

EMBEDDED VALUE CREATION
UPDATE

JUNE 2021



RLJ is well-positioned to drive outperformance by executing on its embedded growth initiatives

Improving lodging fundamentals provide an attractive backdrop to execute against

- We have a strong balance sheet and ample liquidity to pursue internal growth
- We have an experienced in-house design and construction team with extensive conversion expertise
- Our EBITDA growth and margin expansion will be amplified by our unique catalysts



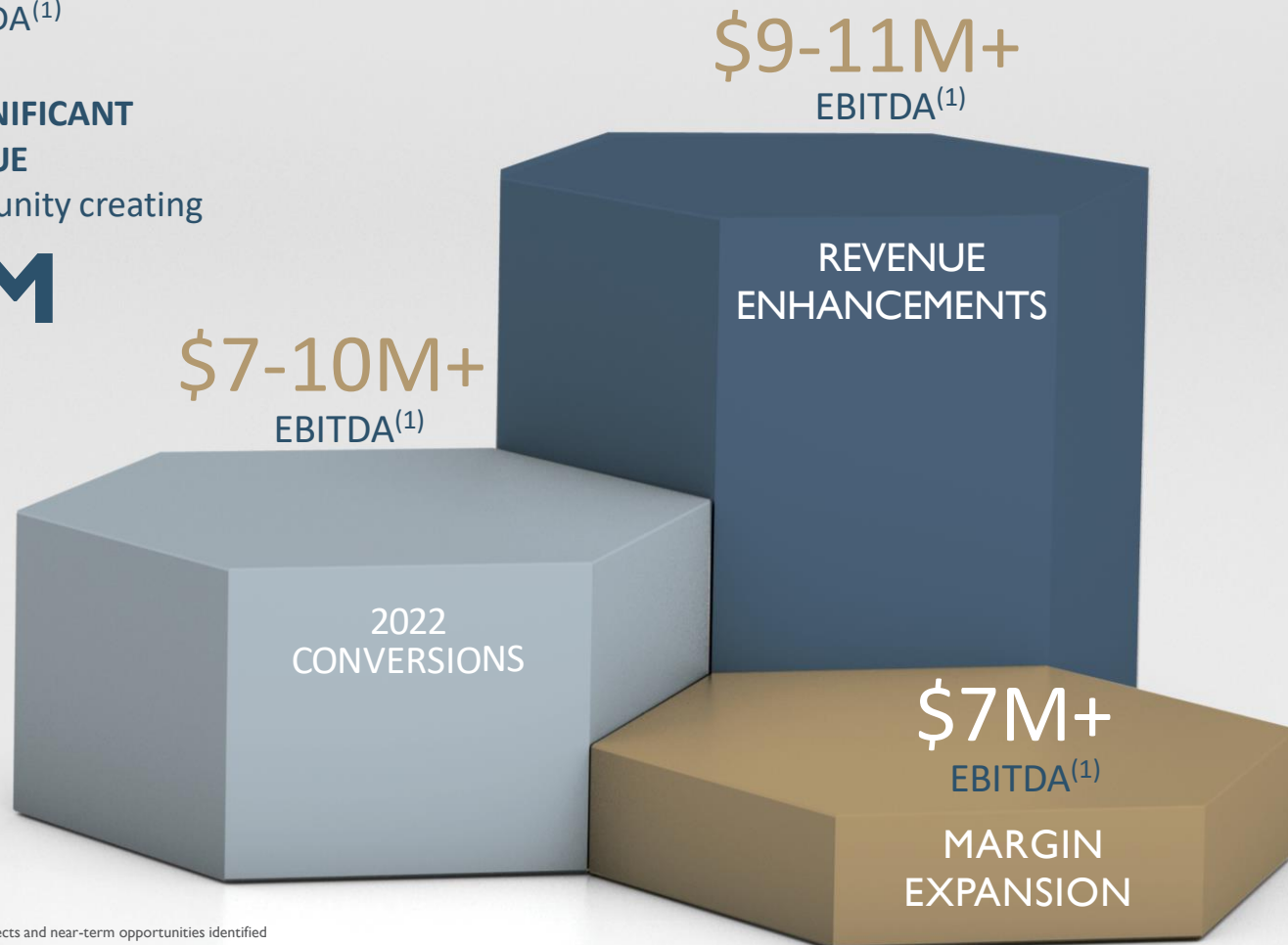
\$23M to \$28M

of Incremental EBITDA⁽¹⁾

**RLJ IS UNLOCKING SIGNIFICANT
EMBEDDED VALUE**
across three areas of opportunity creating

~\$325M

of value⁽²⁾



(1) Incremental annual EBITDA on a stabilized basis for in-progress projects and near-term opportunities identified

(2) Additional details on the following page

Conversions, Revenue Enhancement and Margin Expansion opportunities represent a significant source of value creation

Property	Project	Incremental Investment ⁽¹⁾	EBITDA ⁽²⁾	Value Creation ⁽³⁾	Unlevered IRR
2022 Conversions					
Wyndham Santa Monica	Conversion to Independent	\$10.0M - \$11.0M	\$2.0M to \$3.0M	\$120M	40%+
Wyndham Mills House	Conversion to Curio Brand	\$6.0M - \$7.0M	\$2.0M to \$3.0M		
Embassy Suites Mandalay Beach	Conversion to Curio Brand	\$12.0M - \$13.0M	\$3.0M to \$4.0M		
Revenue Enhancements					
Completed ROIs	Space initiatives and operational	\$5.0M	\$3.0M	\$120M	50%+
Near-Term ROIs	Space initiatives and operational	\$3.0M - \$4.0M	\$6.0M to \$8.0M		
Margin Expansion					
Amended Agreements	Renewals	--	\$4.0M / 30 bps	\$85M	--
2022-2023 Renewals	Renewals	--	\$3.0M / 20 bps		
Aggregate		\$36 to \$40M	\$23M to \$28M	~\$325M	-

(1) For conversions, incremental investment calculated as additional investment required for conversion vs normal renovation

(2) Stabilized EBITDA

(3) Assumed 14x stabilized EBITDA for Conversions and 12x average industry mid-cycle multiple for Revenue Enhancements and Margin Expansion initiatives

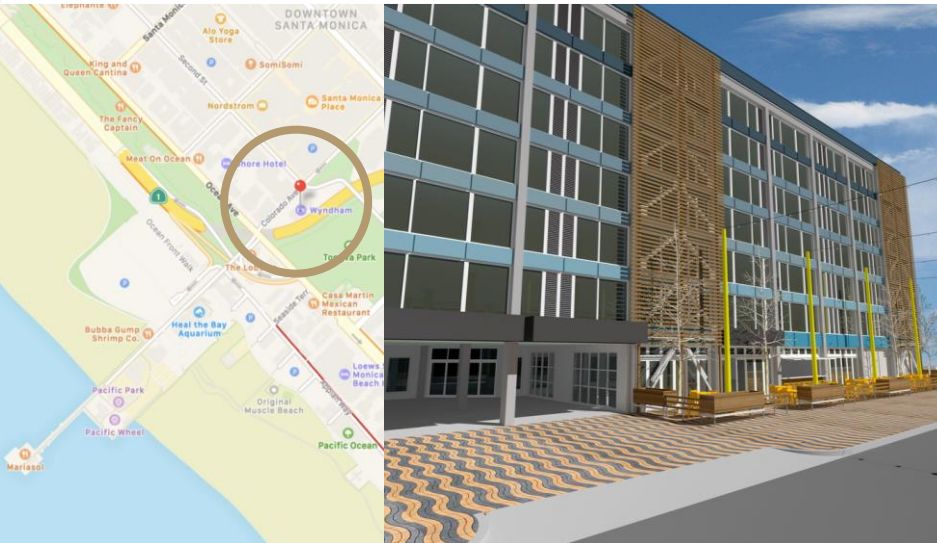
CONVERSIONS



RENAISSANCE FT. LAUDERDALE PLANTATION, FL

CONVERTING TO INDEPENDENT LIFESTYLE





Irreplaceable location



Top leisure travel market



High barriers to entry



High RevPAR market with significant upside



Conversion coincides with strong leisure-centric cycle

KEY HIGHLIGHTS

- Santa Monica is a top leisure market in the U.S.
- Hotel located at the entrance of Santa Monica Pier
- Expect significant lift in ADR
 - Position as a “Lifestyle” hotel to capture higher ADR already in the market
- Expected to also unlock significant real estate value
 - Cap rate compression with up-branding

REVENUE STRATEGY

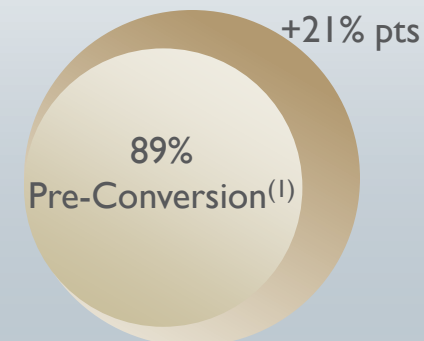
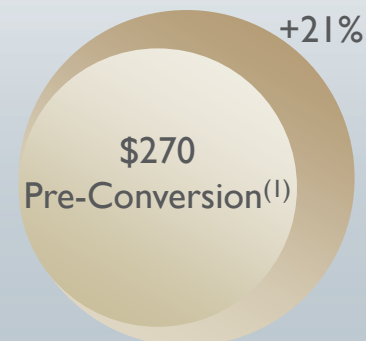
- Increase market share by capturing higher rated guests
- Enhance margins by 400 to 500 bps through:
 - Incremental ADR, leasing F&B and amenity fees

VALUE CREATION OPPORTUNITY

- Conversion investment includes:
 - Comprehensive guestroom renovation
 - Addition of al fresco dining / sidewalk café
 - Reimagined lobby
 - Enhanced pool experience
 - \$10M to \$11M of conversion capex⁽³⁾
- Evaluating Phase 2 opportunity to create new rooftop bar

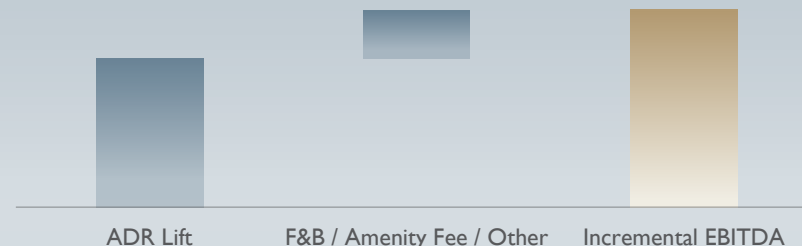
CONVERSION EXPECTED TO UNLOCK OPERATIONAL UPSIDE

ADR ~\$325 Stabilized RevPAR Index ~110% Stabilized



EBITDA⁽²⁾

\$2M - \$3M



\$50 - \$60

Incremental
RevPAR⁽²⁾

\$2M - \$3M

Incremental
EBITDA⁽²⁾

40%+
Unlevered IRR

(1) Represents 2019 actuals

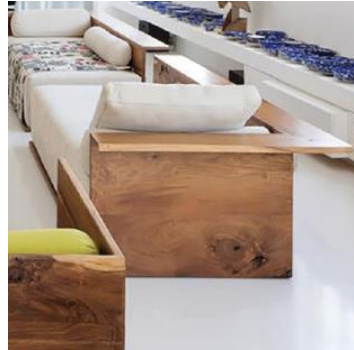
(2) Annual, upon stabilization

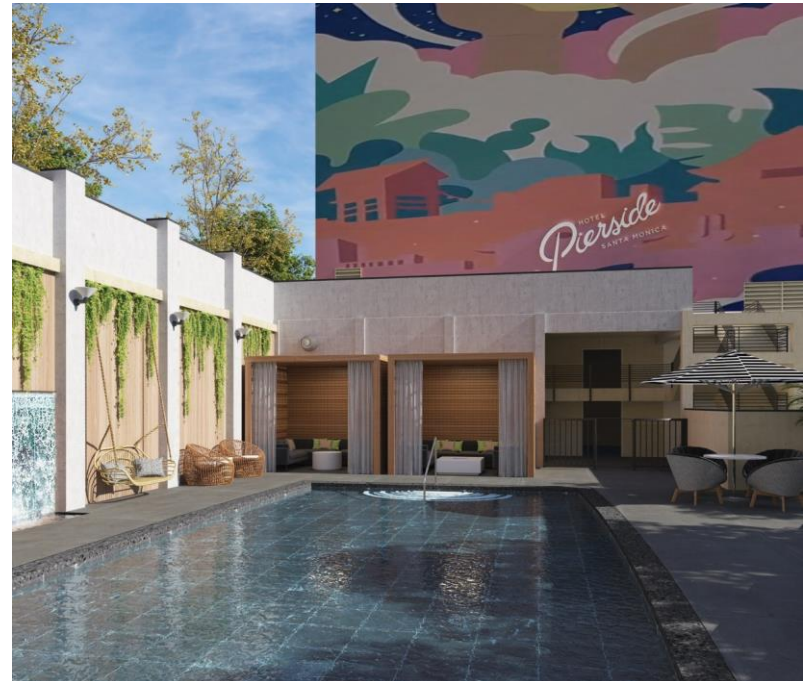
(3) Total investment, including conversion related CapEx expected to be ~\$18M - \$20M

AUTHENTIC SANTA MONICA



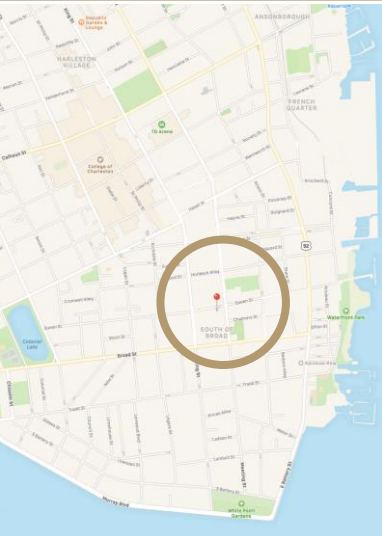
COASTAL CHIC





JOINING
HILTON'S
CURIO
COLLECTION





Irreplaceable location



Top leisure growth market



High barriers to entry



High RevPAR market with meaningful upside



Conversion coincides with strong leisure-centric cycle

KEY HIGHLIGHTS

- Charleston is a top leisure, drive-to market
 - Over 7M annual visitors
 - Population growth rate is 3x the national average
- Location in Charleston Historic District
- Expect significant lift in ADR
 - Reposition as a Curio Collection hotel to capture higher ADR
 - Curio will attract top Hilton Honors members
- Expected to also unlock significant real estate value
 - Cap rate compression with up-branding

REVENUE STRATEGY

- Capture higher rated Hilton Honors guests
- Enhanced F&B to drive higher out-of-room spend
- Significantly increase market share

VALUE CREATION OPPORTUNITY

- Conversion investment includes:
 - Comprehensive guestroom renovation
 - Reimagined public space, including upscale finishes
 - Adding new premium cafe
 - Enhanced pool experience and adding a bar
 - \$6M to \$7M of conversion capex⁽³⁾
- Additional ROI opportunities expected to generate \$1M in EBITDA, not included in underwriting
 - Evaluating Phase 2 opportunity to create new rooftop bar / catering space

\$30 - \$40

Incremental
RevPAR⁽²⁾

\$2M - \$3M

Incremental
EBITDA⁽²⁾

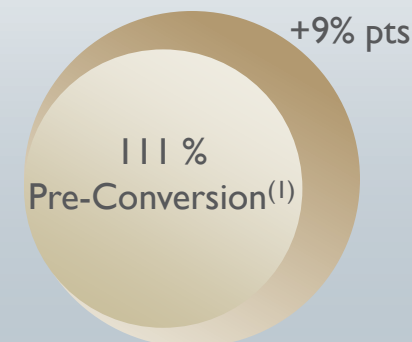
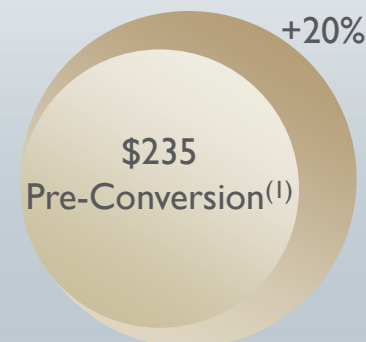
50%+
Unlevered IRR

(1) Represents 2019 actuals
 (2) Annual, upon stabilization
 (3) Total investment, including conversion related CapEx to be ~\$15M - \$17M, net of key money

CONVERSION EXPECTED TO UNLOCK OPERATIONAL UPSIDE

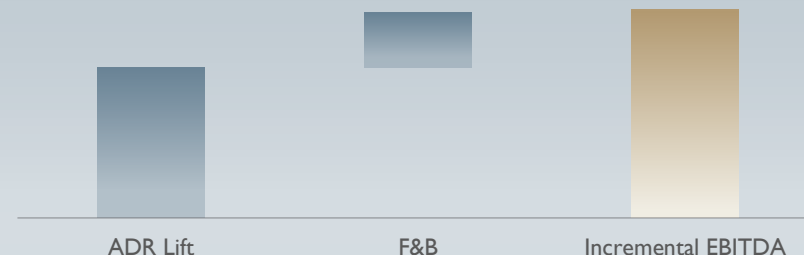
ADR ~\$285 Stabilized

RevPAR Index | 20% Stabilized



EBITDA⁽²⁾

\$2M - \$3M

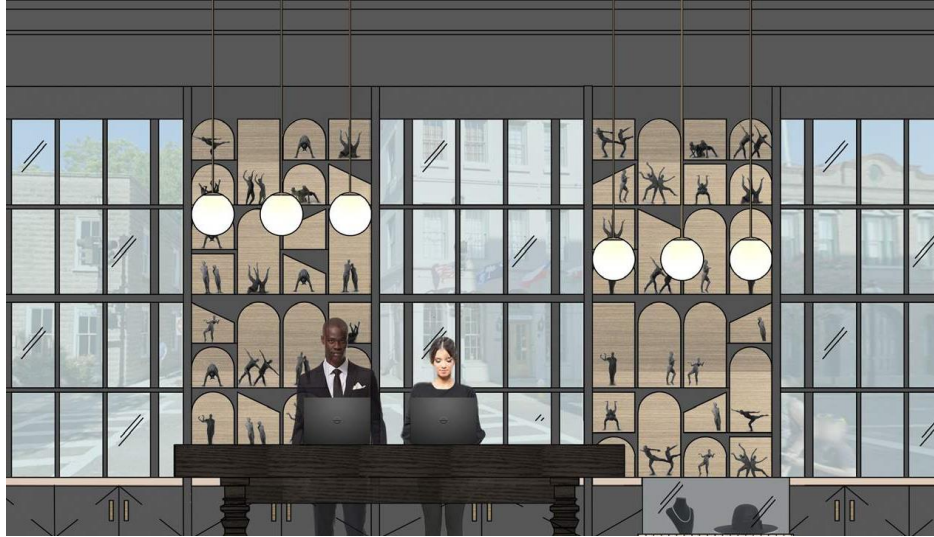


LIVING HISTORY



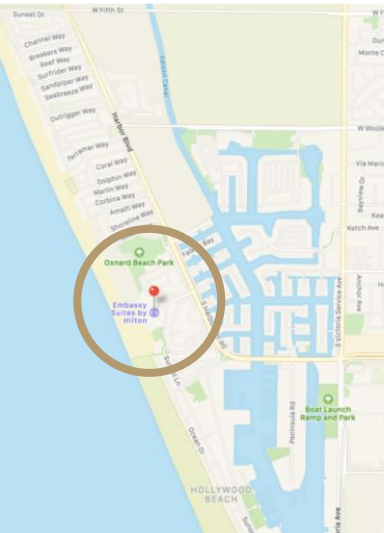
SOUTHERN REIMAGINED





JOINING HILTON'S CURIO COLLECTION





Irreplaceable location



Top leisure growth market



High barriers to entry



Meaningful RevPAR upside



Conversion coincides with strong leisure-centric cycle

KEY HIGHLIGHTS

- Beachfront leisure location between Los Angeles and Santa Barbara
- Physical configuration consistent with high-end destination resort experience
- Expect significant lift in ADR
 - Reinvented as a “curated” lifestyle resort
 - Curio collection to attract higher rated Hilton Honors members
- Elimination of Embassy Suites complimentary services
- Expected to also unlock significant real estate value
 - Cap rate compression with up-branding

REVENUE STRATEGY

- Attract high-rated Hilton Honor members
- Reimagining outdoor space to capture weddings / social groups
- Reconcepting F&B will increase profitability

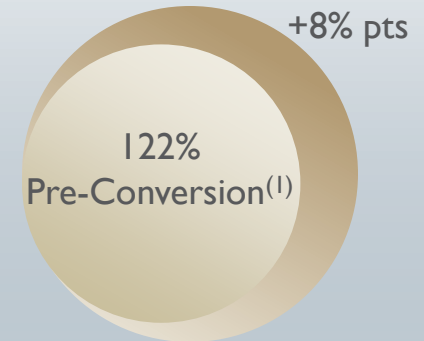
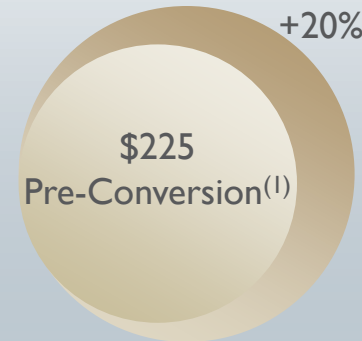
VALUE CREATION OPPORTUNITY

- Conversion scope includes:
 - Comprehensive guestroom renovation
 - Addition of meeting space, new pool deck and outdoor spaces
 - New outdoor coffee bar / food truck
 - Reinvented arrival experience throughout public space
 - \$12M to \$13M of conversion capex⁽³⁾

CONVERSION EXPECTED TO UNLOCK OPERATIONAL UPSIDE

ADR ~\$270 Stabilized

RevPAR Index 130% Stabilized



EBITDA⁽²⁾

\$3M - \$4M



\$30 - \$40
Incremental
RevPAR⁽²⁾

\$3M - \$4M
Incremental
EBITDA⁽²⁾

40%+
Unlevered IRR

(1) Represents 2019 Actual

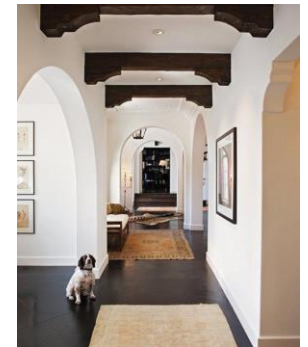
(2) Annual, upon stabilization

(3) Total investment, including conversion related CapEx expected to be ~\$28M - \$30M

COASTAL RESORT



SOUTHERN CALIFORNIA OASIS





Additional conversions to unlock significant embedded value

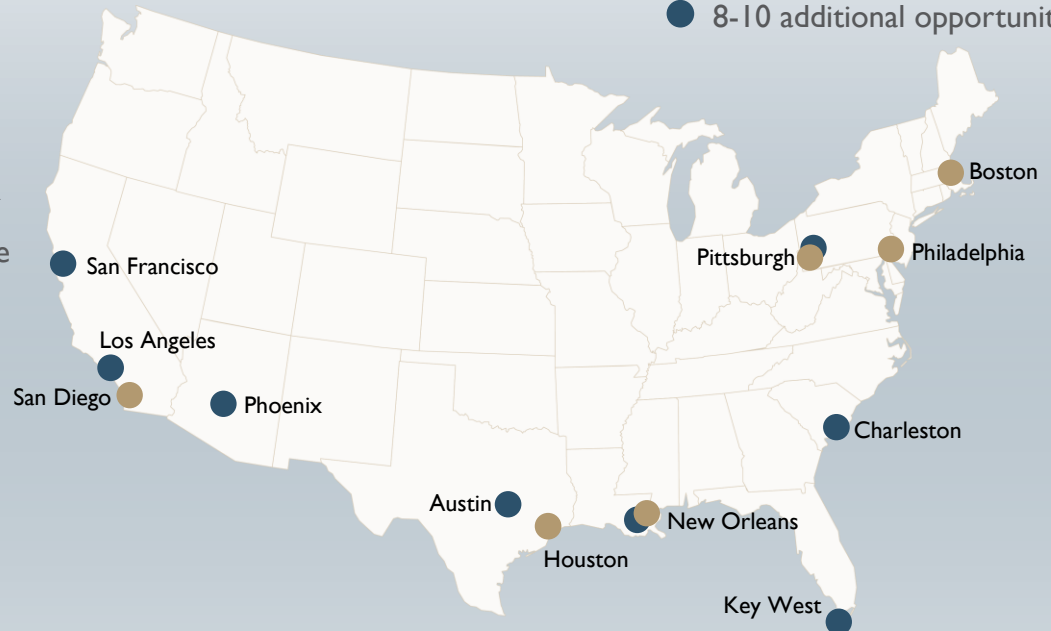
REPRESENTS ~20%⁽¹⁾ OF PORTFOLIO



Conversion Opportunities Include: ● Wyndham Portfolio (remaining 6)
● 8-10 additional opportunities

- Brand expirations
- Conversions with renovations

- Remix customer base
- Drive higher ADR
- Gain Market Share



Expect to execute two conversions per year

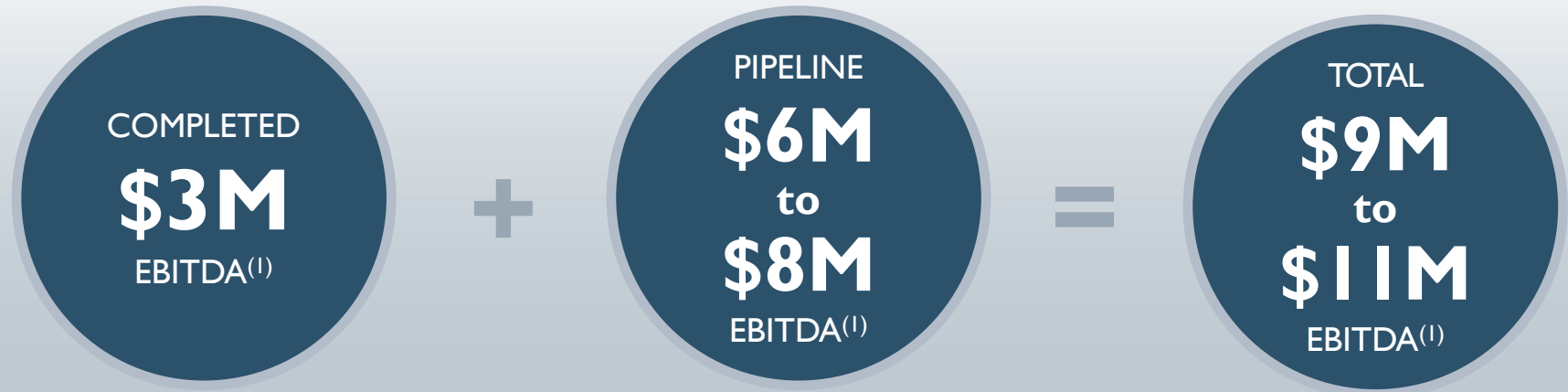
(1) Consolidated, based on 2019 Hotel EBITDA

REVENUE ENHANCEMENTS



RENAISSANCE FT. LAUDERDALE PLANTATION, FL

REVENUE ROI OPPORTUNITIES EXPECTED TO GENERATE INCREMENTAL EBITDA



RECENTLY COMPLETED

- Additional rooms in Emeryville, Buckhead, South San Francisco and Milpitas
- New meeting space in Buckhead
- Antenna, retail and amenity fees

PIPELINE

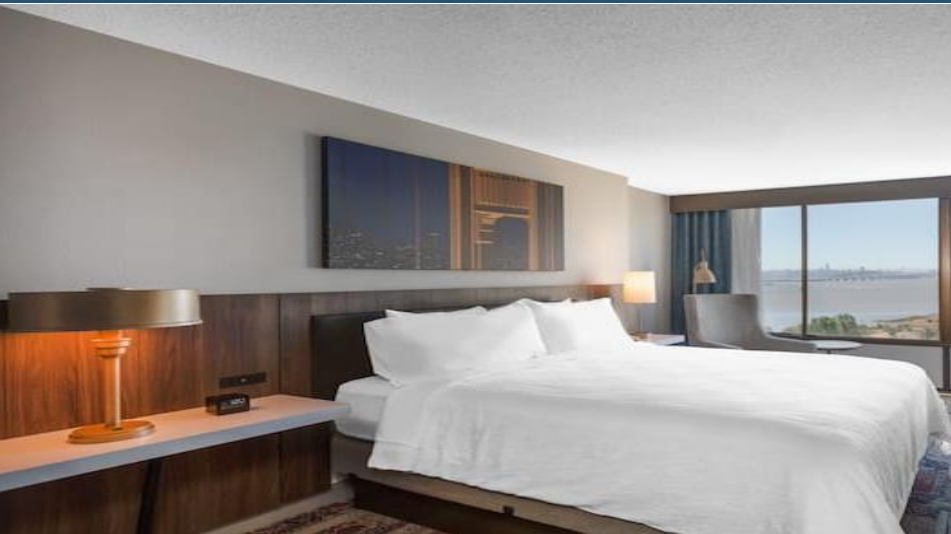
- Guestroom additions
- Parking contract renegotiations
- Retail / antenna leases
- Amenity fees
- F&B reconfigurations

TOTAL REVENUE ENHANCING

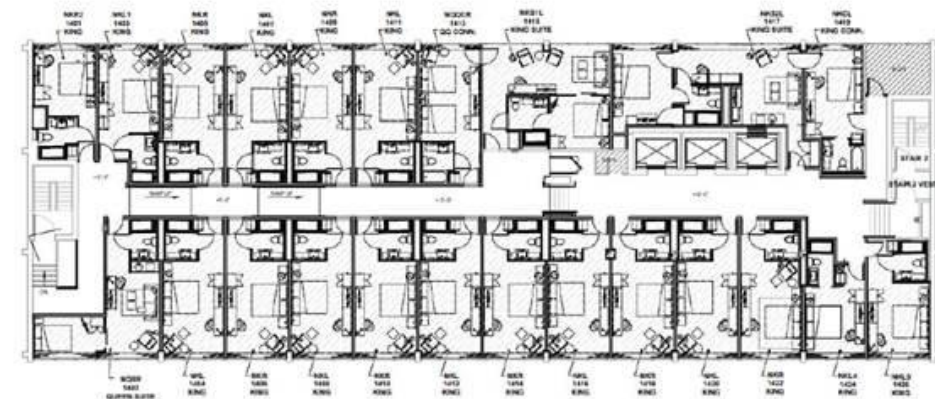
Projects require small investments while generating significant returns

(1) Annual, upon stabilization

Converted underutilized meeting space into 25 new guestrooms in a high RevPAR market



- Emeryville is a high-end San Francisco submarket with multiple demand generators
- High RevPAR of \$176 in 2019
- Converted 14th floor meeting space into 25 guestrooms with premium views
- Investment of ~\$4.5M or \$180K / key, significantly below replacement cost



<p>\$1.0M + Incremental EBITDA⁽¹⁾</p>	<p>30%+ Unlevered IRR</p>	<p>\$12M Incremental Value Creation⁽²⁾</p>
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(1) Annual, upon stabilization
 (2) Assumes 12x average industry mid-cycle multiple

Added ~2,000 SF of new meeting space and 10 new guestrooms



- Atlanta expected to be a top performing market due to corporate relocations and population growth
 - Buckhead is a top affluent submarket
- Converted underutilized indoor pool into ~2,000 SF of new meeting space designed for small groups
- Added 10 new rooms during 2020 / 2021
- Total investment of \$0.8M

\$0.5M
Incremental
EBITDA⁽¹⁾

70%+
Unlevered IRR

\$6M
Incremental
Value Creation⁽²⁾

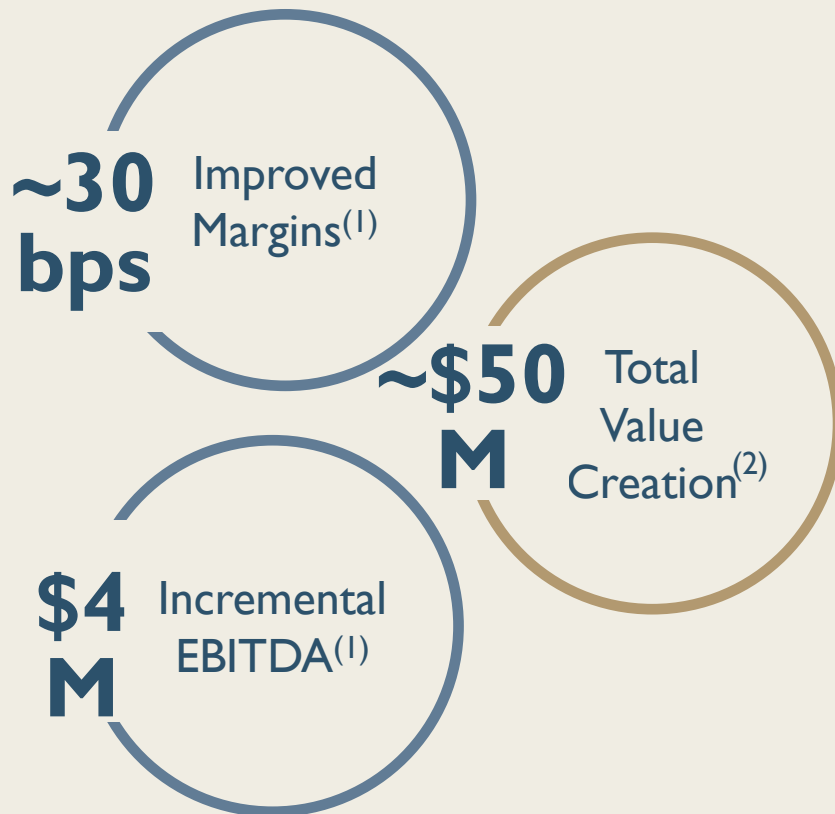
⁽¹⁾ Annual, upon stabilization
⁽²⁾ Assumes 12x average industry mid-cycle multiple

MARGIN
EXPANSION



MARRIOTT LOUISVILLE DOWNTOWN, KY

Amendments provided favorable terms with increased flexibility

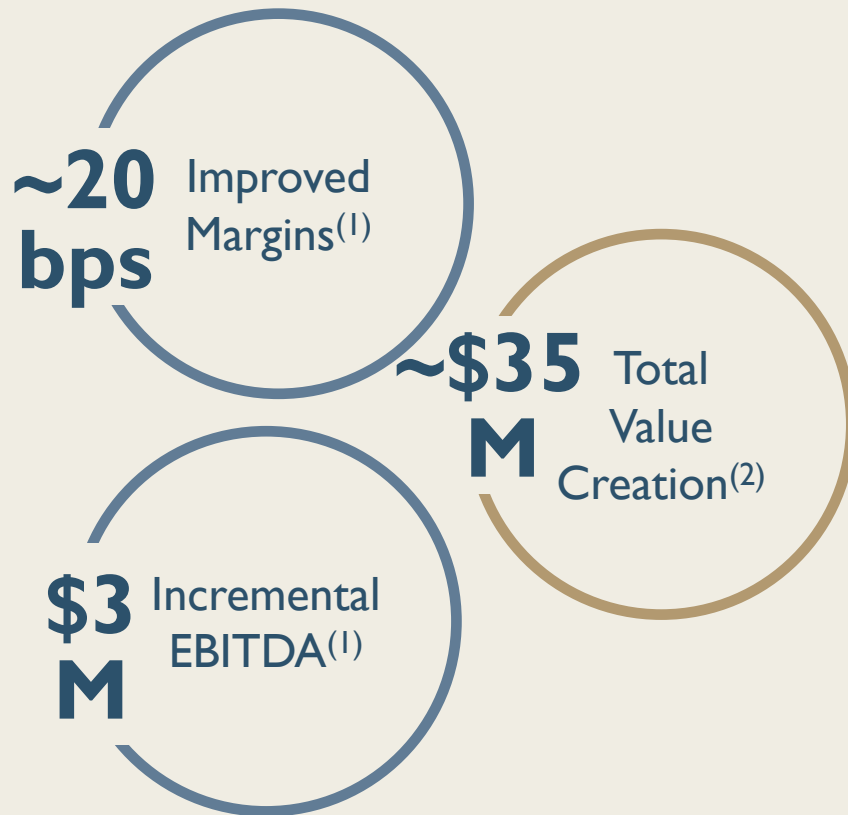


- Harvested the embedded value at contract renewals
 - Reduced base fees by 50 to 125 bps
 - Additional incentives:
 - Key money
 - Fee ramp at certain assets
- Enhanced contract flexibility
 - Significantly increased the number of agreements with “at-will” termination
 - Significantly increased the number of agreements that are terminable on sale
 - Enhanced exit value

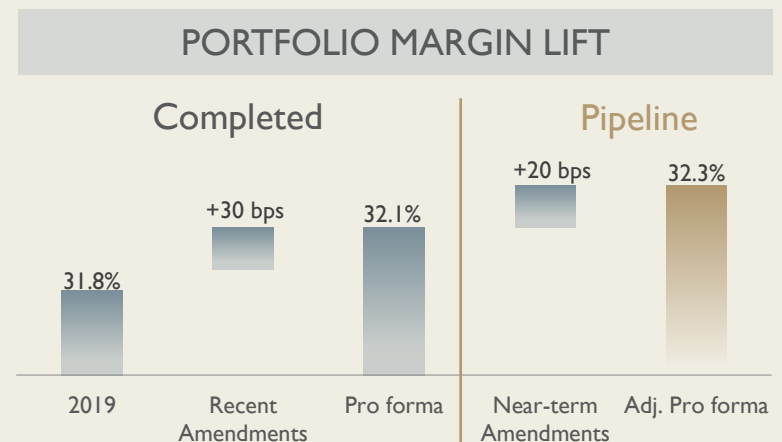
Margin lift from amended contracts incremental to 2019 EBITDA margins

(1) Annualized, based on 2019 actuals
 (2) Assumes 12x average industry mid-cycle multiple

Pipeline of 2022-2023 renewals should generate incremental margin improvement and EBITDA



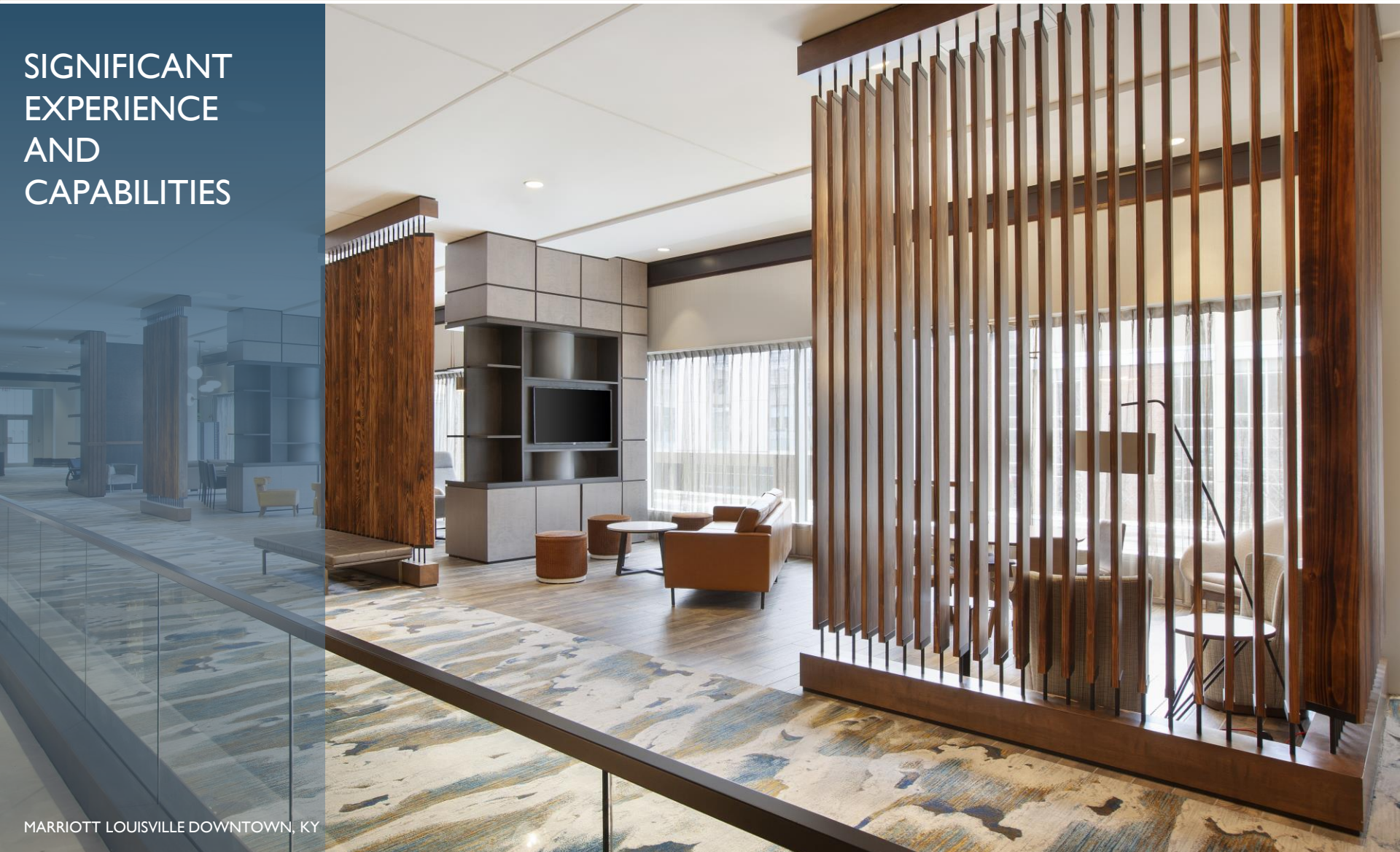
- Management agreements at 20 hotels either month-to-month or maturing near-term
- Potential brand contributions with conversions / rebrandings



Total margin lift incremental to expected industrywide post COVID-19 EBITDA margin expansion

(1) Annualized, based on 2019 actuals
 (2) Assumes 12x average industry mid-cycle multiple

SIGNIFICANT
EXPERIENCE
AND
CAPABILITIES



MARRIOTT LOUISVILLE DOWNTOWN, KY

RLJ has a proven track record of executing complex brand conversions which have created significant value

- In-house Design & Construction (D&C) team with extensive conversion experience
 - Team has expertise in design, engineering, architecture and project / construction management
- RLJ's conversions have created significant shareholder value
 - In aggregate, converted properties in the portfolio have significantly increased RevPAR and EBITDA
 - Achieved significant NAV lift from converted properties
- RLJ has executed multiple, successful brand conversions throughout its history

COURTYARD UNION SQUARE
SAN FRANCISCO



Converted from student housing facility to Courtyard by Marriott

FAIRFIELD INN & SUITES
WASHINGTON, DC



Converted from Red Roof Inn to Fairfield Inn & Suites

SPRINGHILL SUITES
DOWNTOWN HOUSTON



Converted from apartment building to SpringHill Suites

EMBASSY SUITES
WEST PALM BEACH



Converted from Crowne Plaza to Embassy Suites

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," 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, including limiting or banning travel; the impact of the pandemic on global and regional economies, travel, and economic activity; the speed and effectiveness of vaccine and treatment developments and their deployment, including public adoption rates of COVID-19 vaccines; the pace of recovery when the COVID-19 pandemic subsides; the effects of steps we and our third party management partners take to reduce operating costs; increased direct competition, changes in government regulations or accounting rules; changes in local, national and global real estate conditions; declines in the lodging industry, including as a result of the COVID-19 pandemic; 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 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, 2020 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.