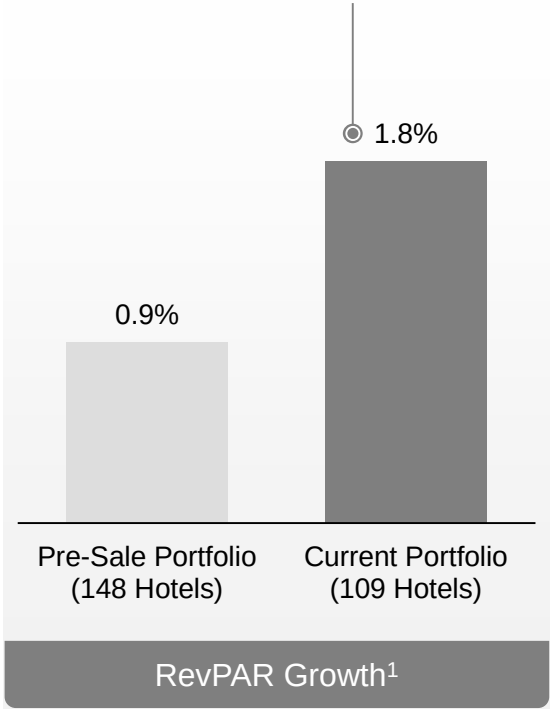
EBITDA / Hotel ($M)[2]

1. Based on YTD June 30, 2019.
2. Based on full-year 2018.

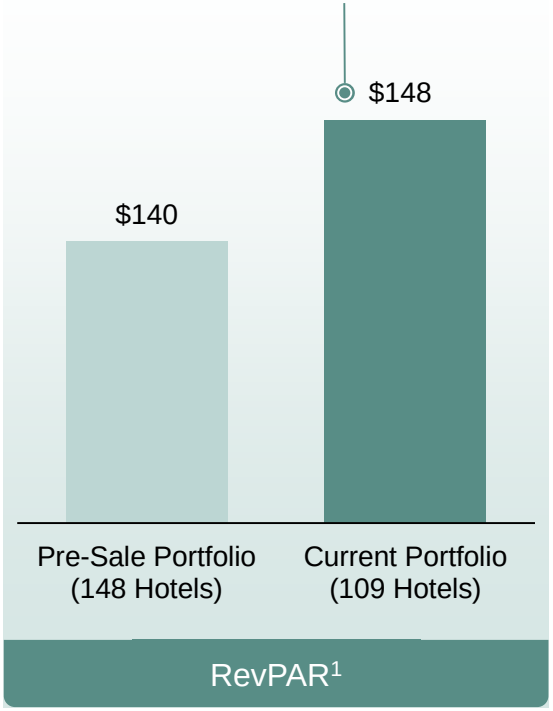
RLJ Lodging Trust

Selling these non-core hotels further highlights the underlying quality of our portfolio

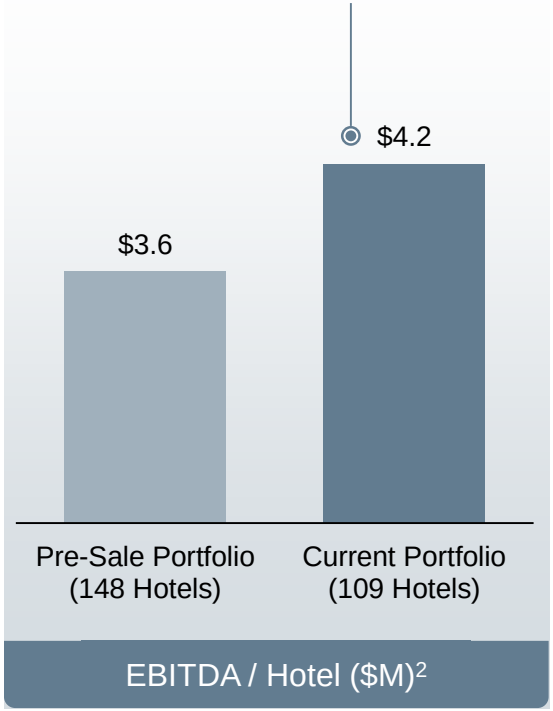
Year-to-date RevPAR growth improves by 90 bps



Absolute RevPAR improves by 6%, representing ~$8



EBITDA / Hotel increases by ~20%



1. Based on YTD June 30, 2019.
2. Based on full-year 2018.

RLJ Lodging Trust

Increased concentration in high quality, long-term growth markets

- NoCal and SoCal now represent ~29% of EBITDA
- Reduced exposure to certain slow-growth, low-RevPAR submarkets of Denver, Austin and Louisville

Change in RLJ Markets

		% EBITDA			Sold	
		2018	2019	Impact	Hotels	Market Commentary
1.	Northern California	14%	18%	✓+	-	Increased exposure to a core long-term growth market
2.	Southern California	10%	11%	✓+	-	Increased exposure to a core long-term growth market
3.	South Florida	10%	9%	✓+	5	Sold hotels in compression dependent submarkets
4.	New York	6%	6%	✓	-	-
5.	Austin	7%	6%	✓+	6	Sold hotels in compression dependent submarkets outside of the CBD
6.	Washington, D.C.	5%	5%	✓+	1	Sold hotel in compression dependent submarket outside of the CBD
7.	Chicago	5%	4%	✓+	1	Sold hotel in a slow-growth, low-RevPAR compression dependent submarket
8.	Houston	5%	4%	✓+	2	Sold hotels in slow-growth, low-RevPAR outlying compression submarkets
9.	Louisville	4%	3%	✓+	3	Sold three slow-growth, low-RevPAR hotels located in an outlying high-supply submarket with limited demand generators
10.	Denver	5%	3%	✓+	8	Reduced exposure to slow-growth submarkets
	Other	29%	31%	✓+	13	Sold low-RevPAR/slow-growth hotels and exited several compression dependent locations and non-core markets
Total		**100%**	**100%**		**39**	

RLJ Lodging Trust

RLJ to receive $35M from Wyndham to terminate NOI guarantee and management agreements

Transaction Highlights	
Summary	▪ RLJ entered agreement to terminate the Wyndham management agreement and guarantee on eight hotels as of December 31, 2019, three years earlier than prior termination date
Consideration	▪ RLJ to receive $35M termination payment from Wyndham in early 2020
Transitional Agreements	▪ Transitional franchise and/or management agreements through 2020 with RLJ option to extend an additional year
Timing	▪ Expect rebrandings to occur in several stages starting in 2020

RLJ Lodging Trust

Significant upside from rebranding of Wyndham hotels, representing 13% of EBITDA

Transaction Benefits

- Hotels are located in prime locations in core urban markets
- Attractive hotel real estate
- Expect key money from interested brands
- Expect upside potential from rebranding hotels:
  - Underwriting 20 points of market share gains

Heart of Demand Locations in Compelling Markets

The Mills House Wyndham Grand Hotel

Wyndham Philadelphia Historic District

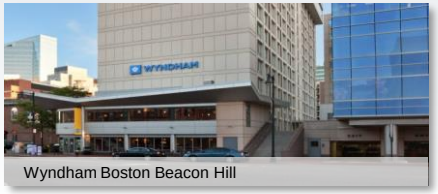
Wyndham San Diego Bayside

Wyndham Houston – Medical Center Hotel & Suites

Wyndham Santa Monica Beach at the Pier

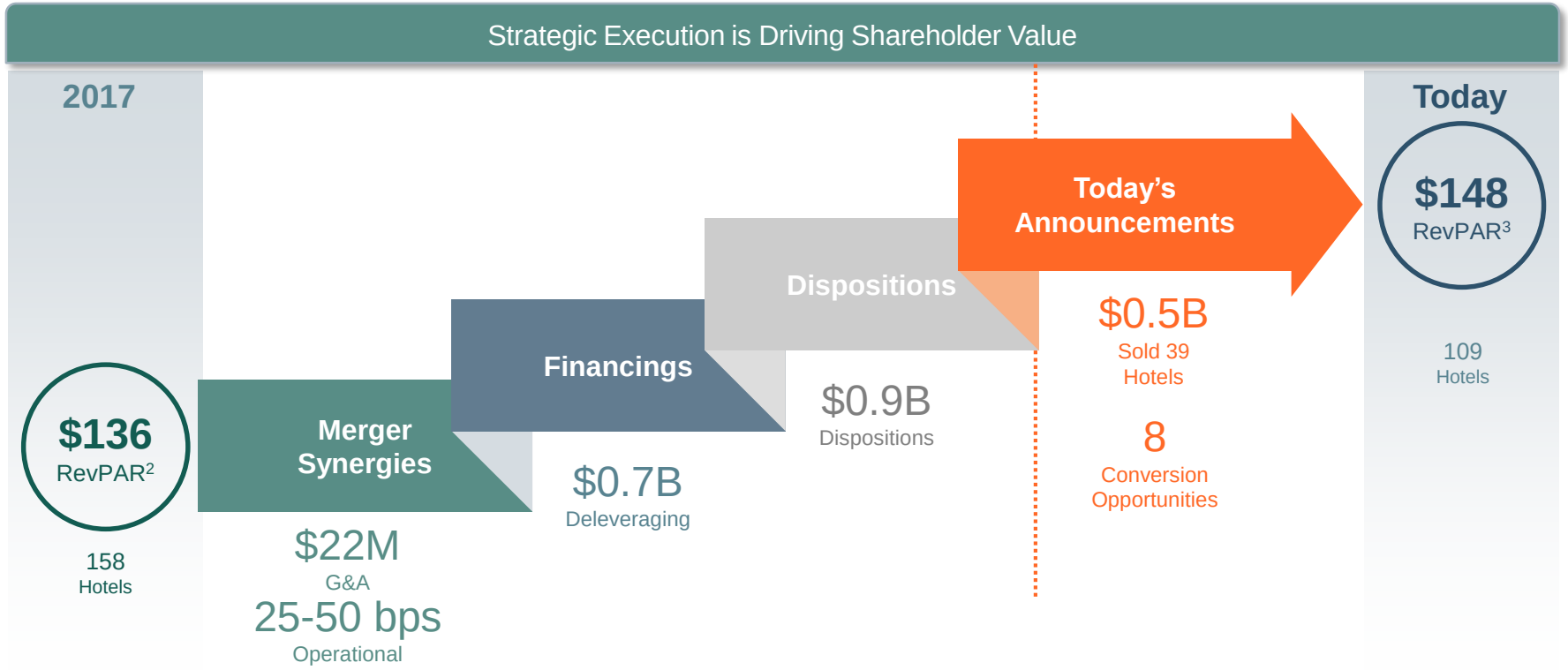
Wyndham New Orleans – French Quarter

Wyndham Pittsburgh University Center


Wyndham Boston Beacon Hill

Disposition of non-core hotels and termination of Wyndham are critical steps in RLJ's long-term strategy to drive shareholder value

- Since 2017, RLJ has executed its strategy and disposed of 49 hotels for $1.4B, increased absolute RevPAR by 9%, reduced leverage to 3.1x[1] and realized $22M of corporate synergies
- RLJ has over $1B of investment capacity and multiple company specific catalysts to drive value



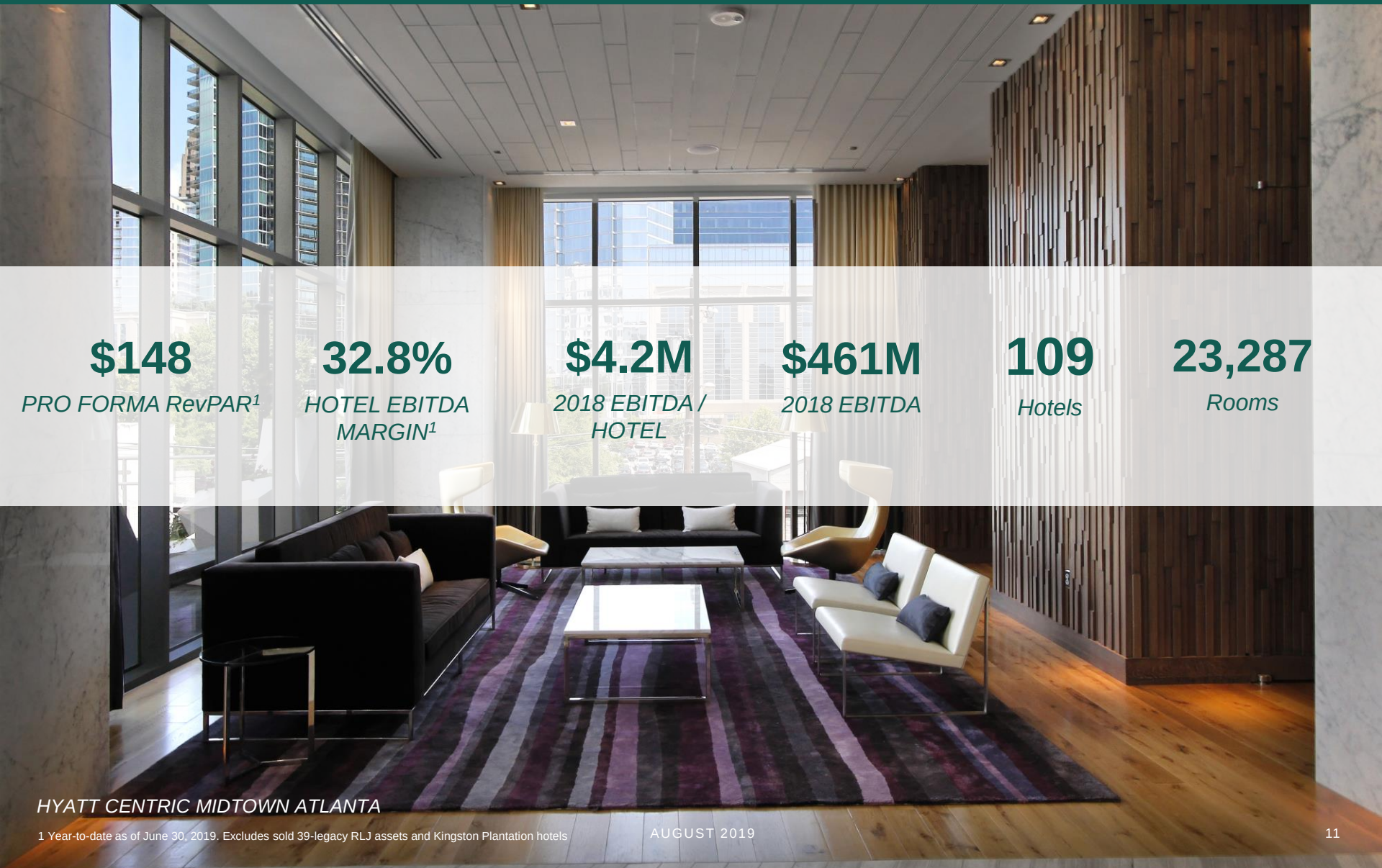
1. Represents Net Debt to EBITDA as of LTM 6/30/2019 pro forma for the sale of 39 legacy RLJ non-core hotels and the two Kingston Plantation hotels.
2. Full-Year reported RevPAR as of December 31, 2017.
3. Based on YTD June 30, 2019.

RLJ TODAY IS CLOSELY ALIGNED WITH OUR LONG-TERM VISION

HUMBLE OIL BUILDING MARRIOTT COMPLEX

RLJ TODAY – KEY STATISTICS

RLJ | Lodging Trust



$148	32.8%	$4.2M	$461M	109	23,287
PRO FORMA RevPAR[1]	*HOTEL EBITDA MARGIN[1]*	*2018 EBITDA / HOTEL*	*2018 EBITDA*	*Hotels*	*Rooms*

HYATT CENTRIC MIDTOWN ATLANTA

1 Year-to-date as of June 30, 2019. Excludes sold 39-legacy RLJ assets and Kingston Plantation hotels

HIGH QUALITY PORTFOLIO

RLJ | Lodging Trust

RLJ's current portfolio of rooms oriented, high margin, premium branded hotels is aligned with its vision of owning hotels that drive significant NAV appreciation over time

Geographically diverse portfolio, with prime locations in growth oriented markets

- Concentrated in urban markets within close proximity to primary demand generators
- ~75% of EBITDA generated from Top 25 U.S. STR markets

Affiliated with premium brand families with strong loyalty programs, superior market share and pricing power

- Marriott International, Hilton Worldwide and Hyatt Hotels brand families make up ~84% of EBITDA

Absolute RevPAR in-line with full-service hotels while generating margins similar to select-service hotels

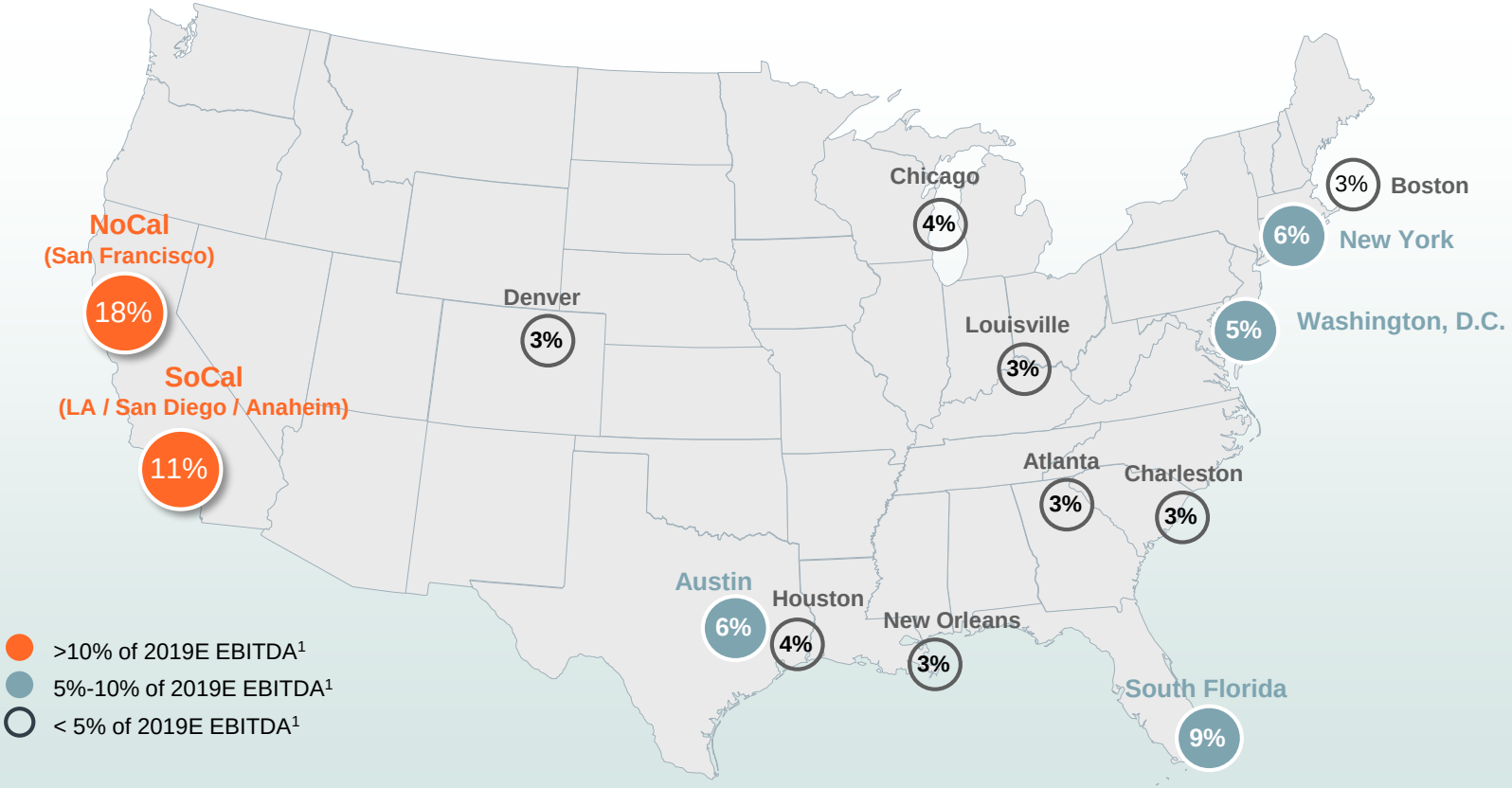
Embedded long-term growth potential

- Annual RevPAR growth expectations improve 50 bps from the disposition of 39 hotels
- Rebranding of Wyndham portfolio expected to generate 200 bps of incremental RevPAR growth over next 3 years
- Increased portfolio concentration in markets that are expected to outperform
- Improved management agreement flexibility

RLJ | Lodging Trust

RLJ's current portfolio is broadly diversified with ~75% of EBITDA generated in Top 25 markets

- NoCal and SoCal represent 29% of EBITDA
- Increased concentration in markets that are expected to outperform long-term



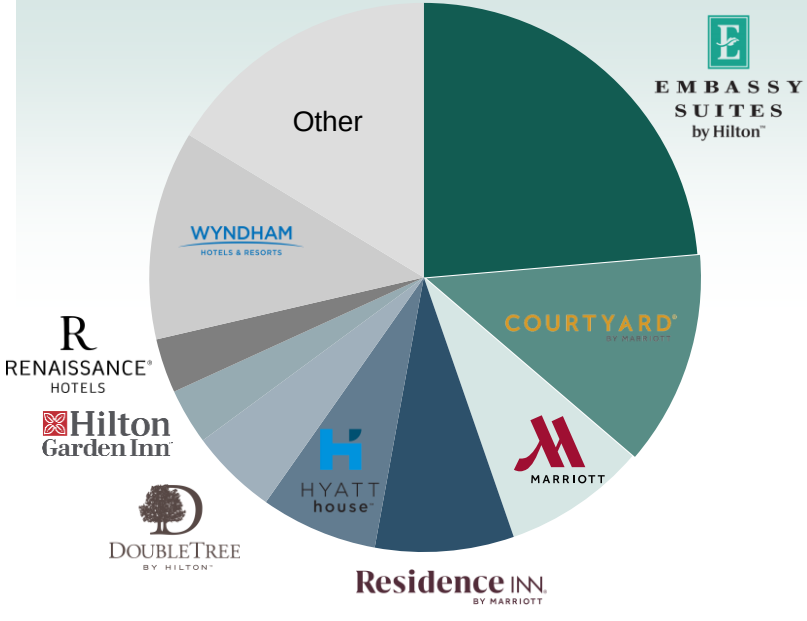
1. At mid-point of 2019 Hotel EBITDA outlook.

RLJ Lodging Trust

Portfolio of premium branded, rooms oriented hotels with high operating margins

- Average of 100 to 300 rooms
- Lean operating model that generates >80% of revenues from rooms, which drives high margins
- Historically lower capex requirements on a per key basis compared to larger hotels
- Marriott, Hilton, and Hyatt represent ~84% of Hotel EBITDA

Brand Mix[1]



Global Brand Representation[1]

MARRIOTT 37%

Hilton 36%

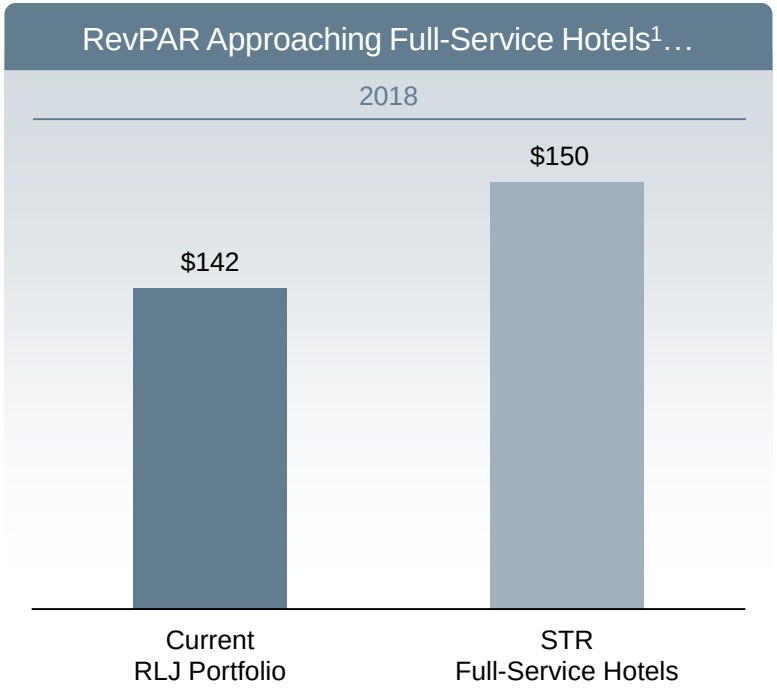
HYATT 11%

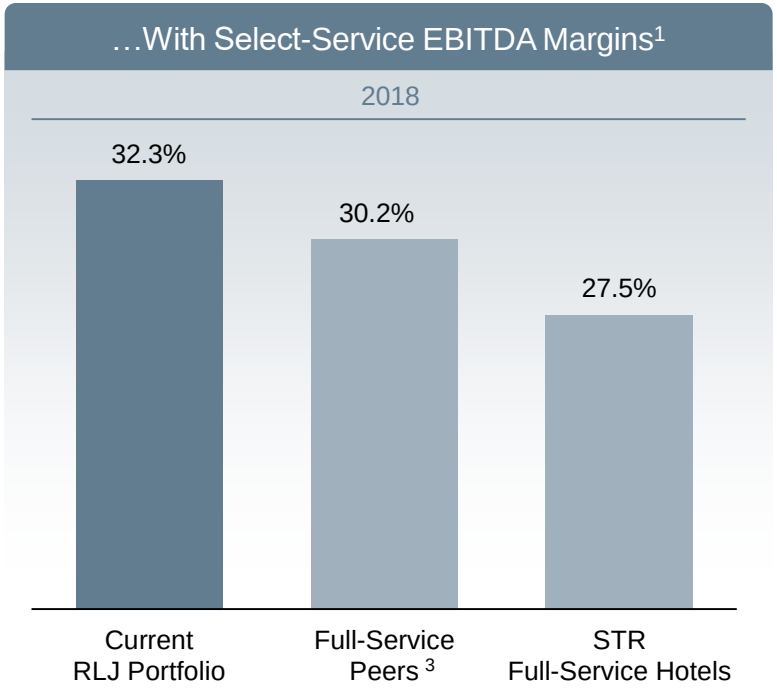
1. Based on 2019E EBITDA. Wyndham portfolio terminating as of December 31, 2019 and represents rebranding opportunity.

RLJ Lodging Trust

Our portfolio RevPAR is in-line with full-service hotels and RLJ has an attractive margin profile, similar to select-service hotels

- Absolute RevPAR within ~6% of the U.S. Full-Service hotels[1]
- EBITDA margins are 480 bps higher than U.S. Full-Service hotels[1] and also outperforming full-service peers[2]
- Generates significant free cash flow





1. Represents Pro Forma 2018 actual RevPAR and margins for 109 RLJ hotels and Full-Service segment RevPAR and margins per STR HOST Almanac for year-end 2018.
2. Based on 2018 actuals.
3. RLJ's full-service peers include Host Hotels & Resorts, Xenia, Park Hotels, DiamondRock Hospitality, Sunstone Hotels and Pebblebrook Hotel Trust.

MULTIPLE LEVERS TO CREATE SHAREHOLDER VALUE

HYATT HOUSE EMERYVILLE

MULTIPLE LEVERS TO DRIVE SHAREHOLDER VALUE

RLJ | Lodging Trust

Significant investment capacity of $1B with opportunity to deploy on several unique catalysts

REINVESTMENT OPPORTUNITIES

ROI Projects

- Expect to invest between $150 - $200 million in ROI projects over the next 3-5 years
- Green initiatives
- Space configuration
- Operational
- Minimum low double digit unlevered IRR's

Conversions

- Conversion of several hotels to lifestyle brands in conjunction with renovation work in 2020 and beyond
- Over 20 hotels with franchise agreements expiring in the near term
- Currently exploring conversion of:
  - Embassy Suites Mandalay Bay Beach Hotel & Resort
  - Wyndham Portfolio

Capital Markets

- Share buybacks
- Other refinancings
- Additional deleveraging
- FelCor Senior Notes callable in 2020
- Legacy FelCor Preferreds
- Significant accretion from capital market activities:
  - Trading at a significant discount to NAV
  - Legacy FelCor bonds carry 6% interest rate
  - FelCor preferreds with a coupon of 7.8%

ADDITIONAL PORTFOLIO ENHANCEMENTS

Additional Dispositions

- Incremental, opportunistic non-core dispositions that further improve portfolio quality

Wyndham Termination

- Upside from rebranding of Wyndham hotels, representing 13% of EBITDA
  - Expect to invest capital during rebrandings, which will be partially offset by key money and termination payment from Wyndham

RLJ Lodging Trust

Dispositions provide over $1.0B of investment capacity

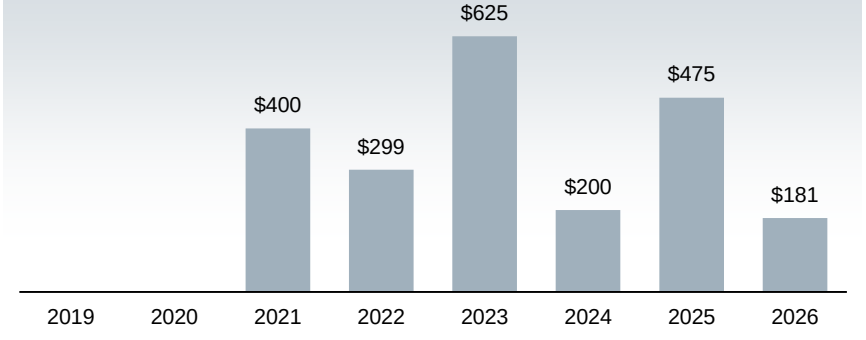
Balance Sheet Highlights

- No maturities before 2021[1]
- 90 unencumbered hotel assets[2]
- 93% of debt is fixed / hedged
- $600 million availability on revolver[2]

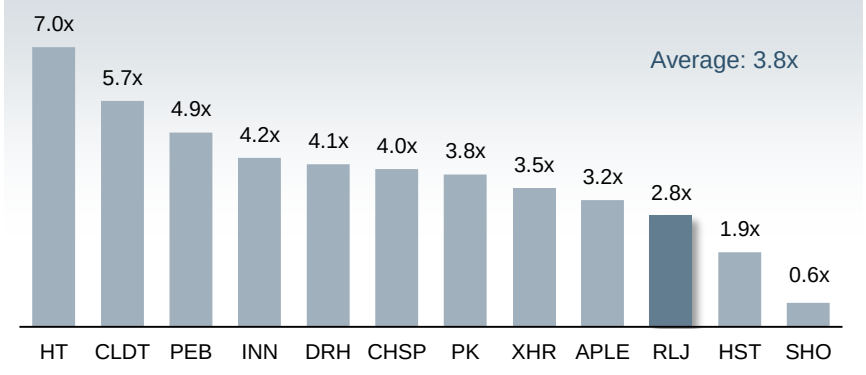
Credit Statistics[2]

Total Debt[3]	$2.2B
Net Debt / LTM EBITDA[2]	3.1x
Weighted Average Maturity[3]	4.0 years
Weighted Average Interest Rate[3]	4.1%
Interest Coverage Ratio[3]	4.7x

Debt Maturity Schedule ($M)[1, 2]



Net Debt / EBITDA[4]



1. Assumes all extensions.
2. Assumes the sale of 39 hotels.
3. As of June 30, 2019.
4. Based on 2019E Adjusted EBITDA (FactSet consensus as of August 5, 2019 for peers and mid-point of full-year guidance for RLJ, shown pro forma for the sale of 39 hotels).

VALUATION OPPORTUNITY

HILTON CABANA MIAMI BEACH

RLJ | Lodging Trust

Successful execution of RLJ's strategy have significantly improved Revenue, EBITDA and FFO growth potential

Revenue Growth Drivers

- Disposition of lower growth assets
- Renovations in higher growth markets
- ROI investments
- Asset management initiatives
- Wyndham rebrandings

EBITDA Growth Drivers

- Portfolio concentration in higher growth markets
- Ramp up of renovated assets in higher growth markets
- Returns from ROI initiatives
- Flow-through from asset management initiatives and Wyndham rebrandings

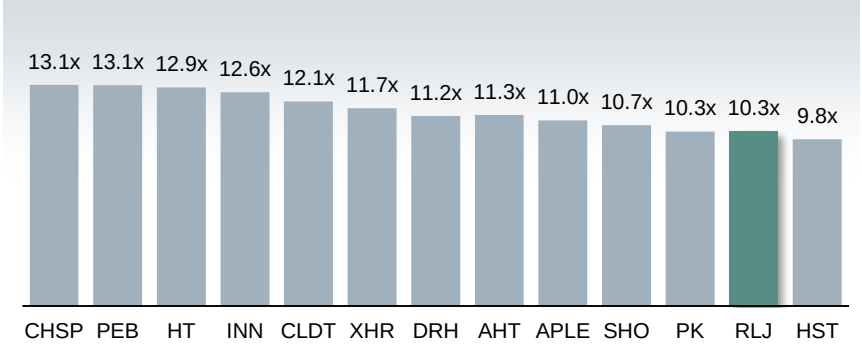
FFO Growth Drivers

- Share repurchases
- Deleveraging
- Debt refinancing
- Revenue growth drivers
- EBITDA growth drivers

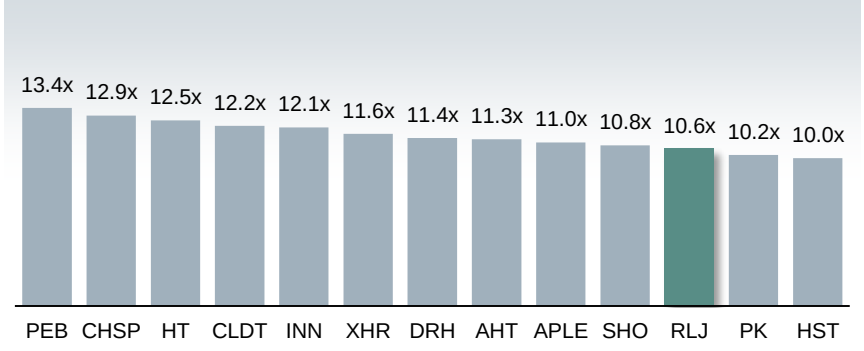
ATTRACTIVE RELATIVE VALUATION VS. PEERS

RLJ | Lodging Trust

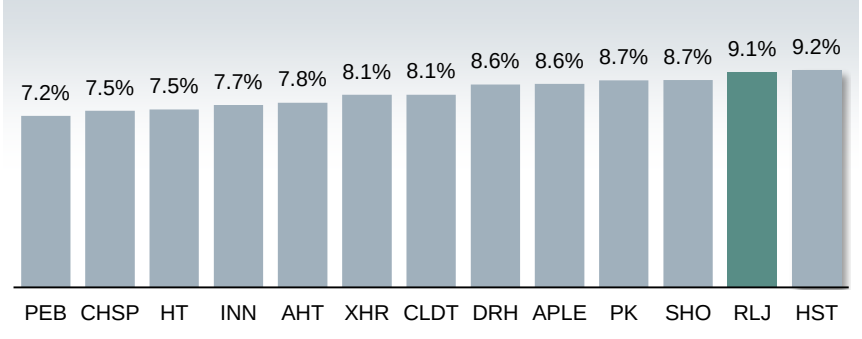
TEV/2019E EBITDA[1]



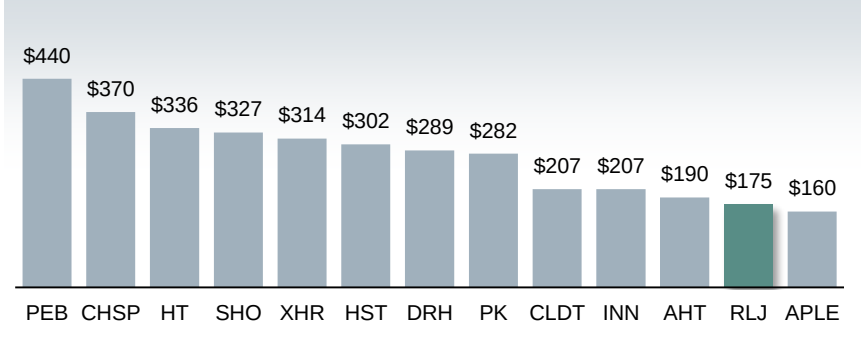
TEV/2020E EBITDA[1]



Implied Cap Rate[2]



Price per Key Valuation[3]



Notes: Actual financials are based on public filings. For market capitalization purposes, fully diluted shares include shares, units, options using the treasury method and any convertible securities. Total Enterprise Value defined as Equity Market Capitalization + Debt (at share) + Preferred Stock + Minority Interest – Cash.
Based on stock prices as of August 6, 2019.

1. EBITDA estimates based on consensus data per FactSet as of August 6, 2019.
2. 2019E Consensus NOI per FactSet and Wall Street Research.
3. Calculated as enterprise value divided by the pro rata number of rooms owned. Includes pro rata share of joint ventures.

APPENDIX

EMBASSY SUITES TAMPA DOWNTOWN CONVENTION CENTER

VALUE-ADD OPPORTUNITIES: FOCUS ON MINING EMBEDDED VALUE

RLJ | Lodging Trust

RLJ expects to invest $150M – $200M into "value-add" opportunities over next 3 – 5 years[1]

Value Added Projects

GREEN INITIATIVES

- Lighting retrofits
- Water conservation
- Thermostat upgrades
- Energy generation projects

SPACE CONFIGURATION

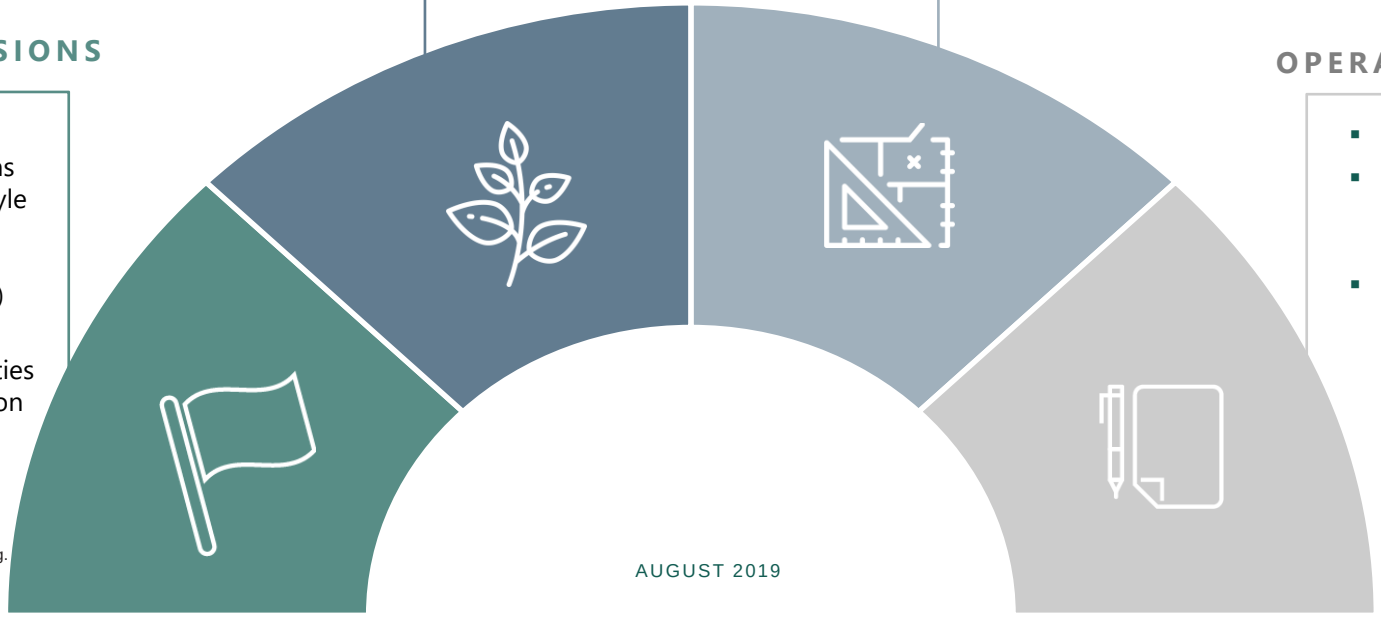
- Adding keys/splitting suites
- Adding meeting space
- Reconcepting non-revenue generating public space at some Embassy Suites

BRAND CONVERSIONS

- Brand conversions (soft/lifestyle brands at certain properties)
- Franchise opportunities at expiration

OPERATIONAL

- Parking fees
- Management agreement renewals
- Procurement synergies



1. Excludes Wyndham rebranding.

HOTEL DISPOSITIONS

RLJ | Lodging Trust

	City	State	Keys
Courtyard Austin Airport	Austin	TX	150
Courtyard Austin Northwest Arboretum	Austin	TX	102
Hyatt House Austin Arboretum	Austin	TX	131
Residence Inn Austin Northwest Arboretum	Austin	TX	84
Residence Inn Austin North Parmer Lane	Austin	TX	88
SpringHill Suites Austin North Parmer Lane	Austin	TX	132
Austin			**687**
Residence Inn Chicago Oak Brook	Oak Brook	IL	156
Chicago			**156**
Hampton Inn & Suites Denver Tech Center	Denver	CO	123
Courtyard Denver West Golden	Golden	CO	110
Residence Inn Denver West Golden	Golden	CO	88
Courtyard Boulder Louisville	Louisville	CO	154
Residence Inn Boulder Louisville	Louisville	CO	88
Courtyard Boulder Longmont	Longmont	CO	78
Residence Inn Longmont Boulder	Longmont	CO	84
SpringHill Suites Boulder Longmont	Longmont	CO	90
Denver			**815**
Hampton Inn Houston Near The Galleria	Houston	TX	176
Hyatt House Houston Galleria	Houston	TX	147
Houston			**323**
Courtyard Louisville Northeast	Louisville	KY	114
Residence Inn Louisville Northeast	Louisville	KY	102
SpringHill Suites Louisville Hurstbourne North	Louisville	KY	142
Louisville			**358**

HOTEL DISPOSITIONS (CON'T.)

RLJ | Lodging Trust

	City	State	Keys
Courtyard Fort Lauderdale SW Miramar	Miramar	FL	128
Residence Inn Fort Lauderdale SW Miramar	Miramar	FL	130
Residence Inn Fort Lauderdale Plantation	Plantation	FL	138
Hampton Inn West Palm Beach Airport Central	West Palm Beach	FL	105
Hilton Garden Inn West Palm Beach Airport	West Palm Beach	FL	100
South Florida			**601**
Residence Inn Silver Spring	Silver Spring	MD	130
Washington DC			**130**
Hampton Inn & Suites Clearwater St. Petersburg Ulmerton Road	Clearwater	FL	128
Hampton Inn Fort Walton Beach	Fort Walton Beach	FL	100
Hilton Garden Inn Bloomington	Bloomington	IN	168
Courtyard South Bend Mishawaka	Mishawaka	IN	78
SpringHill Suites South Bend Mishawaka	Mishawaka	IN	87
Residence Inn Detroit Novi	Novi	MI	107
Hilton Garden Inn Durham Raleigh Research Triangle Park	Durham	NC	177
Hyatt House Dallas Lincoln Park	Dallas	TX	155
Hyatt House Dallas Uptown	Dallas	TX	141
Fairfield Inn & Suites San Antonio Downtown Market	San Antonio	TX	110
Residence Inn San Antonio Downtown Market Square	San Antonio	TX	95
Courtyard Salt Lake City Airport	Salt Lake City	UT	154
Residence Inn Salt Lake City Airport	Salt Lake City	UT	104
Other			**1,604**
Total			**4,674**

Forward-Looking Statements

This presentation 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 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, as well as risks, uncertainties and other factors discussed in other documents filed by the Company with the Securities and Exchange Commission.