



RLJ | Lodging Trust

RAYMOND JAMES AND WELLS FARGO - HQ VISIT
MAY 2019



1Q results exceeded expectations, benefiting from successful 2018 capital investments into growth markets and execution of strategic initiatives

Recent Highlights

- Significant progress achieved on non-core depositions
- Repurchased 0.6 million common shares year-to-date for \$10.8M
- Refinanced approximately \$0.4 billion of debt

1Q Financial Overview

- Total Revenue: \$399.3M
- Adjusted EBITDA: \$111.5M
- Adjusted FFO Per Diluted Share: \$0.48

1Q Operational Overview

- Pro forma ADR: 2.0%
- Pro forma Occupancy: -0.7%
- Pro forma RevPAR: 1.3%
- Pro forma Hotel EBITDA: \$120.5M
- Pro forma Hotel EBITDA Margin: 30.2%

Full-Year Outlook

- Pro forma RevPAR growth: 0.0% to +2.0%
- Pro forma Hotel EBITDA Margin: 31.8% to 32.6%
- Pro forma Consolidated Hotel EBITDA: \$527.0M to \$552.0M
- Adjusted EBITDA: \$492.0M to \$517.0M
- Adjusted FFO per Diluted Share and Unit: \$2.18 to \$2.30

RLJ is well positioned to create long-term shareholder value

- High quality portfolio of premium-branded, rooms-oriented, high-margin hotels
 - Diversified across geography, brands, and operators
- Favorable 2019 geographic exposure
- Continued execution of key 2019 priorities expected to unlock embedded value and position the company for long-term growth
- Strong and flexible balance sheet provides capacity and optionality for accretive capital allocation
- Compelling valuation and attractive dividend

RLJ's vision is to own a portfolio that will generate significant net asset value (NAV) appreciation over time

Aspirational Portfolio Attributes

- Premium branded, rooms-oriented hotels with high margins located within the "heart of demand"
- Absolute RevPAR's approaching that of full service hotels
- Attractive margin profile typical of select service hotels

Hotels that achieve stronger long-term growth, generate significant free cash flow and are more resilient across the entire cycle

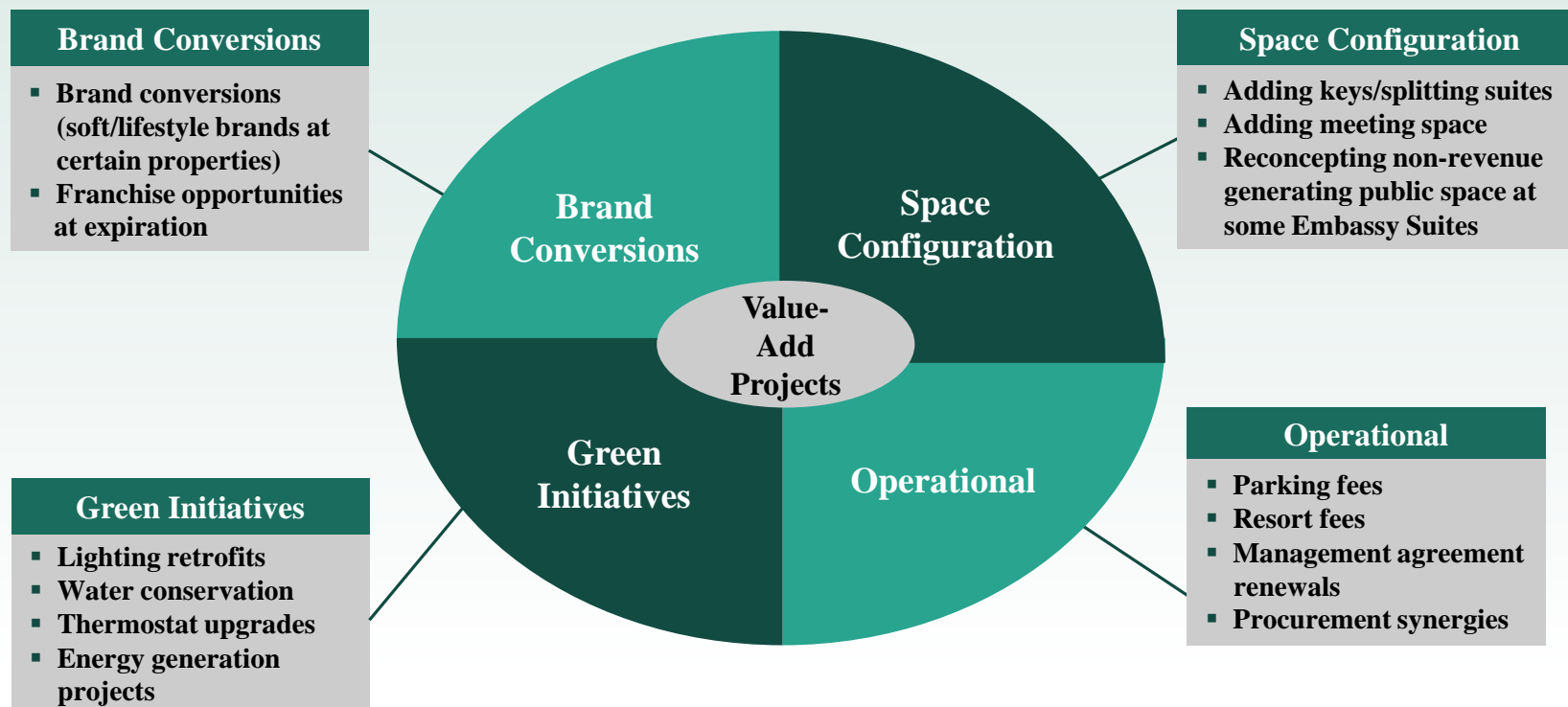
**Long-Term
NAV Appreciation**



Embassy Suites Milpitas Silicon Valley

VALUE-ADD OPPORTUNITIES: FOCUS ON MINING EMBEDDED VALUE

RLJ is focused on identification and execution of “value-add” opportunities to create value throughout the portfolio



Management is currently evaluating, prioritizing, and underwriting value-add projects

- Identified over one hundred projects, underscoring the embedded value in RLJ's portfolio
- Screening and prioritizing the projects based on relative returns
- Execute near-term projects with minimal investment such as parking and resort/facility fees
- Expect to execute on medium and long-term projects based on return potential and/or renovation schedules
- Larger scale projects expected to be funded with proceeds from dispositions
- Targeting low double digit unlevered internal rate of return (IRR)

RLJ is implementing an action plan to mine embedded portfolio value

Exploring several potential brand conversions and rebranding opportunities

- Potential conversion of several hotels to lifestyle brands in conjunction with renovation work scheduled for 2020 and beyond

AUTOGRAPH COLLECTION
HOTELS

CURIO
COLLECTION
by Hilton™

HYATT
CENTRIC®

TAPESTRY
COLLECTION
by Hilton™

RLJ has over twenty hotels with franchise agreements expiring in the near-term

- Major hotels with upcoming expirations include:
 - Renaissance Pittsburgh Hotel
 - Wyndham portfolio (8 hotels)



Renaissance Pittsburgh Hotel



Wyndham Santa Monica At the Pier



The Mills House Wyndham Grand Hotel

Conversion of Embassy Suites Mandalay Beach to Curio Collection

- 250-room hotel in Oxnard, located along California's Central Coast
- Only one of two Hilton branded beachfront hotels in California
- RLJ has contractual right to convert the hotel to a Curio
- Curio brand expected to generate higher ADR through high rated transient and group business
- Enhanced bar experience
- Project meaningful EBITDA lift post repositioning



Embassy Suites Mandalay Beach

Evaluating opportunities to generate revenue by reconfiguring underutilized space

- Converting underutilized meeting space into 23 new keys at Hilton Garden Inn Emeryville in late 2019
- Converting underutilized second pool at Embassy Suites Atlanta Buckhead into new meeting space
- Splitting suites into two rooms in high demand markets
- Conversion of underutilized space:
 - Public space
 - Converting meeting space into rooms
 - Conversion of large business center to meeting space
 - Selling easements / air rights
 - F&B reconcepting
 - Conversion of pool areas

Hilton Garden Inn Emeryville

- Conversion of underutilized meeting space on the 14th floor into 23 new guest rooms
- Exceptional San Francisco Bay views expected to command premium rates
- Construction scheduled to commence in fourth quarter 2019
- Total project cost of \$4.5 million or \$196k/key
- Underwritten to generate \$750k in incremental annual net operating income



Implementing operational initiatives to maximize profitability

Revenue Initiatives

- Launched highly visible beverage centric bar/restaurant concept at several renovated Embassy Suites
- Enhancing front desk upselling program
- Explore additional grab-and-go outlets
- Leasing opportunities
 - Unique retail space and rooftop antennas

Resort/Facility Fees

- Actively evaluating portfolio for opportunities to add resort and facility fees
 - Recently added resort fees at Key West and Orlando hotels
 - Seeking approval to implement fees at several additional properties

Parking Fees

- Formed partnership with leading parking aggregators to take advantage of excess capacity and non-hotel guest demand
- Evaluating adding gates at various hotels to monetize parking revenue

Management Agreement Renewals

- Opportunities to mark-to-market
 - Expect to realize lower base fees and reset IMF hurdles
- 12% of RLJ's hotels have immediately terminable management contracts

Working closely with third party consultant to evaluate energy efficiency initiatives

- RLJ has partnered with a consultant since 2015 to renew energy contracts in deregulated markets
 - 2018 savings vs. market utility rates = over \$1.5 million
- 2019 and forward focus:
 - Expect to realize similar savings in 2019 and beyond

Energy Conservation

- Lighting upgrades



- Solar energy installations
- Building controls (thermostats)

Water Conservation

- Showerhead replacements



- Faucet retrofits
- Toilet replacements
- Cooling tower metering

SIGNIFICANT IN-HOUSE DESIGN AND CONSTRUCTION EXPERTISE

RLJ's in-house design and construction team has extensive experience navigating complex renovations and conversions

- Managed and completed over \$1 billion in capital expenditures and renovations
- Experienced in overseeing renovations from design phase to construction
- Three primary groups:
 - Design
 - Project Management
 - Contracts
- Winner of many renovation and conversion awards



Residence Inn Atlanta
Midtown



Hilton Cabana
Miami Beach



Hotel Indigo New Orleans
Garden District



Hilton Garden Inn Los
Angeles / Hollywood



Hilton Garden Inn
Pittsburgh University
Place



Hilton Garden Inn Raleigh
/ Durham Research
Triangle Park



Embassy Suites West Palm
Beach - Central



Fairfield Inn & Suites,
DC / Downtown

CASE STUDIES

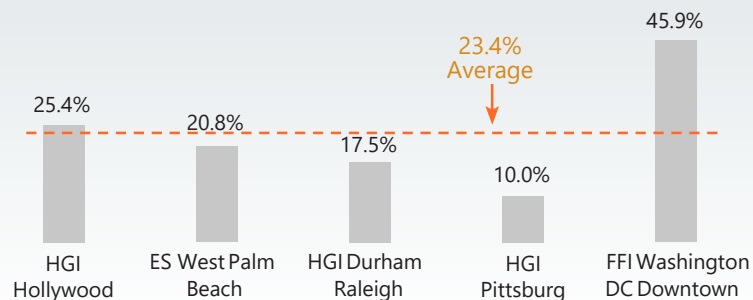
VALUE CREATION TRACK RECORD: BRAND CONVERSION PROJECTS

Extensive experience in value creation through complex renovations and conversions

Capital Returned to Shareholders

- RLJ has executed multiple brand conversions throughout its history including five conversions since IPO
- Each of RLJ's brand conversions since IPO has generated double digit returns on investment, with an average return in year two of operations of 23.4%

Conversion Returns on Invested Capital¹



1. Brand conversion returns based on year two NOI after conversion.

2. Includes prior ownership results, data based on December 2010 TTM vs. March 2012 TTM.

Fairfield Inn Washington DC Downtown

- \$7.4M conversion from Red Roof Inn in 2011
- RevPAR grew 57% to \$133.87²
- NOI increased 83%²
- 2018 NOI yield on total investment of 12%



VALUE CREATION TRACK RECORD: PROPERTY CONVERSION PROJECTS

Experience in value creation through complex property conversions to hotels



Courtyard San Francisco Union Square

- In 2015, RLJ completed the conversion of a 150-unit student housing facility to a 166-room Courtyard by Marriott
- The property has exceeded the initial underwritten yield of 8.6%

Key Metrics

| | | | |
|--------------------------|----------------|----------------|---------------|
| Purchase Price | \$29.5 million | 2018 NOI | \$6.5 million |
| Conversion Cost | \$27.0 million | 2018 NOI Yield | 10.7% |
| Additional CapEx to Date | \$3.9 million | | |
| Invested Capital | \$60.4 million | | |

SpringHill Suites Houston Downtown

- In 2015, RLJ completed the conversion of an 82-unit apartment building to a 167-room SpringHill Suites
- The property has generated a 5.5% yield on total investment

Key Metrics

| | | | |
|--------------------------|----------------|----------------|---------------|
| Purchase Price | \$15.6 million | 2018 NOI | \$2.0 million |
| Conversion Cost | \$17.0 million | 2018 NOI Yield | 5.5% |
| Additional CapEx to Date | \$3.2 million | | |
| Invested Capital | \$35.8 million | | |



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.