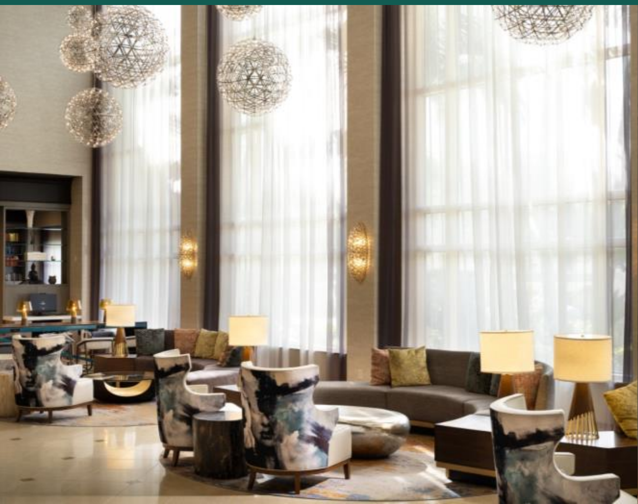
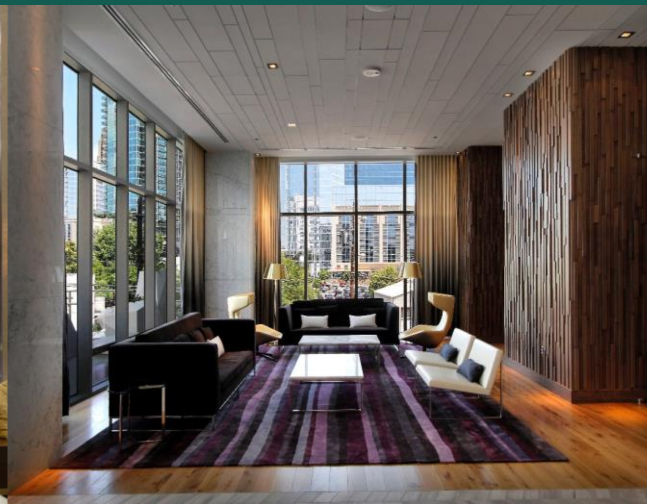


RLJ | Lodging Trust

NAREIT
November 2020


RLJ IS WELL-POSITIONED

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RLJ remains well-positioned to navigate the current environment and outperform throughout the next lodging cycle

- **96 hotels representing 93% of the portfolio open**
- **Occupancy ramp-up is benefitting from portfolio construct and geographic diversification**
- **Reduced cash burn for second consecutive quarter**
- **Positioned to benefit during early recovery and achieve pre-pandemic profitability sooner**
- **Liquidity of $1.2B provides 48 months of runway**
- **Embedded long-term catalysts including Wyndham conversions, ROI projects and capital market opportunities remain intact**

RLJ's portfolio construct, embedded growth catalysts and sizable liquidity uniquely position the Company to not only navigate the current environment, but also outperform longer-term

BUSINESS UPDATE

HILTON CABANA MIAMI BEACH

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RLJ has reopened 50 hotels, which have outperformed expectations

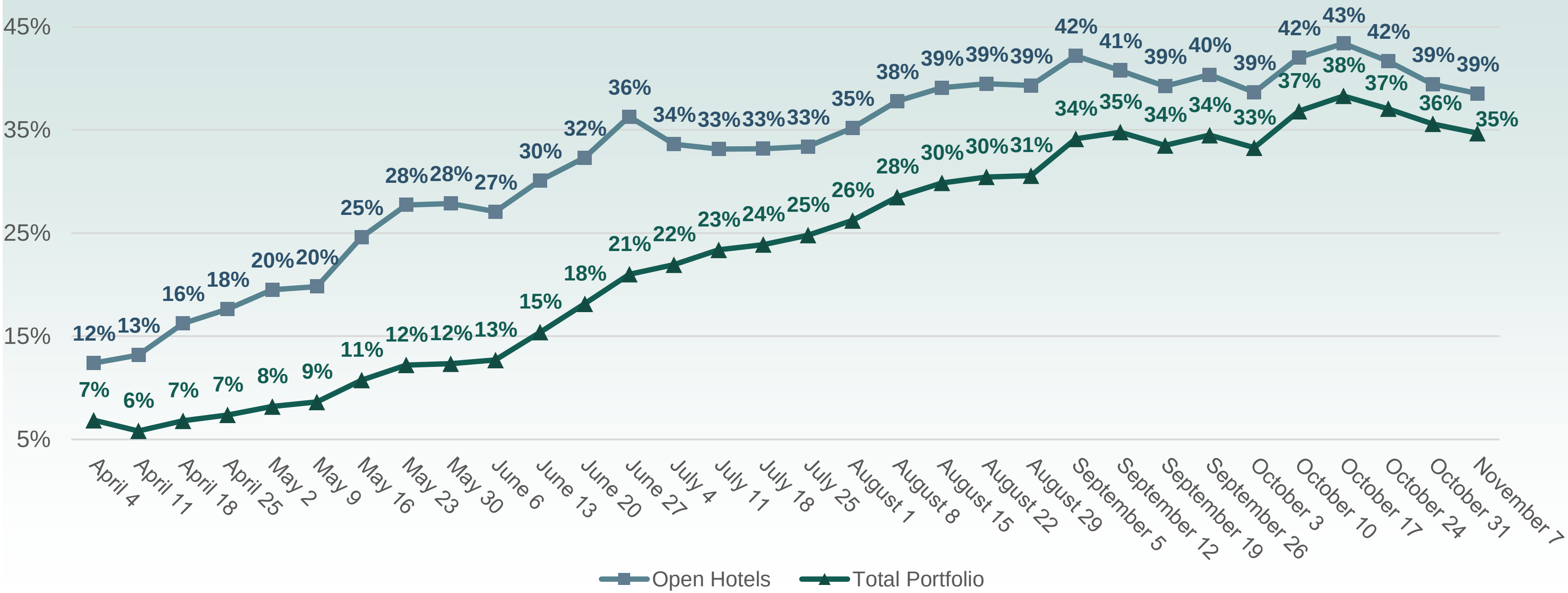
- **93% of RLJ's portfolio is now open**
  - 96 of our 103 hotels are open
  - Remaining seven suspended properties are full-service hotels located in urban markets (New York, San Francisco) and three clustered hotels (in Chicago and Houston)
- **Leisure demand and pockets of business transient and group driving occupancy**
  - Open hotels achieved 37% and 41% occupancy during Q3 and October, respectively
  - Overall portfolio achieved 29% and 37% occupancy during Q3 and October, respectively
- **Open hotels continue disciplined cost containment**
  - Significantly reduced staffing
  - Elimination of non-essential amenities and services
  - Modification of brand standards and traditional operating model
- **RLJ will continue to evaluate additional hotel reopenings**
  - Reopenings remain contingent upon demand trends and potential to reduce operating shortfalls

RLJ will continue to operate hotels to minimize operating shortfalls

RLJ continued to see stable occupancy in October

- Occupancy at open hotels of ~41%
- Overall portfolio occupancy of ~37%
- Open hotels continued to achieve ~50% to 55% occupancy during weekends and ~35% to ~40% occupancy over the weekdays

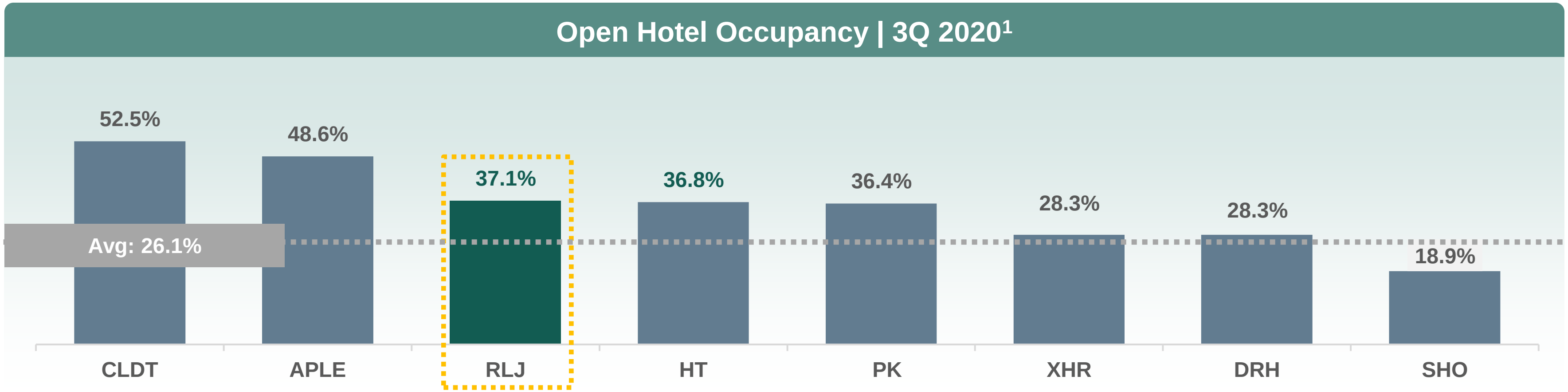
Weekly Occupancy

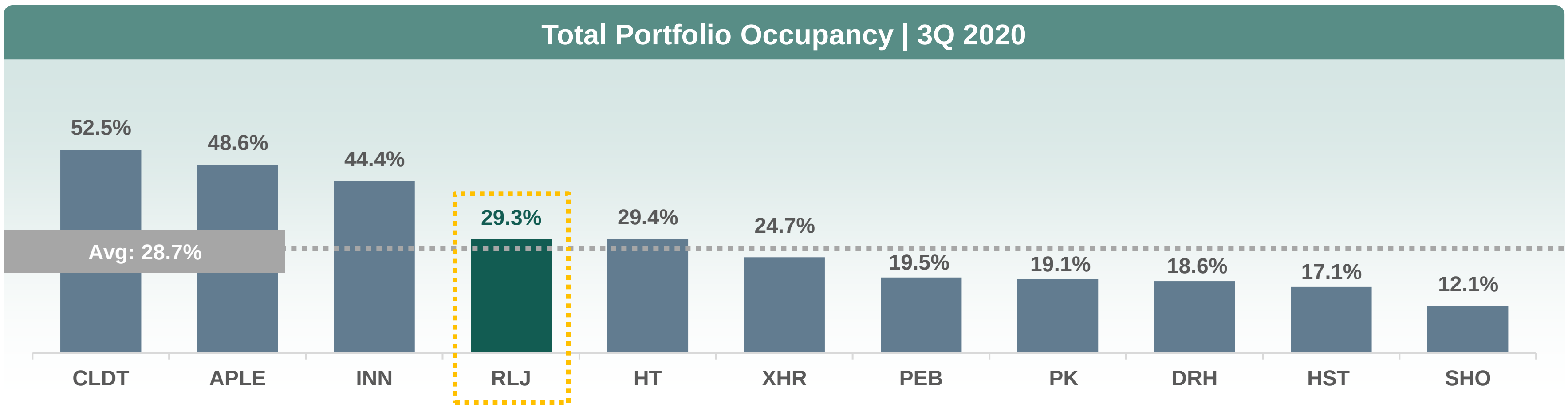


Portfolio construct and diversification enabled RLJ to benefit from relative strength in leisure, and an uptick in Business Transient and Group demand during 3Q

- **Open hotels achieved ~50% occupancy on weekends and 33% on weekdays**
- **All-suite hotels remained popular in a social distancing environment**
  - Open all-suite hotels, representing 50% of RLJ's portfolio, achieved 40% occupancy
- **RLJ's Resort and Drive-to markets benefitted from pent-up leisure demand**
  - Open resort hotels achieved over 50% occupancy
  - Hotels in drive-to markets such as Charleston, Southern California and South Florida outperformed
- **Select-service hotels continued to ramp up occupancy**
  - RLJ's open, select-service hotels achieved 40% occupancy
- **Overall improved profitability**
  - Total portfolio achieved positive gross operating profit during 3Q
  - Open hotels achieved positive Hotel EBITDA during 3Q

RLJ's portfolio construct and diversification has resulted in strong occupancy





1. 3Q Open Hotel occupancy not provided by INN, PEB, and HST

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Reduced monthly cash burn estimate to ~$23M to $27M[1], a $2.5M reduction from prior outlook[2], representing 48 months of runway at the midpoint

- ***Reduced cash burn cumulatively by over $70M from the high-end of initial estimates[3]***
- ***RLJ maintains strong liquidity of ~$1.2B[4]***
- ***RLJ's Focused-Service and Compact Full-Service portfolio has lower operating costs vs. Traditional Full-Service hotels***

Average hotel-level monthly cash burn estimate reduced to ~$3M to $6M

- 3Q operating shortfalls 30% below internal expectations
- Higher revenues
- Continued success of cost containment initiatives with a 60% reduction in hotel operating costs during 3Q

Includes property-level fixed costs and corporate costs

- Average hotel fixed costs of $7M, primarily property taxes and insurance
- Corporate-level monthly cash G&A of $2M
- $11M to $12M corporate costs including debt service and preferred dividends

1. Excludes capital investment
2. Represents reduction from the mid-point of prior outlook
3. Represents a reduction of $8M in monthly cash burn estimate from April to December 2020 at the high-end of the $25-$35M initial cash burn estimate provided by the Company as of May 2020
4. Includes $200M undrawn on the credit facility

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POSITIONED FOR RECOVERY

COURTYARD CHICAGO DOWNTOWN / MAGNIFICENT MILE

FRAMEWORK FOR LODGING RECOVERY

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RLJ expects ramp-up of hotels to be influenced by hotel type and location

- ***Leisure and Drive-to segments are recovering sooner than Group, which is expected to lag***

Market Type	Comments
Drive-to	- "Drive-to" markets are seeing pent-up demand
Leisure	- Remote work / schools have created flexibility to work from anywhere - Weekends are elongating as many combine Thursdays into weekend travel
Non-Gateway / Suburban	- Localized demand and less dependent on air travel - Observing an uptick in business related to essential workers on long-term projects
Airport	- Expect recovery in air travel to be only gradual - International travel to lag domestic volume
Gateway / Urban	- Reliant on Business Transient and International which should see slower recovery

SOONER

Recovery Ramp Up

LATER

Asset Type	Comments
Economy	- Economy hotels are benefitting from "Drive-to", Leisure travel
Select-Service / Extended Stay	- Large room / bay size offers attractive value proposition - Popular with families and the business traveler
Full-Service / Airport	- Slower to recover due to greater reliance on Business Transient and Group demand
Luxury	- Slower to recover given consumer confidence will need to rebound significantly - Dependent on discretionary spending
Convention	- Slower to recover with cities and companies continuing to restrict large group gatherings while evaluating advancements on COVID-19 testing and vaccines

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, is ramping up first during this recovery

- RLJ's portfolio is primarily transient oriented (~80% of revenues) with shorter booking window
- Portfolio is benefitting from relative leisure strength in markets such as South Florida, Southern California and Charleston among others that represent ~45% of transient revenues[1]
- Drive-to markets represent ~35% of revenues[1]
- RLJ has eight hotels located in resort-oriented markets, which represents ~10% of revenues[1]

Suite product is proving to be very attractive in a social distancing 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
- Hotels with extended-stay features represent ~50% of revenues[1]

Lean operating model is allowing hotels to achieve break-even 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 minimizing cash burn

1. Based on 2019 FY 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 dilutive capital
- Cost efficiencies should allow for return to pre-pandemic profitability

Portfolio transformation last year 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

- Finalized plans to convert Wyndham Santa Monica and Mills House in Charleston in 2021
- Continuing to advance the plans and timing for the other conversions

Expect to deploy growth capital as recovery takes hold

- Currently exploring investment structures that enable RLJ to be active during the recovery

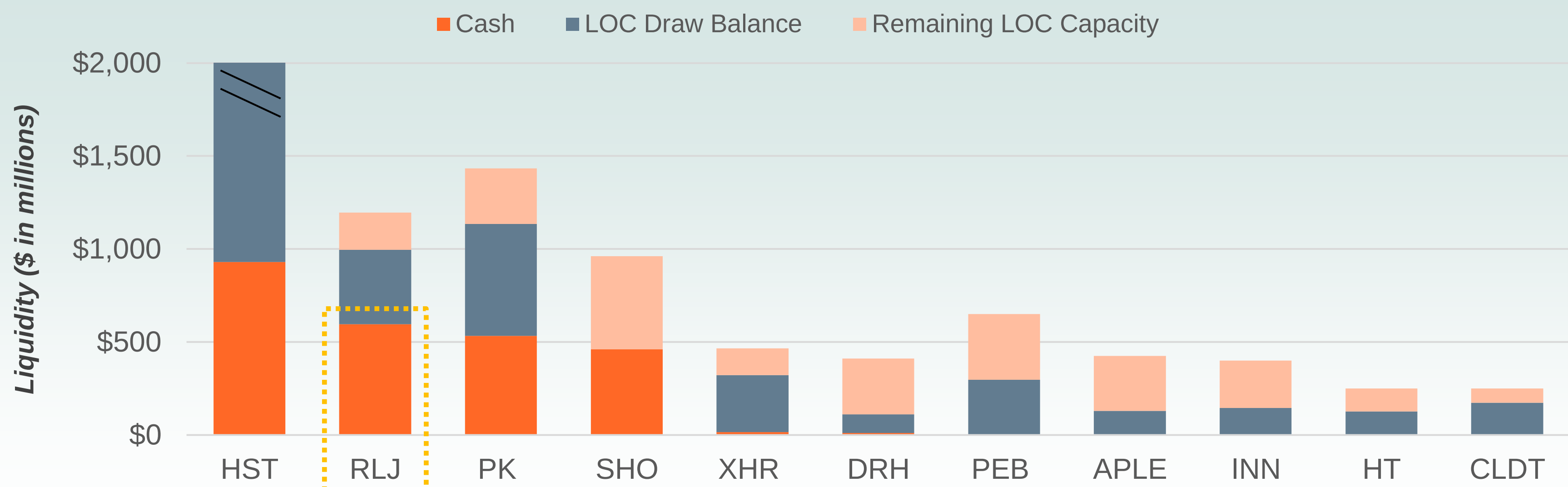
STRONG LIQUIDITY

HUMBLE OIL BUILDING MARRIOTT COMPLEX

RLJ is well-positioned with significant liquidity and a long runway

- Nearly $1B of unrestricted cash[1] and $200M undrawn on line of credit (LOC)
- Monthly cash burn continues to be lower for RLJ's portfolio relative to peers (48 months at current run rate)

Cash Position Net of LOC Borrowing[1]



Cash Burn[2] *per key / per month*	HST	RLJ	PK	SHO	XHR	DRH	PEB	APLE	INN	HT	CLDT
	($1.4K)	**($0.6K)**	**($1.5K)**	**($1.9K)**	**($1.0K)**	**($1.5K)**	**($1.4K)**	**N/A**	**($0.4K)**	**($0.8K)**	**($0.3K)**

Note: chart sorted by Cash
1. As of September 30, 2020, per Q3 press release/presentations. PK and XHR represent pro forma LOC capacity post-initial maturity; PEB includes outstanding letter of credit; INN excludes JV
2. Actual Q3 2020 burn rate

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APPENDIX

EMBASSY SUITES TAMPA

STRONG POSITIONING ENTERING 2020

HYATT HOUSE EMERYVILLE

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

- Terminated Wyndham Guarantee and received $35M

Simplified capital structure over the last two years

- 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

RLJ ENTERED 2020 IN SOLID FINANCIAL CONDITION

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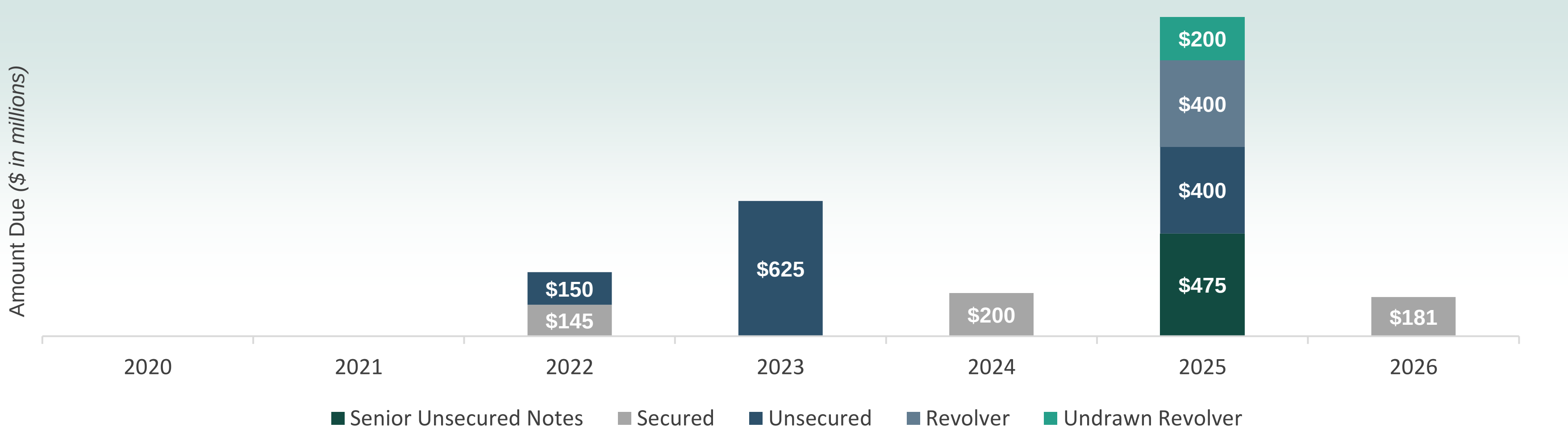
RLJ entered 2020 with solid liquidity, low leverage and a well-staggered maturity profile with no debt maturities until 2022

Entered 2020 with best-in-class balance sheet

- Entered 2020 with ~$900M of cash
- YE 2019 Net Debt to EBITDA of 3.1x, below peer average
- No debt maturities until 2022
- Undrawn line of credit

Debt Maturity Schedule[1]



1. Debt maturity schedule as of September 30, 2020 and assumes all extension options are exercised

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 without adequate demand
  - Initially suspended operations at 57 hotels
- Continued to operate open hotels with a low-cost model (minimal staffing / services to conserve costs)
- Reopened 50 hotels, based upon relative demand strength

Minimizing CapEx

- Postponed all non-essential capital improvement projects planned for 2020 (over 80% reduction)
- Paused 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
- Drew down $400M on $600M LOC

Liquidity Preservation

RLJ EMBEDDED GROWTH CATALYSTS REMAIN

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Although currently paused, we continue to maintain high conviction in the embedded growth catalysts within our portfolio and their potential to unlock significant value

Wyndham conversion opportunity

- 8 Wyndham branded hotels represented over 13% of 2019 EBITDA
- Located in key markets such as Santa Monica, Charleston, Boston and Philadelphia
- Opportunity to reposition as lifestyle brands and unlock significant NAV

$150-$200M in identified ROI opportunities with minimum low double-digit unlevered IRR's

- Green initiatives (lighting retrofits, water conservation, energy generation projects)
- Space configuration (adding keys, splitting suites, re-concepting underutilized space)
- Operational (parking fees, management agreement renewals, procurement savings)
- Additional brand conversions with over 20 hotel franchise agreements expiring within 5-years

Capital markets opportunities

- Debt refinancing and redemption activities
- Additional deleveraging

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, 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 COVID-19 pandemic and actions taken in response to the pandemic on global and regional economies, travel, and economic activity; 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; 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 urge 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.