

RLJ Lodging Trust  
Form 10-Q  
August 09, 2018  
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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2018

OR  
 TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number 001-35169

RLJ LODGING TRUST  
(Exact Name of Registrant as Specified in Its Charter)

Maryland 27-4706509  
(State or Other Jurisdiction of Incorporation or Organization) (I.R.S. Employer Identification No.)

3 Bethesda Metro Center, Suite 1000  
Bethesda, Maryland 20814  
(Address of Principal Executive Offices) (Zip Code)

(301) 280-7777  
(Registrant's Telephone Number, Including Area Code)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.  Yes  No  
Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).  Yes  No  
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer,"

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"accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer

Non-accelerated filer  (do not check if a smaller reporting company) Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).  Yes  No

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Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

As of August 1, 2018, 175,307,476 common shares of beneficial interest of the Registrant, \$0.01 par value per share, were outstanding.

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## PART I. FINANCIAL INFORMATION

## Item 1. Financial Statements

## RLJ Lodging Trust

## Consolidated Balance Sheets

(Amounts in thousands, except share and per share data)

(unaudited)

	June 30, 2018	December 31, 2017
Assets		
Investment in hotel properties, net	\$5,534,069	\$ 5,791,925
Investment in unconsolidated joint ventures	23,488	23,885
Cash and cash equivalents	382,455	586,470
Restricted cash reserves	78,222	72,606
Hotel and other receivables, net of allowance of \$649 and \$510, respectively	73,617	60,011
Deferred income tax asset, net	55,632	56,761
Intangible assets, net	125,453	133,211
Prepaid expense and other assets	74,870	69,936
Assets of hotel properties held for sale, net	99,415	—
Total assets	\$6,447,221	\$ 6,794,805
Liabilities and Equity		
Debt, net	\$2,569,066	\$ 2,880,488
Accounts payable and other liabilities	208,336	225,664
Deferred income tax liability	5,547	5,547
Advance deposits and deferred revenue	31,725	30,463
Accrued interest	8,126	17,081
Distributions payable	65,852	65,284
Total liabilities	2,888,652	3,224,527
Commitments and Contingencies (Note 12)		
Equity		
Shareholders' equity:		
Preferred shares of beneficial interest, \$0.01 par value, 50,000,000 shares authorized		
Series A Cumulative Convertible Preferred Shares, \$0.01 par value, 12,950,000 shares authorized; 12,879,475 shares issued and outstanding, liquidation value of \$328,266, at June 30, 2018 and December 31, 2017	366,936	366,936
Common shares of beneficial interest, \$0.01 par value, 450,000,000 shares authorized; 175,278,298 and 174,869,046 shares issued and outstanding at June 30, 2018 and December 31, 2017, respectively	1,753	1,749
Additional paid-in capital	3,213,049	3,208,002
Accumulated other comprehensive income	33,639	8,846
Distributions in excess of net earnings	(123,808 )	(82,566 )
Total shareholders' equity	3,491,569	3,502,967
Noncontrolling interest:		
Noncontrolling interest in consolidated joint ventures	11,595	11,700
Noncontrolling interest in the Operating Partnership	10,975	11,181
Total noncontrolling interest	22,570	22,881
Preferred equity in a consolidated joint venture, liquidation value of \$45,487 and \$45,430 at June 30, 2018 and December 31, 2017, respectively	44,430	44,430
Total equity	3,558,569	3,570,278

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Total liabilities and equity	\$6,447,221	\$6,794,805
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The accompanying notes are an integral part of these consolidated financial statements.

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RLJ Lodging Trust

Consolidated Statements of Operations and Comprehensive Income

(Amounts in thousands, except share and per share data)

(unaudited)

	For the three months ended June 30,		For the six months ended June 30,	
	2018	2017	2018	2017
Revenue				
Operating revenue				
Room revenue	\$403,232	\$ 253,739	\$760,877	\$ 478,704
Food and beverage revenue	58,444	29,121	110,639	55,812
Other revenue	23,015	9,424	42,769	18,000
Total revenue	\$484,691	\$ 292,284	\$914,285	\$ 552,516
Expense				
Operating expense				
Room expense	\$94,459	\$ 55,221	\$184,428	\$ 107,143
Food and beverage expense	42,406	20,101	83,669	39,398
Management and franchise fee expense	37,252	29,626	72,928	56,539
Other operating expense	108,556	59,058	214,679	116,880
Total property operating expense	282,673	164,006	555,704	319,960
Depreciation and amortization	61,648	38,240	123,056	76,905
Property tax, insurance and other	35,537	18,152	70,036	37,310
General and administrative	15,523	10,129	26,436	19,252
Transaction costs	247	3,691	1,920	4,316
Total operating expense	395,628	234,218	777,152	457,743
Operating income	89,063	58,066	137,133	94,773
Other income	565	73	1,657	214
Interest income	960	664	2,190	1,149
Interest expense	(25,443 )	(14,548 )	(54,144 )	(28,877 )
Gain on extinguishment of indebtedness	7	—	7,666	—
Income before equity in income from unconsolidated joint ventures	65,152	44,255	94,502	67,259
Equity in income from unconsolidated joint ventures	799	—	418	—
Income before income tax expense	65,951	44,255	94,920	67,259
Income tax expense	(2,354 )	(1,821 )	(3,696 )	(2,987 )
Income from operations	63,597	42,434	91,224	64,272
Gain (loss) on sale of hotel properties	796	30	(2,938 )	(30 )
Net income	64,393	42,464	88,286	64,242
Net (income) loss attributable to noncontrolling interests:				
Noncontrolling interest in consolidated joint ventures	(55 )	(29 )	179	37
Noncontrolling interest in the Operating Partnership	(254 )	(189 )	(327 )	(275 )
Preferred distributions - consolidated joint venture	(370 )	—	(735 )	—
Net income attributable to RLJ	63,714	42,246	87,403	64,004
Preferred dividends	(6,279 )	—	(12,557 )	—
Net income attributable to common shareholders	\$57,435	\$ 42,246	\$74,846	\$ 64,004
Basic per common share data:				
Net income per share attributable to common shareholders	\$0.33	\$ 0.34	\$0.43	\$ 0.51
Weighted-average number of common shares	174,238,854	123,785,735	174,216,387	123,760,096



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Diluted per common share data:				
Net income per share attributable to common shareholders	\$ 0.33	\$ 0.34	\$ 0.43	\$ 0.51
Weighted-average number of common shares	174,364,547	123,871,762	174,316,348	123,856,388
Dividends declared per common share	\$ 0.33	\$ 0.33	\$ 0.66	\$ 0.66
Comprehensive income:				
Net income	\$ 64,393	\$ 42,464	\$ 88,286	\$ 64,242
Unrealized gain (loss) on interest rate derivatives	6,936	(1,715 )	24,793	3,833
Comprehensive income	71,329	40,749	113,079	68,075
Comprehensive (income) loss attributable to noncontrolling interests:				
Noncontrolling interest in consolidated joint ventures	(55 )	(29 )	179	37