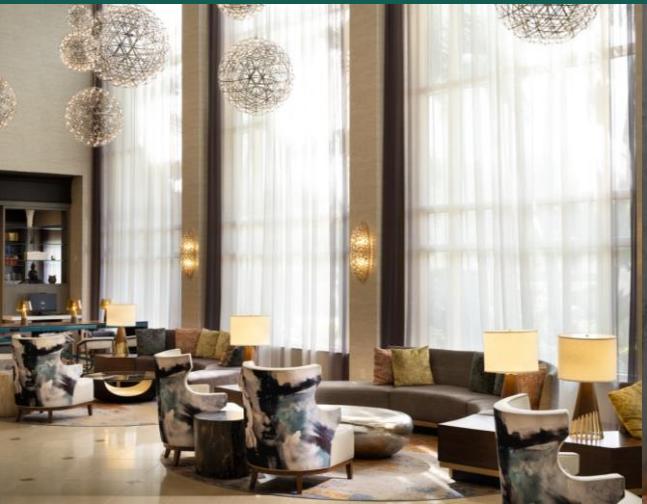




# RLJ | Lodging Trust

Raymond James / Wells Fargo Lodging Summit  
May 11, 2021



## RLJ is well-positioned to benefit early during recovery and outperform throughout the entire lodging cycle

- *Lodging fundamentals are continuing to strengthen with increasing vaccination rates, easing restrictions and the passing of additional economic stimulus*
- 99 hotels now open, representing 98% of the portfolio
- Open portfolio is gaining significant market share and outperforming the industry and peers
- Portfolio construct positions RLJ to outperform throughout the cycle
- Conversions currently underway expected to amplify EBITDA growth
- Additional conversions and ROI opportunities remain intact
- Liquidity of \$1.0B provides capital to pursue both internal and external growth opportunities

*RLJ's portfolio construct, embedded growth catalysts and sizable liquidity uniquely position the Company to navigate the current environment and outperform long-term*

PORTFOLIO UPDATE

HILTON CABANA MIAMI BEACH



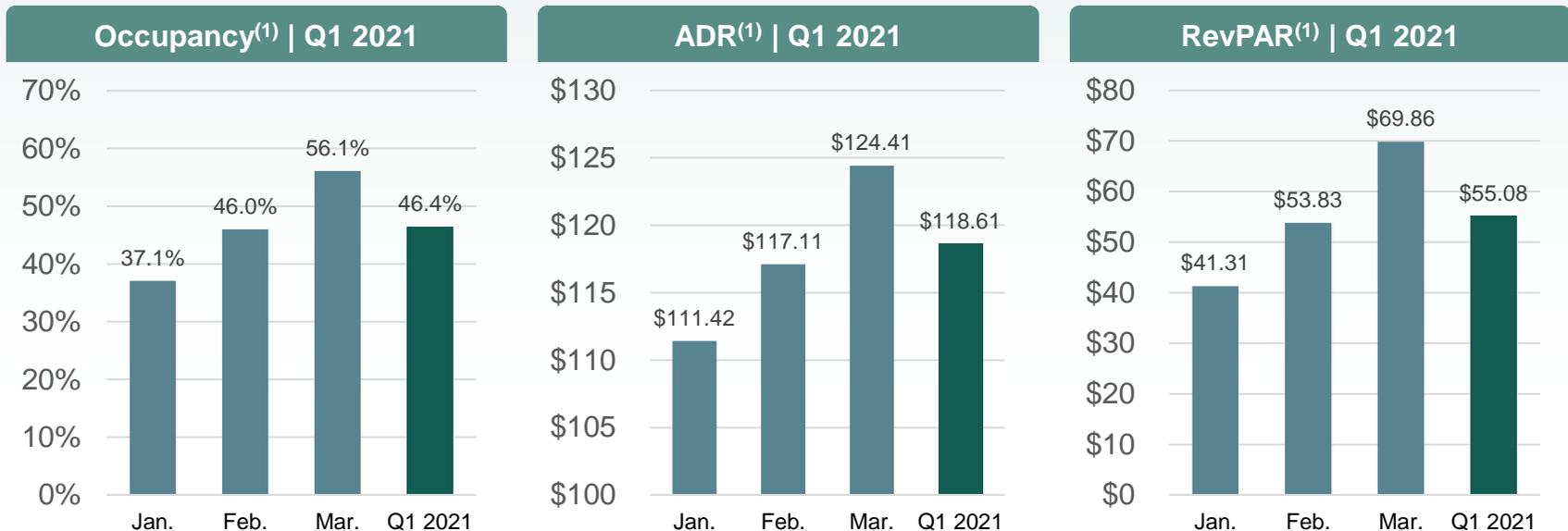
## 98% of portfolio now open and benefitting from continuing improvement in demand

- **Nearly all of RLJ's hotels are now open**
  - 99 of 101 hotels are now open, representing 98% of portfolio
- **Open hotels achieving strong relative performance and gaining market share**
  - Open hotels achieved 46.4% occupancy and gained over 500 bps of market share in Q1 2021
  - Strong performance continued into April with open hotels achieving ~59% occupancy
- **Portfolio achieved positive Hotel EBITDA in Q1**
  - Achieved positive Hotel EBITDA during each month in Q1
  - Open hotels have achieved positive Hotel EBITDA for three consecutive quarters
- **Portfolio benefitting from strength in leisure demand and an uptick in business transient and small groups**
  - Leisure markets continue to outperform, with markets such as South Florida, Orlando, Austin and Charleston achieving occupancy of 50% or more during Q1 2021
  - Business transient demand increased and group demand nearly doubled in Q1

## Occupancy accelerated each month with March at the highest level of the pandemic

**Improving vaccination adoption, seasonality and new government stimulus drove improving performance throughout Q1**

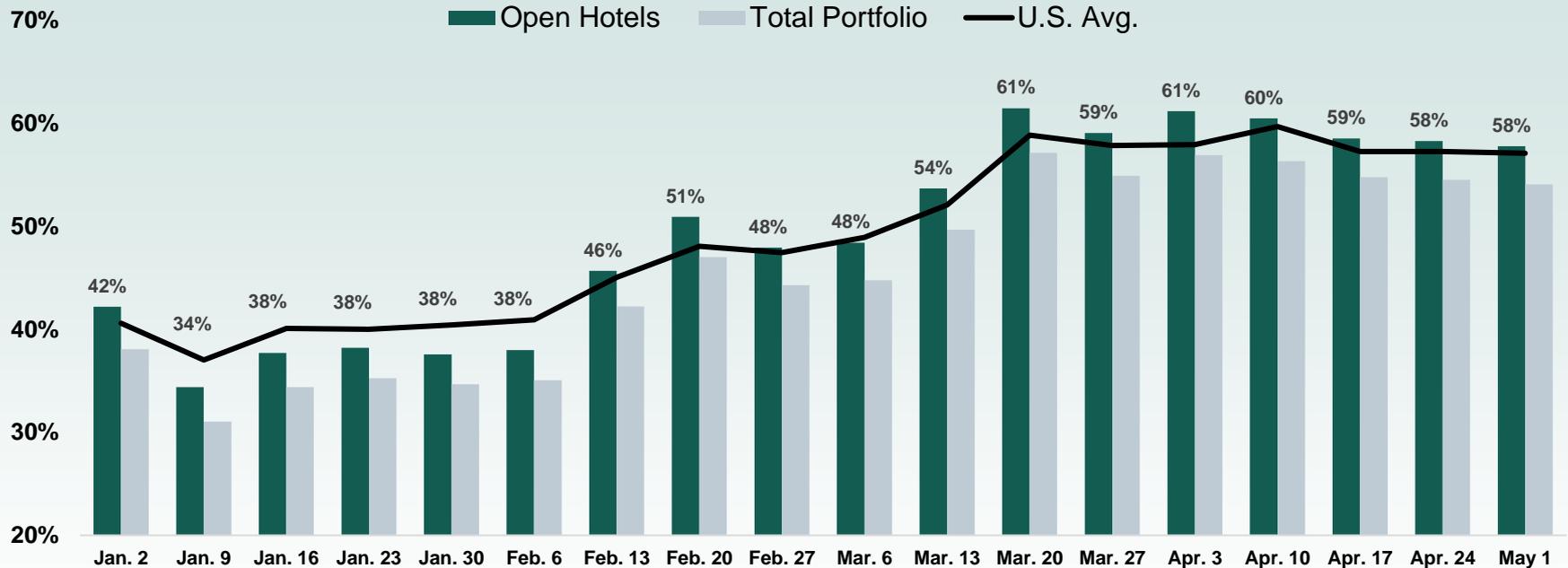
- March Open Hotel Occupancy and RevPAR achieved pandemic peaks at ~56% and ~\$70, respectively
- Demand continued to be driven primarily by leisure and weekends, although weekday demand also improved
- ADR accelerated each month with strengthening demand in markets such as Florida, Charleston, Austin, and Southern California



(1) Open Hotels include those hotels that are open for at least 10 days of the month. Results based on 101 comparable hotels and exclude the Chateau LeMoyné-French Quarter New Orleans, which is a fully unconsolidated hotel.

## RLJ's weekly occupancy trends have strengthened during 2021 and are outpacing the industry

Open and Total Portfolio Weekly Occupancy Performance<sup>(1)</sup>



*Occupancy trends accelerated throughout Q1 with RLJ's open hotels in March achieving the highest occupancy levels of the pandemic*

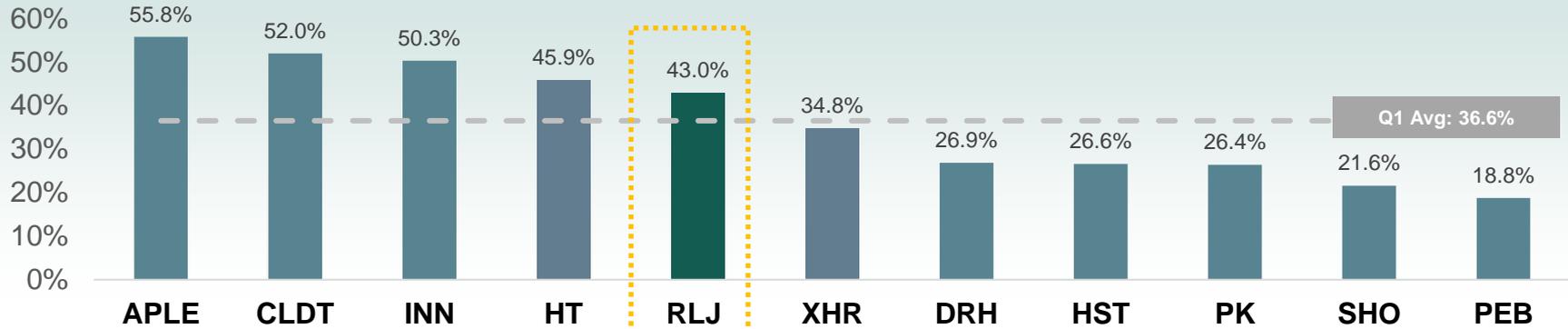
(1) Open Hotels include those hotels that are open for at least 10 days of the month. Results exclude the Chateau LeMoyné-French Quarter New Orleans, which is a fully unconsolidated hotel. Unaudited, for comparison purposes only.

## Portfolio construct and diversification is allowing RLJ to outperform

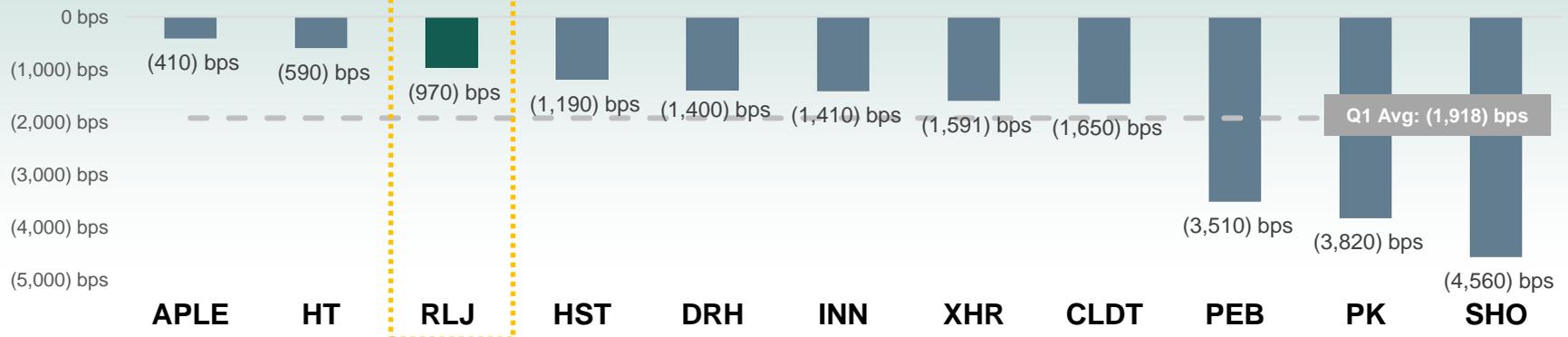
- **RLJ's open hotels achieved 46.4% occupancy in Q1 and exceeded the industry in February and March**
  - Q1 occupancy significantly ahead of the "Urban" segment occupancy of 38.5%
  - RLJ's April occupancy of ~59% is also expected to be ahead of the industry
- **Portfolio construct is benefitting from relative strength in leisure**
  - Achieved weekend occupancy of 56.5% in Q1, the highest of any quarter since the pandemic
  - Resort hotels achieved 70% occupancy in Q1 and ~82% in March
  - Drive-to markets achieved over 50% occupancy in Q1 and ~62% in March
  - All-Suite hotels achieved 50.1% occupancy in Q1 and ~59% occupancy in March
- **Geographically diversified portfolio allowed several markets to benefit from unique catalysts during Q1**
  - Super Bowl in Tampa
  - Bi-annual legislative year in Austin
  - Inauguration related demand in Washington, DC

## Occupancy and Margin relative outperformance underscores RLJ's resilient model

Occupancy Performance | Q1 2021<sup>(1)</sup>



EBITDA Margin Performance | Q1 2021<sup>(1)</sup>



<sup>(1)</sup> Represents entire portfolio.

## RLJ's lean operating model is allowing for a reduction in average monthly burn rate against the backdrop of improving fundamentals

- *Ended Q1 2021 with a monthly average cash burn of \$14.0M<sup>(1)</sup>, 30% better than the low-end of the most recent estimated range*

## RLJ ranks among the best positioned lodging REITs with flexibility to take advantage of potential external growth opportunities

- RLJ maintains strong liquidity of ~\$1.0B
- Based on liquidity as of March 31<sup>st</sup> and first quarter burn rate, RLJ is has approximately 75 months of total runway

## Expect burn rate to continue to trend down throughout 2021

- Expect second quarter average monthly cash burn to be in the range of \$16.0M to \$20.0M
  - Includes approximately \$14.0M in semi-annual interest payment on senior notes due in June

(1) Excludes capital investment.

POSITIONED TO BENEFIT THROUGHOUT THE LODGING CYCLE

COURTYARD WAIKIKI BEACH

## RLJ's markets and assets are poised to benefit in all phases of this cycle

- **Portfolio benefiting early from recovery in leisure and drive-to segments**
- **As Business Travel, Group / Conventions recover, Urban hotels should drive portfolio growth**

Market Type	Comments		Asset Type	Comments
<b>Drive-to</b>	- "Drive-to" markets are seeing pent-up demand		<b>Economy</b>	- Economy hotels are benefitting from "drive-to" leisure travel
<b>Leisure</b>	- Remote work / schools have created flexibility to work from anywhere - Weekends are elongating as many combine Thursdays into weekend travel		<b>Select-Service / Extended Stay</b>	- Large room / bay size offers attractive value proposition for longer stay - Popular with families and the business traveler
<b>Non-Gateway / Suburban</b>	- Localized demand and less dependent on air travel - Observing an uptick in business related to essential workers on long-term projects		<b>Full-Service / Airport</b>	- Slower to recover due to greater reliance on Business Transient and Group demand
<b>Airport</b>	- Air travel recovering gradually - International travel to lag domestic volume		<b>Luxury</b>	- Slower to recover given consumer confidence will need to rebound significantly - High reliance on corporate groups
<b>Gateway / Urban</b>	- Reliant on Business Transient and International, expected to lag overall recovery		<b>Convention</b>	- Slower to recover with cities and companies continuing to restrict large group gatherings while evaluating advancements on COVID-19 testing and vaccines

Segments Driving RLJ's Early Recovery

## **RLJ's transient orientation, exposure to a number of drive-to / leisure markets and portfolio construct is allowing for an early ramp up**

### **Transient segment, especially leisure, continues to ramp up early during this recovery**

- RLJ's portfolio is primarily transient oriented (~80% of revenues<sup>(1)</sup>) with shorter booking window
- Portfolio is benefitting from relative leisure strength in markets such as South Florida, Orlando and Charleston
- Drive-to markets represent ~35% of revenues<sup>(1)</sup>
- RLJ has eight hotels located in resort-oriented markets, which represents ~10% of revenues<sup>(1)</sup>

### **Suite product is proving to be very attractive in this environment**

- Brands such as Residence Inn, Hyatt House, Homewood Suites and Embassy Suites offer larger room sizes and all-suites product, which is appealing to families and extended-stay travelers
- As weekends are elongating to include Thursdays, the all-suite product is ideal for longer-term stays
- Hotels with extended-stay features represent ~50% of revenues<sup>(1)</sup>

### **Lean operating model is allowing hotels to achieve profitability faster**

- RLJ's select-service and compact full-service hotels have smaller footprints and are less complex operationally, allowing hotels to be operated with lean staffing and achieve profitability / strong flowthrough

(1) Based on FY 2019 revenues.

## RLJ has unique catalysts to outperform throughout the next lodging cycle

### **Significant liquidity of over \$1B should enable RLJ to emerge with a healthy balance sheet**

- Minimize the need to raise potentially unattractive capital
- Efficiencies achieved during the pandemic should allow for return to pre-pandemic profitability sooner

### **Portfolio transformation in 2019 improved long-term growth profile and metrics**

- 2019 dispositions improved long-term RevPAR growth and market concentration
- RLJ's portfolio should thrive as Business Transient and Group segments return during a sustained recovery

### **RLJ's growth will be amplified by unlocking embedded growth catalysts**

- Opportunity to reposition the Wyndham portfolio which represented 13% of RLJ's pre-COVID EBITDA and other conversion and ROI opportunities

### **Well-positioned to deploy growth capital early during this recovery**

- RLJ's acquisition pipeline has grown and it expects to be in a position to deploy growth capital early during the recovery

## Three conversions currently underway are expected to amplify EBITDA growth throughout this cycle

### Leisure is expected to be a dominant demand segment during this cycle

- Pent-up travel demand and significant household savings should support leisure demand for multiple years
- Wyndham Santa Monica, Mills House Charleston and Embassy Suites Mandalay Beach are located in top drive-to, leisure markets and should benefit from the relative strength in leisure demand

### Renovations strategically timed to maximize the opportunity to remix customer segments

- Remain on track for these renovations to start by the end of 2021
- Relaunch in 2022 is timed to coincide with the return of the higher rated guest, which will maximize the opportunity to remix

### Strong conviction on returns from these conversions

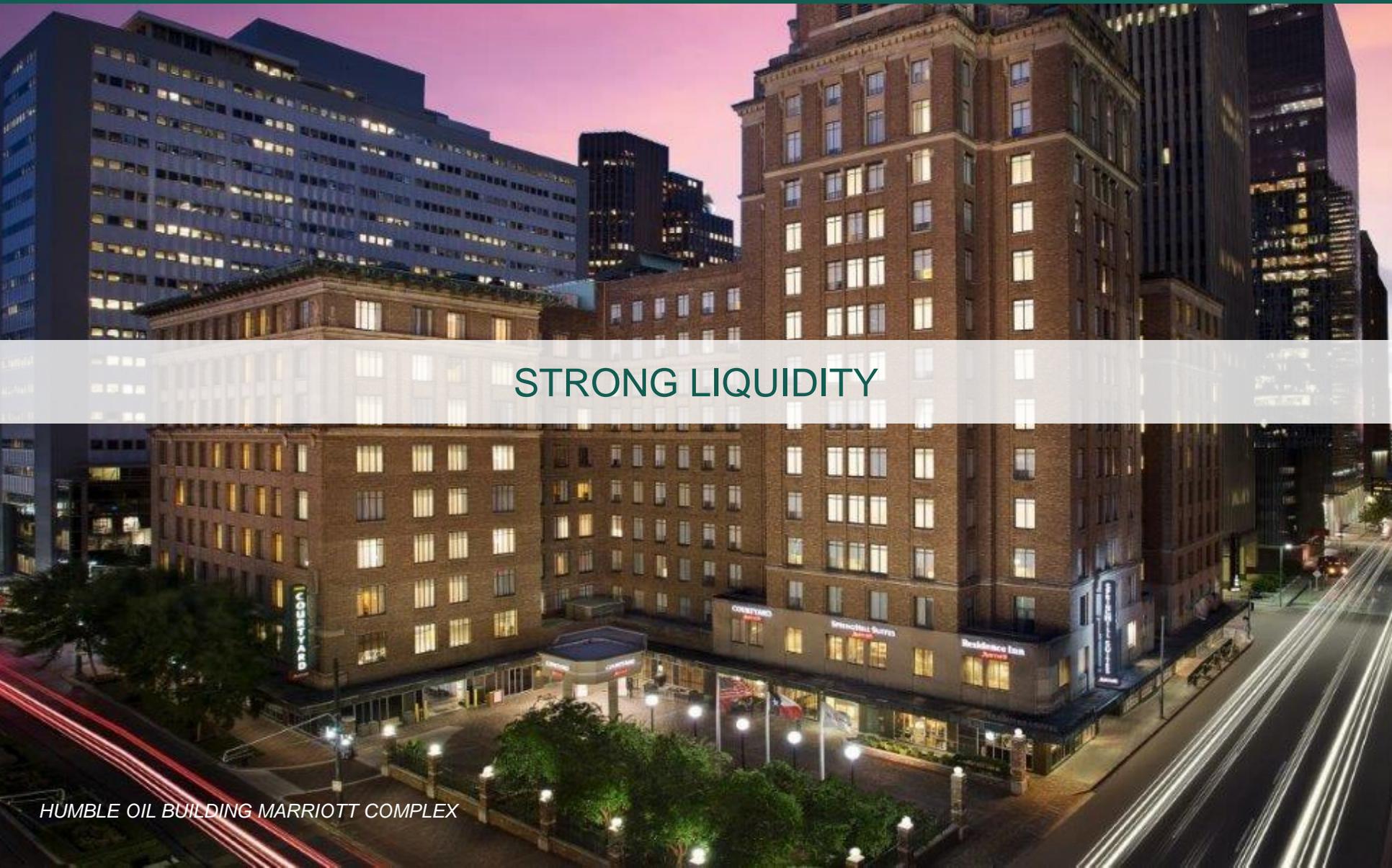
- Expect conversions to generate returns in excess of 40%
- These markets performed well during pandemic and are expected to perform even better during recovery

### Unlocking embedded value in the Wyndham portfolio ahead of time

- RLJ successfully accelerated the rebranding opportunity by at least two years through the early termination of the Wyndham Agreements, which originally expired at YE 2022

STRONG LIQUIDITY

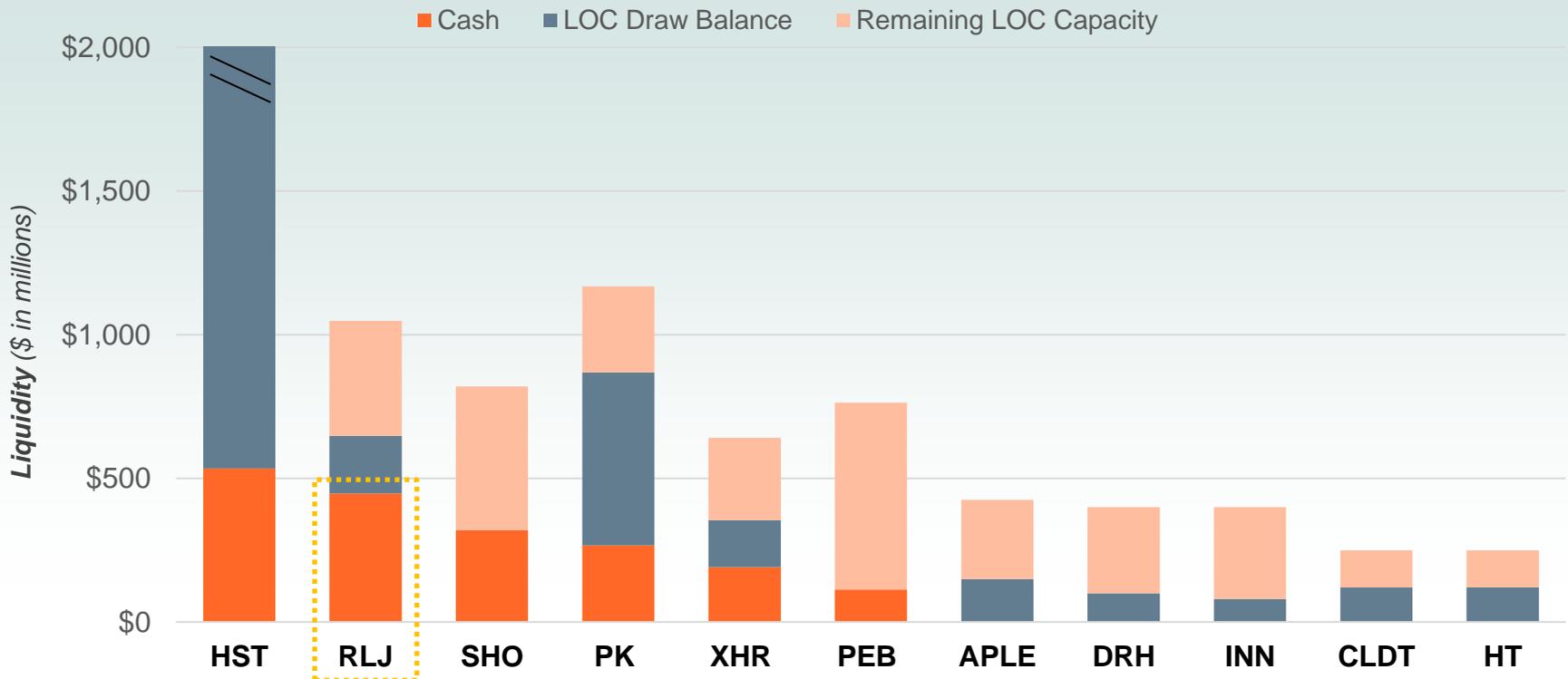
HUMBLE OIL BUILDING MARRIOTT COMPLEX



## RLJ is well-positioned with significant liquidity

- Nearly \$650M of unrestricted cash<sup>(1)</sup> and \$400M undrawn on the Company's line of credit (LOC)

Cash Position Net of LOC Borrowing<sup>(1)</sup>



Note: chart sorted by Cash.  
 (1) As reported as of March 31, 2021. PEB includes outstanding letter of credit.

**RLJ entered the pandemic with solid liquidity, low leverage and a well-staggered maturity profile with no debt maturities until 2022**

## RLJ maintains best-in-class balance sheet

- Entered 2020 with Net Debt to EBITDA of 3.1x, below peer average
- ~\$650M of cash as of March 31<sup>st</sup> / \$400M of undrawn line of credit
- No debt maturities until 2022
- ~95% of debt is fixed or hedged and 82 of 101 hotels are unencumbered



### Debt Maturity Schedule<sup>(1)</sup>

Amount Due (\$ in millions)



(1) As of March 31, 2021, assumes all extension options are exercised. Based on Revolver balance outstanding of \$200M.

## RLJ is well-positioned to benefit early during recovery and outperform throughout the entire lodging cycle

- *Lodging fundamentals are continuing to strengthen with increasing vaccination rates, easing restrictions and the passing of additional economic stimulus*
- 99 hotels now open, representing 98% of the portfolio
- Open portfolio is gaining significant market share and outperforming the industry and peers
- Portfolio construct positions RLJ to outperform throughout the cycle
- Conversions currently underway expected to amplify EBITDA growth
- Additional conversions and ROI opportunities remain intact
- Liquidity of \$1.0B provides capital to pursue both internal and external growth opportunities

*RLJ's portfolio construct, embedded growth catalysts and sizable liquidity uniquely position the Company to navigate the current environment and outperform long-term*



APPENDIX



EMBASSY SUITES TAMPA

## Successful execution of key 2019 strategic priorities enabled RLJ to enter 2020 in a position of strength

### Sold 47 non-core assets and generated significant liquidity

- Improved 2019 absolute RevPAR by over 8%
- Generated over \$720M of cash proceeds

### Wyndham Guarantee Termination

- Executed Wyndham termination agreement on 8 high quality, well-located assets and received \$35M payment

### Simplified capital structure during 2018-2019

- Repaid \$524M FCH Senior Notes in 2018
- Refinanced approximately \$1.4B of debt in 2019
- Lowered interest rate, extended maturities and enhanced financial flexibility



## Strong Strategic Execution in 2019

Generated  
Incremental Cash

~ \$0.8B

- Sold 47 hotels
- Wyndham Termination

Improved  
Capital Structure

\$1.4B

- Debt Refinanced
- Reduced Interest Expense
- Enhanced Maturity Ladder

Strengthened Portfolio

+8%

- Increase in Absolute RevPAR

+22%

- EBITDA per Hotel



PROACTIVE RESPONSE



RENAISSANCE PITTSBURGH

## RLJ took proactive and aggressive steps to mitigate the impact of the demand shock from COVID-19 and preserve liquidity

### Cost Containment

- Staff reduction / employee furloughs
- Closed Food & Beverage outlets
- Reduced on-property service levels
- Closed floors to reduce inventory
- Energy costs reduction

### Suspended Operations

- Temporarily suspended operations at hotels with inadequate demand
  - Initially suspended operations at 57 hotels
- Continued to operate open hotels with a low-cost model (minimal staffing / services to conserve costs)
- Reopened all but two hotels, based upon relative demand strength

### Minimized CapEx

- Postponed all non-essential capital improvement projects planned for 2020 (over 80% reduction)
- Delayed renovations of Wyndham hotels
- Deferred ROI projects

### Corporate Initiatives

- Dividend reduction will save \$200M+ annually
- Reduction in G&A, including renegotiating contracts, eliminating travel, and adjusting staffing related costs
- Suspended FelCor notes redemption
- Suspended share repurchases
- Initially drew down \$400M on \$600M LOC and paid down \$200M as confidence strengthened

## Liquidity Preservation

*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.*

