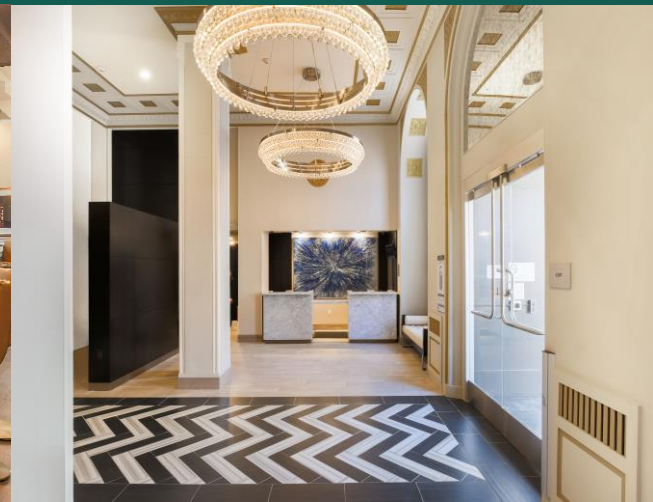




RLJ | Lodging Trust

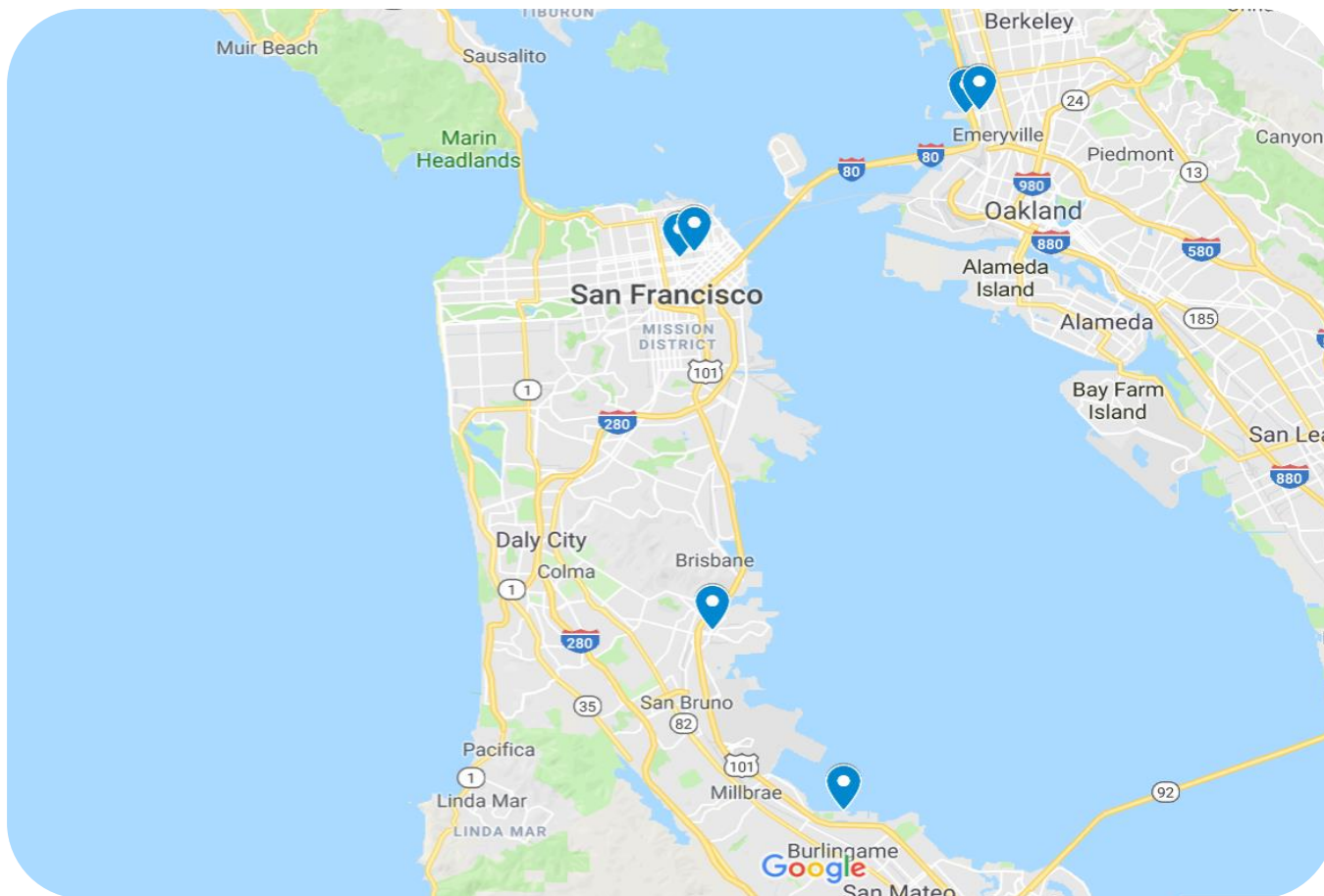
SAN FRANCISCO PROPERTY TOURS NOVEMBER 2018



2019 and 2020 Tailwinds

- San Francisco is expected to outperform in 2019 and 2020, driven by strong citywides and low supply growth.
- Strong citywides: \$550 million Moscone Convention Center renovation complete. 2019 citywides are up 78%.
 - Incremental 2019 Citywide room nights equate to a 3.2% demand increase, which should drive pricing power and compression into the greater MSA.
 - The last year San Francisco citywides exceeded 1 million room nights, RevPAR growth outperformed by 460 bps.
- Low supply growth: San Francisco supply growth is low in 2019 and 2020. Market street submarket has minimal projects in construction or final planning.
 - Airbnb regulation: In May 2017, San Francisco and Airbnb and Homeaway reached a settlement that requires the sites to only list registered units, effective January 2018. Registration is only available to primary residents and limits days available for short term rental to 30-90 days. As of January 2018, about 75% of the units listed the prior August had been removed from the sites.

RLJ has 14% exposure to Northern California, with approximately two thirds in the San Francisco market¹



Hotel	Rooms
San Francisco CBD	567
Marriott Union Square	401
Courtyard Union Square	166
Greater San Francisco	1,164
Embassy Suites SFO South	312
Embassy Suites SFO Burlingame	340
HGI Emeryville	278
Hyatt House Emeryville	234
Total San Francisco	1,731
Total Northern California	2,760

1. Based on 2017 pro forma consolidated hotel EBITDA adjusted for assets sold to date.

Major Demand Drivers Located Just a Few Blocks From RLJ's Union Square Hotels

- Moscone Center – proximate to both hotels and projected to generate 1.2 million room nights in 2019
- Union Square – leisure demand driver in the CBD
- Macy's Building Redevelopment – Building is being redeveloped as a mixed use office and retail property that should generate meaningful demand to the area
- Major corporate demand drivers include Accenture, Deloitte, IBM, Salesforce, Dolby Labs, Ernst & Young, Judicial Council of California, and UC Office of Presidents and Regents

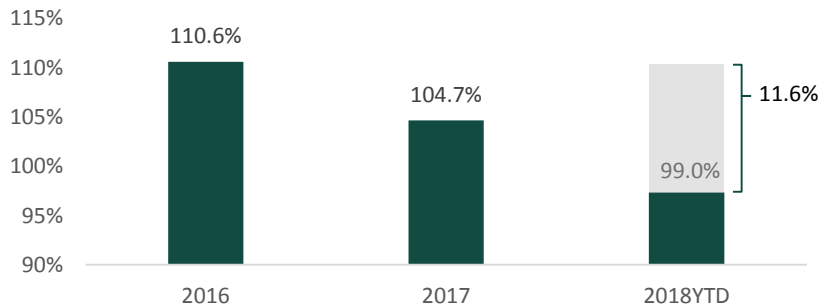


Renovation Summary

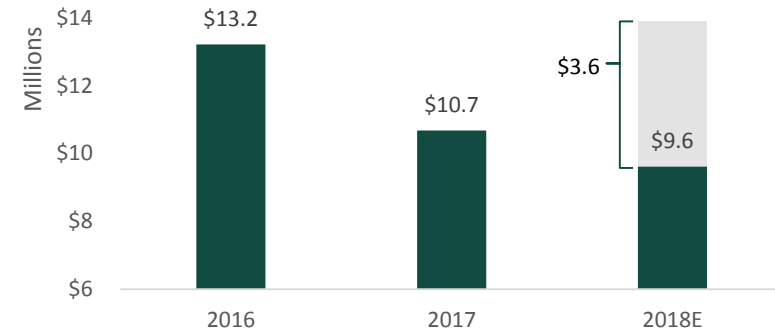
Dates	Meeting space completed 2017 Rooms completed 2018 Lobby, restaurant and lounge currently under renovation
Investment	\$23.6 million \$59K per room Low Double Digit IRR
Scope	Full bathroom and soft good renovation of all guestrooms along with a soft goods renovation of the lobby level.

Index and EBITDA Recovery Potential

RevPAR Index



EBITDA



Competitive set includes Stanford Court, Grand Hyatt San Francisco, Clift Royal Sonesta Hotel, Sir Francis Drake Hotel, Hotel Nikko San Francisco

COURTYARD UNION SQUARE

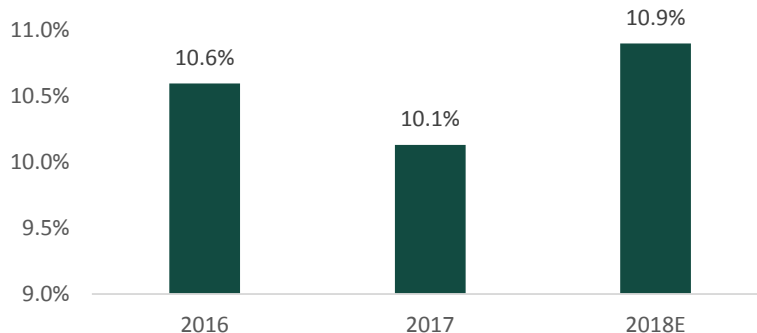


Investment Summary

Dates	In 2015, RLJ completed the conversion of a 150-unit student housing facility to a 166-room Courtyard by Marriott
Investment	Purchased the property for \$29.5 million and invested a total of \$59.6 million to date.
Property Margin	47%
Returns	The property generated \$6 million in 2017 NOI, a 10.1% yield, exceeding underwriting

Recurring Strong Performance

NOI Yield



EBITDA



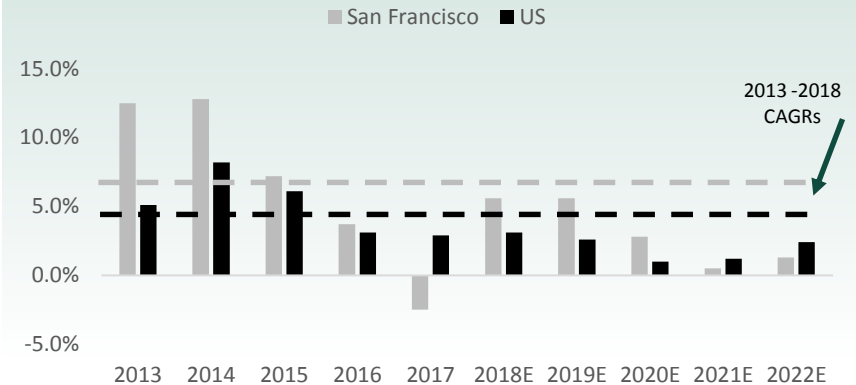
Competitive set includes Holiday Inn San Francisco Golden Gateway, Hotel Carlton, Hotel Adagio, Hotel Zeppelin, King George Hotel, Hotel Emblem (Formerly Hotel Rex), Courtyard San Francisco Downtown, Hampton Inn San Francisco Downtown Convention Center



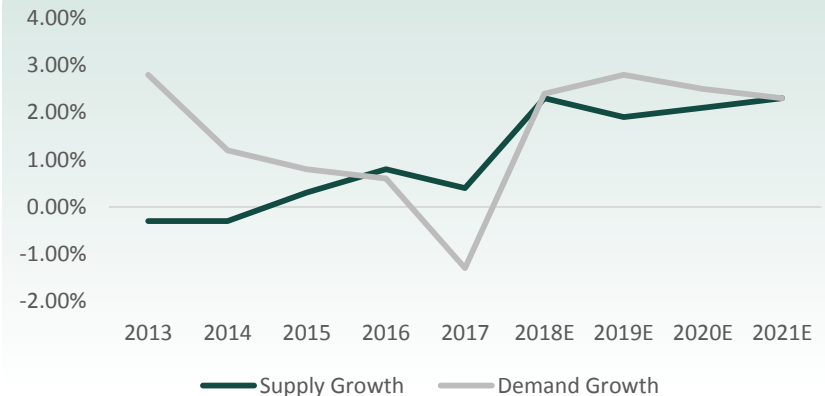
San Francisco Market Overview

- Since 2013, San Francisco RevPAR Growth has exceeded national averages every year except 2017, during Moscone Center renovation
- San Francisco is forecasted to meaningfully exceed national averages in 2019 and 2020
- Supply in San Francisco has been benign over the last five years and is expected to remain muted
- Primary drivers for outsized RevPAR growth in 2019 and beyond
 - Moscone Center Ramp
 - Airbnb regulation
 - Strong corporate and leisure demand
 - Minimal new lodging development in the market

San Francisco RevPAR Growth vs U.S.



San Francisco Supply/ Demand



MOSCONE CENTER EXPANSION

Expansion Details

- \$550 million renovation completed in late 2018
- Total expansion of 305,000 square feet of new functional space
- New 50,000 square foot ballroom
- 82 meeting rooms
- In total, the contiguous meeting space of the convention center is growing by approximately 50%

Moscone Center Citywide Booking Pace (>2,000 Peak RN's)

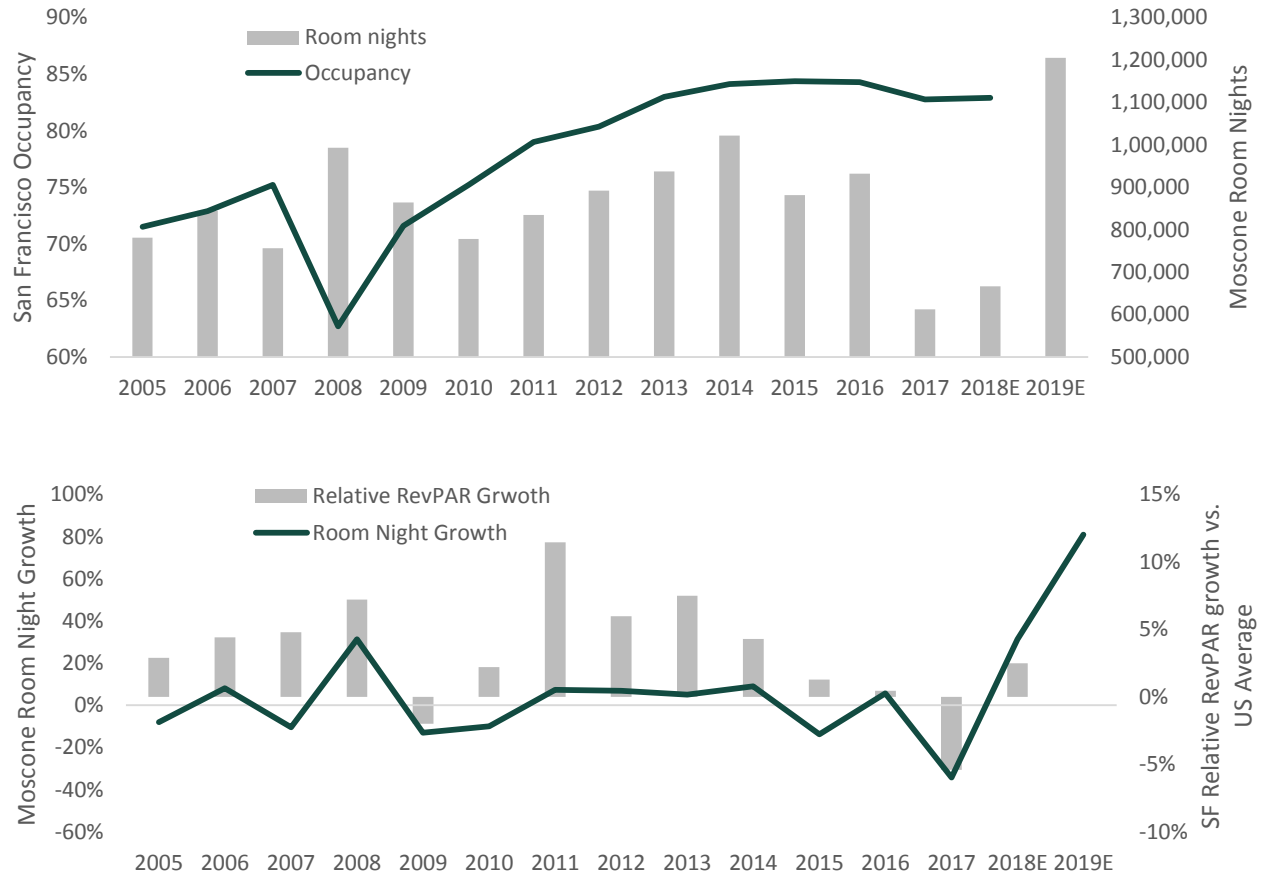
Year	# Events	<u>YoY Change</u>		# RNs	<u>YoY Change</u>	
		Chg. #	Chg. %		Chg. #	Chg. %
2016	30			862,721		
2017	20	-10	-33.3%	507,315	-355,406	-41.2%
2018	23	3	15.0%	666,119	158,804	31.3%
2019	34	11	43.5%	1,183,601	517,482	77.7%
2020	25	-9	-26.5%	967,229	-216,372	-18.3%

Quarter	# Events	Prior	<u>YoY Change</u>		# RNs	Prior	<u>YoY Change</u>	
			Chg. #	Chg. %			Chg. #	Chg. %
1Q 2019	11	6	5	83.3%	339,854	88,366	251,488	284.6%
2Q 2019	9	6	3	50.0%	234,000	165,216	68,784	41.6%
3Q 2019	7	5	2	40.0%	262,055	204,411	57,644	28.2%
4Q 2019	7	6	1	16.7%	347,692	208,126	139,566	67.1%

Moscone Impact

- Projected 2019 Citywide room night increases account for a 3.2% increase in overall demand to the San Francisco market for 2019
- 2018 San Francisco occupancy forecast is 82.9%, allowing pricing power and heightened compression demand in the outlying submarkets of Emeryville and by the airport
- Strong relationship between citywide strength and outsized RevPAR growth in San Francisco
- In 2014, the last year Moscone Center saw over 1 million citywide room nights booked, RevPAR increased 12.6%
- Based on historical data, the heightened citywide activity in 2019 would translate to 15% outperformance vs. national RevPAR growth

Historical Citywide Room Night Growth vs San Francisco's Relative RevPAR Growth

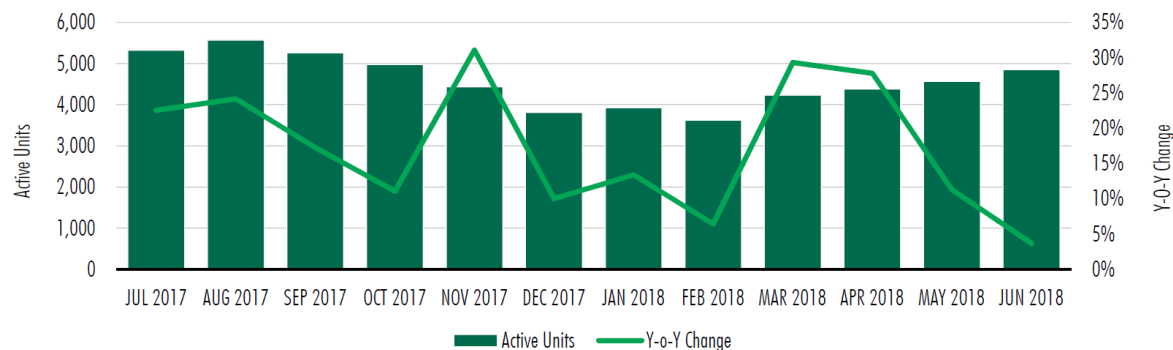


Source: Smith Travel Research, San Francisco Travel and CBRE Hotel Horizons for 2018 forecasts

NOVEMBER 2018

San Francisco Airbnb Regulation

- Effective February 1, 2015, San Francisco banned residential rentals of less than 30 days in multi-unit buildings, however, it was rarely enforced.
- Hosts are required to register and obtain a permit from the Office of Short Term Rentals.
- The law limits rentals where the host is not present in the unit to a maximum of 90 days per year. Non-residents are ineligible to register their unit.
- After a court battle, San Francisco, Airbnb and HomeAway reached a settlement in May 2017 that required the sites to only list registered units, effective January 2018.
- As of January 2018, only about 25% of the roughly 8,500 units available on the website in August had a registration, with the remaining units being removed from the website.
- As a result, active listing growth has decreased from over 30% to the low single digits in recent months.



Source: CBRE Hotel Horizons

RLJ: SAN FRANCISCO PROPERTY TOURS

NOVEMBER 2018



MARRIOTT UNION SQUARE BEFORE AND AFTER

Guestroom Before



Guestroom After



Guest Bathroom Before



Guest Bathroom After



MARRIOTT UNION SQUARE BEFORE AND AFTER

Meeting Space Before



Meeting Space After



MARRIOTT UNION SQUARE BEFORE AND AFTER

Hotel Lobby Before



Hotel Lobby After



MARRIOTT UNION SQUARE BEFORE AND AFTER

Restaurant Before



Restaurant After



COURTYARD UNION SQUARE BEFORE AND AFTER

Lobby Before



Lobby After



Lobby Before



Lobby After



Bar Before



Bar After



Guestroom Before



Guestroom After



Guest Bathroom Before



Guest Bathroom After



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.