

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): May 04, 2022

RLJ LODGING TRUST

(Exact name of registrant as specified in its charter)

Maryland
(State or other jurisdiction of incorporation)

001-35169
(Commission File Number)

27-4706509
(IRS Employer Identification Number)

3 Bethesda Metro Center Suite 1000
Bethesda, Maryland
(Address of principal executive offices)

20814
(Zip Code)

(301) 280-7777
(Registrant's telephone number, including area code)

Not applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12 (b) of the Exchange Act:

| <u>Title of Class</u> | <u>Trading Symbol</u> | <u>Name of Exchange on Which Registered</u> |
|---|-----------------------|---|
| Common Shares of beneficial interest, par value \$0.01 per share | RLJ | New York Stock Exchange |

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02. Results of Operations and Financial Condition.

On May 4, 2022, RLJ Lodging Trust (the “Company”) issued a press release announcing its financial results for the quarter ended March 31, 2022. A copy of the press release is furnished as Exhibit 99.1 to this Current Report on Form 8-K.

The information included in this Current Report on Form 8-K (including Exhibit 99.1 hereto) shall not be deemed “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference into any filing made by the Company under the Exchange Act or the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such filing.

Item 9.01. Financial Statements and Exhibits.

- (a) Not applicable.
- (b) Not applicable.
- (c) Not applicable.
- (d) The following exhibits are filed as part of this report:

| <u>Exhibit Number</u> | <u>Description</u> |
|-----------------------|--|
| 99.1 | <u>Press release dated May 4, 2022, issued by RLJ Lodging Trust, providing financial results for the quarter ended March 31, 2022.</u> |

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

RLJ LODGING TRUST

Dated: May 4, 2022

By: /s/ Leslie D. Hale
Leslie D. Hale
President and Chief Executive Officer

EXHIBIT LIST

| <u>Exhibit Number</u> | <u>Description</u> |
|-----------------------|--|
| 99.1 | <u>Press release dated May 4, 2022, issued by RLJ Lodging Trust, providing financial results for the quarter ended March 31, 2022.</u> |

Press Release

RLJ Lodging Trust Reports First Quarter 2022 Results

- March RevPAR achieved ~84% of 2019
- Adjusted EBITDA of \$54.6 million and Adjusted FFO per share of \$0.14
- Amended corporate credit facilities to allow for share repurchases

Bethesda, MD, May 4, 2022 – RLJ Lodging Trust (the “Company”) (NYSE: RLJ) today reported results for the three months ended March 31, 2022.

Highlights

- Pro forma RevPAR of \$107.39 for Q1, representing 74% of 2019 levels, improving 5% from Q4 2021
- Total revenue of \$242.9 million
- Net loss attributable to common shareholders of \$21.5 million
- Net loss per share attributable to common shareholders of \$0.13
- Pro forma Hotel EBITDA of \$63.2 million
- Adjusted EBITDA of \$54.6 million
- Adjusted FFO per diluted common share and unit of \$0.14
- Repaid remaining \$200.0 million outstanding on the line of credit
- Amended corporate credit facilities to allow for share repurchases during covenant waiver period
- Approximately \$1.1 billion of liquidity, including \$479.0 million of unrestricted cash

“First quarter operating results exceeded our expectations, benefiting from accelerating demand in our urban markets,” commented Leslie D. Hale, President and Chief Executive Officer. “The pace of recovery throughout the first quarter was driven by broad improvement across all markets and segments, including sustained leisure strength along with a notable pick up in business transient and group demand which achieved new highs of the pandemic in March, a trend that continued into April. Against this rapidly improving backdrop, we made significant progress towards our internal growth catalysts, further strengthened our balance sheet by paying down the remaining balance on our line of credit, and amended our credit facility to allow for share repurchases thereby expanding the range of capital allocation opportunities available to us.”

The prefix “pro forma” as defined by the Company, denotes operating results which include results for periods prior to its ownership and excludes sold hotels. Pro forma RevPAR and pro forma Hotel EBITDA Margin are reported on a comparable basis and therefore exclude any hotels sold during the period and non-comparable hotels that were not open for operation or were closed for renovation for comparable periods. Explanations of EBITDA, EBITDAre, Adjusted EBITDA, Hotel EBITDA, Hotel EBITDA Margin, FFO, and Adjusted FFO, as well as reconciliations of those measures to net income or loss, if applicable, are included within this release.

Financial and Operating Highlights

(\$ in thousands, except ADR, RevPAR, and per share amounts)

(unaudited)

| | For the three months ended March 31, | |
|--|--------------------------------------|------------|
| | 2022 | 2021 |
| Operational Overview: (1) | | |
| Pro forma ADR | \$175.57 | \$119.84 |
| Pro forma Occupancy | 61.2% | 44.2% |
| Pro forma RevPAR | \$107.39 | \$52.95 |
| Financial Overview: | | |
| Total Revenues | \$242,899 | \$119,552 |
| Pro forma Hotel Revenue | \$240,664 | \$117,179 |
| Net Loss | (\$15,469) | (\$79,117) |
| Pro forma Hotel EBITDA (2) | \$63,186 | \$15,004 |
| Pro forma Hotel EBITDA Margin | 26.3% | 12.8% |
| Adjusted EBITDA | \$54,594 | \$3,592 |
| Adjusted FFO | \$23,894 | (\$29,767) |
| Adjusted FFO Per Diluted Common Share and Unit | \$0.14 | (\$0.18) |

Note:

(1) Pro forma statistics reflect the Company's 95 hotel portfolio as of May 4, 2022.

(2) Pro forma Hotel EBITDA for the three months ended March 31, 2022 and 2021 excludes \$0.2 million net income and \$3.2 million net loss, respectively, from sold hotels. Pro forma Hotel EBITDA for the three months ended March 31, 2021 includes \$0.4 million net loss from acquired hotels.

Operational Update

Positive momentum in lodging fundamentals accelerated throughout the first quarter with broad growth across all segments and markets. The Company's urban markets benefited from improvements in both business transient and group demand, which accelerated as most remaining COVID restrictions were eliminated and the pace of office reopenings increased, which allowed weekday results to strengthen and citywide events to be well-attended. The Company's urban markets also continued to benefit from robust leisure demand. These improving trends enabled March to achieve pro forma RevPAR of \$135.01 and pro forma Hotel EBITDA of \$35.6 million, which represented approximately 84% and 78% of 2019 levels, respectively, achieving new highs of the pandemic. This positive momentum from the first quarter has continued into the second quarter.

Dispositions

During the first quarter, the Company sold the Marriott Denver Airport at Gateway Park, and subsequent to quarter end, sold the SpringHill Suites Denver North Westminster, for total consideration of approximately \$50.0 million. These hotels were sold on an opportunistic basis at an aggregate multiple of approximately 13.4x 2019 Hotel EBITDA inclusive of brand required capital expenditure programs. The Company's Denver footprint now consists of four hotels in the submarkets of Cherry Creek, Denver South and Boulder.

Subsequent Events

On April 29, 2022, the Company's Board of Trustees authorized a \$250.0 million share repurchase program.

Balance Sheet

As of March 31, 2022, the Company had approximately \$1.1 billion of total liquidity comprising approximately \$479.0 million of unrestricted cash, \$600.0 million available under its revolving credit facility ("Revolver"), and \$2.2 billion of debt outstanding. In February, the Company repaid the remaining \$200.0 million outstanding on its Revolver and currently has the full \$600.0 million of available capacity. In April 2022, the Company exercised the first extension option on a \$200.0 million mortgage loan to extend the maturity to April 2023. The Company has no debt maturities until 2023.

In April, the Company amended its corporate credit facilities to allow for share repurchases during the covenant waiver period. The Company expects to exit the covenant waiver period after the second quarter.

Dividends

The Company's Board of Trustees declared a quarterly cash dividend of \$0.01 per common share of beneficial interest of the Company in the first quarter. The dividend was paid on April 15, 2022 to shareholders of record as of March 31, 2022.

The Company's Board of Trustees declared a quarterly cash dividend of \$0.4875 on the Company's Series A Preferred Shares. The dividend was paid on April 29, 2022 to shareholders of record as of March 31, 2022.

Earnings Call

The Company will conduct its quarterly analyst and investor conference call on May 5, 2022 at 10:00 a.m. (Eastern Time). The conference call can be accessed by dialing (877) 407-3982 or (201) 493-6780 for international participants and requesting RLJ Lodging Trust's first quarter earnings conference call. Additionally, a live webcast of the conference call will be available through the Company's website at <http://www.rljlodgingtrust.com>. A replay of the conference call webcast will be archived and available through the *Investor Relations* section of the Company's website for two weeks.

Supplemental Information

Please refer to the schedule of supplemental information for additional detail and pro forma operating statistics, which is available through the *Investor Relations* section of the Company's website.

About Us

RLJ Lodging Trust is a self-advised, publicly traded real estate investment trust that owns primarily premium-branded, high-margin, focused-service and compact full-service hotels. The Company's portfolio currently consists of 95 hotels with approximately 21,100 rooms, located in 22 states and the District of Columbia and an ownership interest in one unconsolidated hotel with 171 rooms.

Forward Looking Statements

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, measures being taken in response to the COVID-19 pandemic, and the impact of the COVID-19 pandemic on our business, 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 and a worsening of global economic conditions or low levels of economic growth; the duration and scope of the COVID-19 pandemic and its impact on the demand for travel and on levels of consumer confidence; actions governments, businesses and individuals take in response to the pandemic, the impact of the pandemic on global and regional economies, travel, and economic activity; public adoption rates of COVID-19 vaccines, including booster shots, and their effectiveness against emerging variants of COVID-19, such as the Delta and Omicron variants, and the pace of recovery when the COVID-19 pandemic subsides; increased direct and indirect 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 international military conflicts, future terrorist attacks or fear of hostilities that affect travel, public health and/or economic activity and epidemics and/or pandemics, including COVID-19; 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. Moreover, investors are cautioned to interpret many of the risks identified under the section entitled "Risk Factors" in the Company's Form 10-K for the year ended December 31, 2021, as being heightened as a result of the ongoing and numerous adverse impacts of the COVID-19 pandemic. 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.

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Additional Contact:

Sean M. Mahoney, Executive Vice President and Chief Financial Officer – (301) 280-7774

For additional information or to receive press releases via email, please visit our website:

<http://www.rljlodgingtrust.com>

RLJ Lodging Trust
Non-GAAP and Accounting Commentary

Non-Generally Accepted Accounting Principles (“Non-GAAP”) Financial Measures

The Company considers the following non-GAAP financial measures useful to investors as key supplemental measures of its performance: (1) FFO, (2) Adjusted FFO, (3) EBITDA, (4) EBITDA_{re}, (5) Adjusted EBITDA, (6) Hotel EBITDA, and (7) Hotel EBITDA Margin. These Non-GAAP financial measures should be considered along with, but not as alternatives to, net income or loss as a measure of its operating performance. FFO, Adjusted FFO, EBITDA, EBITDA_{re}, Adjusted EBITDA, Hotel EBITDA, and Hotel EBITDA Margin as calculated by the Company, may not be comparable to other companies that do not define such terms exactly as the Company.

Funds From Operations (“FFO”)

The Company calculates Funds from Operations (“FFO”) in accordance with standards established by the National Association of Real Estate Investment Trusts, or NAREIT, which defines FFO as net income or loss (calculated in accordance with GAAP), excluding gains or losses from sales of real estate, impairment, the cumulative effect of changes in accounting principles, plus depreciation and amortization, and adjustments for unconsolidated partnerships and joint ventures. Historical cost accounting for real estate assets implicitly assumes that the value of real estate assets diminishes predictably over time. Since real estate values have instead historically risen or fallen with market conditions, most real estate industry investors consider FFO to be helpful in evaluating a real estate company’s operations. The Company believes that the presentation of FFO provides useful information to investors regarding the Company’s operating performance and can facilitate comparisons of operating performance between periods and between real estate investment trusts (“REITs”), even though FFO does not represent an amount that accrues directly to common shareholders.

The Company’s calculation of FFO may not be comparable to measures calculated by other companies who do not use the NAREIT definition of FFO or do not calculate FFO per diluted share in accordance with NAREIT guidance. Additionally, FFO may not be helpful when comparing the Company to non-REITs. The Company presents FFO attributable to common shareholders, which includes unitholders of limited partnership interest (“OP units”) in RLJ Lodging Trust, L.P., the Company’s operating partnership, because the OP units are redeemable for common shares of the Company. The Company believes it is meaningful for the investor to understand FFO attributable to all common shares and OP units.

EBITDA and EBITDA_{re}

Earnings Before Interest, Taxes, Depreciation, and Amortization (“EBITDA”) is defined as net income or loss excluding: (1) interest expense; (2) provision for income taxes, including income taxes applicable to sales of assets; and (3) depreciation and amortization. The Company considers EBITDA useful to an investor in evaluating and facilitating comparisons of its operating performance between periods and between REITs by removing the impact of its capital structure (primarily interest expense) and asset base (primarily depreciation and amortization) from its operating results. In addition, EBITDA is used as one measure in determining the value of hotel acquisitions and dispositions.

In addition to EBITDA, the Company presents EBITDA_{re} in accordance with NAREIT guidelines, which defines EBITDA_{re} as net income or loss (calculated in accordance with GAAP) excluding interest expense, income tax expense, depreciation and amortization expense, gains or losses from sales of real estate, impairment, and adjustments for unconsolidated partnerships and joint ventures. The Company believes that the presentation of EBITDA_{re} provides useful information to investors regarding the Company's operating performance and can facilitate comparisons of operating performance between periods and between REITs.

Adjustments to FFO and EBITDA

The Company adjusts FFO, EBITDA, and EBITDA_{re} for certain items that the Company considers either outside the normal course of operations or extraordinary. The Company believes that Adjusted FFO, Adjusted EBITDA, and Adjusted EBITDA_{re} provide useful supplemental information to investors regarding its ongoing operating performance that, when considered with net income or loss, FFO, EBITDA, and EBITDA_{re}, is beneficial to an investor's understanding of its operating performance. The Company adjusts FFO, EBITDA, and EBITDA_{re} for the following items:

- *Transaction Costs*: The Company excludes transaction costs expensed during the period
- *Pre-Opening Costs*: The Company excludes certain costs related to pre-opening of hotels
- *Non-Cash Expenses*: The Company excludes the effect of certain non-cash items such as the amortization of share-based compensation, non-cash income taxes, and non-cash expense related to discontinued interest rate hedges
- *Other Non-Operational Expenses*: The Company excludes the effect of certain non-operational expenses representing income and expenses outside the normal course of operations

Hotel EBITDA and Hotel EBITDA Margin

With respect to Consolidated Hotel EBITDA, the Company believes that excluding the effect of corporate-level expenses and certain non-cash items provides a more complete understanding of the operating results over which individual hotels and operators have direct control. The Company believes property-level results provide investors with supplemental information about the ongoing operational performance of the Company's hotels and the effectiveness of third-party management companies.

Pro forma Consolidated Hotel EBITDA includes prior ownership information provided by the sellers of the hotels for periods prior to our acquisition of the hotels, which has not been audited and excludes results from sold hotels as applicable. Pro forma Hotel EBITDA and pro forma Hotel EBITDA Margin exclude the results of non-comparable hotels that were under renovation or not open for the entirety of the comparable periods. The following is a summary of pro forma hotel adjustments:

Pro forma adjustments: Acquired hotels

For the three months ended March 31, 2022 and 2021, pro forma adjustments included the following acquired hotels:

- Hampton Inn & Suites Atlanta Midtown acquired in August 2021
- AC Hotel Boston Downtown acquired in October 2021
- Moxy Denver Cherry Creek acquired in December 2021

Pro forma adjustments: Sold hotels

For the three months ended March 31, 2022 and 2021, pro forma adjustments included the following sold hotels:

- Courtyard Houston Sugarland sold in January 2021
- Residence Inn Chicago Naperville sold in May 2021
- Residence Inn Indianapolis Fishers sold in May 2021
- Fairfield Inn & Suites Chicago Southeast Hammond sold in July 2021
- Residence Inn Chicago Southeast Hammond sold in August 2021
- Courtyard Chicago Southeast Hammond sold in August 2021
- Embassy Suites Secaucus-Meadowlands ground lease expired in October 2021
- DoubleTree Hotel Metropolitan New York City sold in December 2021
- Marriott Denver Airport at Gateway Park sold in March 2022
- SpringHill Suites Denver North Westminster sold in April 2022

RLJ Lodging Trust
Consolidated Balance Sheets
(Amounts in thousands, except share and per share data)
(unaudited)

| | March 31, 2022 | December 31, 2021 |
|---|---------------------|---------------------|
| Assets | | |
| Investment in hotel properties, net | \$ 4,155,048 | \$ 4,219,116 |
| Investment in unconsolidated joint ventures | 6,644 | 6,522 |
| Cash and cash equivalents | 479,047 | 665,341 |
| Restricted cash reserves | 43,254 | 48,528 |
| Hotel and other receivables, net of allowance of \$322 and \$274, respectively | 37,876 | 31,091 |
| Lease right-of-use assets | 143,606 | 144,988 |
| Prepaid expense and other assets | 56,182 | 33,390 |
| Total assets | <u>\$ 4,921,657</u> | <u>\$ 5,148,976</u> |
| Liabilities and Equity | | |
| Debt, net | \$ 2,210,725 | \$ 2,409,438 |
| Accounts payable and other liabilities | 129,962 | 155,136 |
| Advance deposits and deferred revenue | 21,434 | 20,047 |
| Lease liabilities | 122,326 | 123,031 |
| Accrued interest | 8,210 | 19,110 |
| Distributions payable | 8,208 | 8,347 |
| Total liabilities | <u>2,500,865</u> | <u>2,735,109</u> |
| Equity | | |
| Shareholders' equity: | | |
| Preferred shares of beneficial interest, \$0.01 par value, 50,000,000 shares authorized | | |
| Series A Cumulative Convertible Preferred Shares, \$0.01 par value, 12,950,000 shares authorized; 12,879,475 shares issued and outstanding, liquidation value of \$328,266, at March 31, 2022 and December 31, 2021 | 366,936 | 366,936 |
| Common shares of beneficial interest, \$0.01 par value, 450,000,000 shares authorized; 166,843,586 and 166,503,062 shares issued and outstanding at March 31, 2022 and December 31, 2021, respectively | 1,668 | 1,665 |
| Additional paid-in capital | 3,097,166 | 3,092,883 |
| Distributions in excess of net earnings | (1,069,769) | (1,046,739) |
| Accumulated other comprehensive income (loss) | 11,214 | (17,113) |
| Total shareholders' equity | <u>2,407,215</u> | <u>2,397,632</u> |
| Noncontrolling interests: | | |
| Noncontrolling interest in the Operating Partnership | 6,209 | 6,316 |
| Noncontrolling interest in consolidated joint ventures | 7,368 | 9,919 |
| Total noncontrolling interest | 13,577 | 16,235 |
| Total equity | <u>2,420,792</u> | <u>2,413,867</u> |
| Total liabilities and equity | <u>\$ 4,921,657</u> | <u>\$ 5,148,976</u> |

Note: The corresponding notes to the consolidated financial statements can be found in the Company's Quarterly Report on Form 10-Q.

RLJ Lodging Trust
Consolidated Statements of Operations
(Amounts in thousands, except share and per share data)
(unaudited)

| | For the three months ended March 31, | |
|--|--------------------------------------|----------------|
| | 2022 | 2021 |
| Revenues | | |
| Operating revenues | | |
| Room revenue | \$ 205,779 | \$ 102,772 |
| Food and beverage revenue | 20,901 | 6,242 |
| Other revenue | 16,219 | 10,538 |
| Total revenues | 242,899 | 119,552 |
| Expenses | | |
| Operating expenses | | |
| Room expense | 53,828 | 29,427 |
| Food and beverage expense | 16,169 | 4,556 |
| Management and franchise fee expense | 20,388 | 5,361 |
| Other operating expense | 68,654 | 49,120 |
| Total property operating expenses | 159,039 | 88,464 |
| Depreciation and amortization | 46,865 | 46,943 |
| Impairment losses | — | 5,946 |
| Property tax, insurance and other | 22,513 | 20,081 |
| General and administrative | 14,134 | 10,800 |
| Transaction costs | 62 | 60 |
| Total operating expenses | 242,613 | 172,294 |
| Other income, net | 7,285 | 465 |
| Interest income | 172 | 384 |
| Interest expense | (24,561) | (27,895) |
| Gain on sale of hotel properties, net | 1,417 | 1,083 |
| Loss before equity in income (loss) from unconsolidated joint ventures | (15,401) | (78,705) |
| Equity in income (loss) from unconsolidated joint ventures | 122 | (298) |
| Loss before income tax expense | (15,279) | (79,003) |
| Income tax expense | (190) | (114) |
| Net loss | (15,469) | (79,117) |
| Net loss attributable to noncontrolling interests: | | |
| Noncontrolling interest in the Operating Partnership | 104 | 396 |
| Noncontrolling interest in consolidated joint ventures | 118 | 736 |
| Net loss attributable to RLJ | (15,247) | (77,985) |
| Preferred dividends | (6,279) | (6,279) |
| Net loss attributable to common shareholders | \$ (21,526) | \$ (84,264) |
| Basic and diluted per common share data: | | |
| Net loss per share attributable to common shareholders | \$ (0.13) | \$ (0.51) |
| Weighted-average number of common shares | 164,179,661 | 163,826,009 |

Note: The Statements of Comprehensive Income and corresponding notes to the consolidated financial statements can be found in the Company's Quarterly Report on Form 10-Q.

RLJ Lodging Trust
Reconciliation of Non-GAAP Measures
(Amounts in thousands, except per share data)
(unaudited)

Funds from Operations (FFO) Attributable to Common Shareholders and Unitholders

| | For the three months ended March 31, | |
|--|--------------------------------------|--------------------|
| | 2022 | 2021 |
| Net loss | \$ (15,469) | \$ (79,117) |
| Preferred dividends | (6,279) | (6,279) |
| Depreciation and amortization | 46,865 | 46,943 |
| Gain on sale of hotel properties, net | (1,417) | (1,083) |
| Impairment losses | — | 5,946 |
| Noncontrolling interest in consolidated joint ventures | 118 | 736 |
| Adjustments related to consolidated joint ventures (1) | (49) | (75) |
| Adjustments related to unconsolidated joint ventures (2) | 295 | 294 |
| FFO | 24,064 | (32,635) |
| Transaction costs | 62 | 60 |
| Amortization of share-based compensation | 5,185 | 2,752 |
| Non-cash income tax expense | (135) | — |
| Derivative gains in accumulated other comprehensive income (loss) reclassified to earnings (3) | (5,866) | — |
| Other expenses (4) | 584 | 56 |
| Adjusted FFO | \$ 23,894 | \$ (29,767) |
| Adjusted FFO per common share and unit-basic | \$ 0.14 | \$ (0.18) |
| Adjusted FFO per common share and unit-diluted | \$ 0.14 | \$ (0.18) |
| Basic weighted-average common shares and units outstanding (5) | 164,951 | 164,598 |
| Diluted weighted-average common shares and units outstanding (5) | 165,516 | 164,598 |

Note:

- (1) Includes depreciation and amortization expense allocated to the noncontrolling interest in the consolidated joint ventures.
- (2) Includes our ownership interest in the depreciation and amortization expense of the unconsolidated joint ventures.
- (3) Reclassification of interest rate swap gains from accumulated other comprehensive income (loss) to earnings for discontinued interest rate hedges.
- (4) Represents expenses and income outside of the normal course of operations, including \$0.3 million of non-cash interest expense related to discontinued interest rate hedges during the three months ended March 31, 2022.
- (5) Includes 0.8 million weighted-average operating partnership units for the three month periods ended March 31, 2022 and 2021.

RLJ Lodging Trust
Reconciliation of Non-GAAP Measures
(Amounts in thousands)
(unaudited)

Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)

| | For the three months ended March 31, | |
|---|--------------------------------------|------------------|
| | 2022 | 2021 |
| Net loss | \$ (15,469) | \$ (79,117) |
| Depreciation and amortization | 46,865 | 46,943 |
| Interest expense, net of interest income | 24,389 | 27,511 |
| Income tax expense | 190 | 114 |
| Adjustments related to unconsolidated joint ventures (1) | 407 | 410 |
| EBITDA | 56,382 | (4,139) |
| Gain on sale of hotel properties, net | (1,417) | (1,083) |
| Impairment losses | — | 5,946 |
| EBITDAre | 54,965 | 724 |
| Transaction costs | 62 | 60 |
| Amortization of share-based compensation | 5,185 | 2,752 |
| Derivative losses in accumulated other comprehensive income (loss) reclassified to earnings (2) | (5,866) | — |
| Other expenses (3) | 248 | 56 |
| Adjusted EBITDA | 54,594 | 3,592 |
| General and administrative (4) | 8,949 | 8,048 |
| Other corporate adjustments (5) | (166) | 513 |
| Consolidated Hotel EBITDA | 63,377 | 12,153 |
| Pro forma adjustments - (income) loss from sold hotels | (191) | 3,229 |
| Pro forma adjustments - loss from acquired hotels | — | (378) |
| Pro forma Hotel EBITDA | \$ 63,186 | \$ 15,004 |

Note: Pro forma statistics reflect the Company's 95 hotel portfolio as of May 4, 2022.

(1) Includes our ownership interest in the interest, depreciation, and amortization expense of the unconsolidated joint ventures.

(2) Reclassification of interest rate swap gains from accumulated other comprehensive income (loss) to earnings for discontinued interest rate hedges.

(3) Represents expenses and income outside of the normal course of operations.

(4) Excludes amortization of share-based compensation reflected in Adjusted EBITDA.

(5) Other corporate adjustments include property-level adjustments and certain revenues and expenses at corporate entities. These items include interest income, amortization of deferred management fees, key money amortization, ground rent amortization, legal fees, revenues and expenses associated with non-hotel properties, income (loss) from unconsolidated entities, internal lease rent expense, and other items.

RLJ Lodging Trust
Reconciliation of Non-GAAP Measures
(Amounts in thousands)
(unaudited)

Pro forma Hotel EBITDA Margin

| | For the three months ended March 31, | |
|---|--------------------------------------|-------------------|
| | 2022 | 2021 |
| Total revenue | \$ 242,899 | \$ 119,552 |
| Pro forma adjustments - revenue from sold hotels | (2,220) | (4,217) |
| Pro forma adjustments - revenue from prior ownership of acquired hotels | — | 1,865 |
| Other corporate adjustments / non-hotel revenue | (15) | (21) |
| Pro forma Hotel Revenue | \$ 240,664 | \$ 117,179 |
| Pro forma Hotel EBITDA | \$ 63,186 | \$ 15,004 |
| Pro forma Hotel EBITDA Margin | 26.3 % | 12.8 % |

Note: Pro forma statistics reflect the Company's 95 hotel portfolio as of May 4, 2022.

RLJ Lodging Trust
Consolidated Debt Summary
(Amounts in thousands)
(unaudited)

| Loan | Base Term (Years) | Maturity (incl. extensions) | Floating / Fixed (1) | Interest Rate (2) | Balance as of March 31, 2022 (3) |
|---|----------------------|--------------------------------|----------------------|-------------------|-------------------------------------|
| Mortgage Debt | | | | | |
| Mortgage loan - 1 hotel | 10 | Jan 2029 | Fixed | 5.06% | \$ 25,000 |
| Mortgage loan - 7 hotels | 3 | Apr 2024 | Floating | 3.30% | 200,000 |
| Mortgage loan - 3 hotels | 5 | Apr 2026 | Floating | 2.53% | 96,000 |
| Mortgage loan - 4 hotels | 5 | Apr 2026 | Floating | 3.43% | 85,000 |
| Weighted Average / Mortgage Total | | | | 3.25% | \$ 406,000 |
| Corporate Debt | | | | | |
| Revolver (4) | 4 | May 2025 | Floating | — | \$ — |
| \$150 Million Term Loan Maturing 2024 | 2 | Jun 2024 | Floating | 4.18% | 100,000 |
| \$400 Million Term Loan Maturing 2023 | 5 | Jan 2023 | Floating | 4.69% | 52,261 |
| \$400 Million Term Loan Maturing 2024 | 5 | Jan 2024 | Floating | 4.69% | 151,683 |
| \$225 Million Term Loan Maturing 2023 | 5 | Jan 2023 | Floating | 4.69% | 41,745 |
| \$225 Million Term Loan Maturing 2024 | 5 | Jan 2024 | Floating | 4.03% | 72,973 |
| \$400 Million Term Loan Maturing 2025 | 5 | May 2025 | Floating | 4.00% | 400,000 |
| \$500 Million Senior Notes due 2026 | 5 | Jul 2026 | Fixed | 3.75% | 500,000 |
| \$500 Million Senior Notes due 2029 | 8 | Sep 2029 | Fixed | 4.00% | 500,000 |
| Weighted Average / Corporate Total | | | | 4.04% | \$ 1,818,662 |
| Weighted Average / Total | | | | 3.89% | \$ 2,224,662 |

Note:

- (1) The floating interest rate is hedged with an interest rate swap.
- (2) Interest rates as of March 31, 2022.
- (3) Excludes the impact of fair value adjustments and deferred financing costs.
- (4) As of March 31, 2022, there was \$600.0 million of borrowing capacity on the Revolver, which is charged an unused commitment fee of 0.25% annually.