REFINITIV

DELTA REPORT

10-Q

RLJ PR A - RLJ LODGING TRUST

10-Q - MARCH 31, 2024 COMPARED TO 10-Q - SEPTEMBER 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS	680
CHANGES	231
DELETIONS	276
ADDITIONS	173

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 September 30, 2023 March 31, 2024

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, 7373 Wisconsin Avenue,
Suite 10001500

Bethesda, Maryland	**20814**
(Address of Principal Executive Offices)	(Zip Code)

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

Securities registered pursuant to Section 12(b) of the Exchange Act:

Title of Each Class	Trading Symbol	Name of Exchange on Which Registered
Common Shares of beneficial interest, par value $0.01 per share	RLJ	New York Stock Exchange
$1.95 Series A Cumulative Convertible Preferred Shares, par value $0.01 per share	RLJ-A	New York Stock Exchange

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 every Interactive Data File required to be submitted 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 such files). ☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "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	☐	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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.
As of October 26, 2023 April 25, 2024, 155,844,358 155,900,602 common shares of beneficial interest of the Registrant, $0.01 par value per share, were outstanding.

TABLE OF CONTENTS

		Page
	PART I. FINANCIAL INFORMATION	
Item 1.	Financial Statements	
	Consolidated Financial Statements (unaudited)	
	Balance Sheets as of September March 30, 2023 31, 2024 and December 31, 2022 December 31, 2023	1
	Statements of Operations and Comprehensive Income for the three and ninemonths ended September March 30, 2023 31, 2024 and 2022 2023	2
	Statements of Changes in Equity for the three and ninemonths ended September March 30, 2023 31, 2024 and 2022 2023	4
	Statements of Cash Flows for the nine three months ended September March 30, 2023 31, 2024 and 2022 2023	8 6
	Notes to the Consolidated Financial Statements	9 7
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	25 20
Item 3.	Quantitative and Qualitative Disclosures About Market Risk	39 29
Item 4.	Controls and Procedures	39 30
	PART II. OTHER INFORMATION	
Item 1.	Legal Proceedings	40 30
Item 1A.	Risk Factors	40 31
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	40 31
Item 3.	Defaults Upon Senior Securities	40 31
Item 4.	Mine Safety Disclosures	40 31
Item 5.	Other Information	40 31
Item 6.	Exhibits	41 32
Signatures		42 33

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

RLJ Lodging Trust
Consolidated Balance Sheets
(Amounts in thousands, except share and per share data)
(unaudited)

		September 30, 2023	December 31, 2022		
	March 31, 2024			March 31, 2024	December 31, 2023
Assets	**Assets**			**Assets**	
Investment in hotel properties, net	Investment in hotel properties, net	$4,142,365	$4,180,328		
Investment in unconsolidated joint ventures	Investment in unconsolidated joint ventures	7,294	6,979		
Cash and cash equivalents	Cash and cash equivalents	494,563	481,316		
Restricted cash reserves	Restricted cash reserves	35,807	55,070		
Hotel and other receivables, net of allowance of $237 and $319, respectively		47,990	38,528		
Hotel and other receivables, net of allowance of $270 and $265, respectively					
Lease right-of-use assets	Lease right-of-use assets	137,546	136,915		
Prepaid expense and other assets	Prepaid expense and other assets	74,777	79,089		
Prepaid expense and other assets					
Prepaid expense and other assets					
Total assets					
Total assets					
Total assets	**Total assets**	$4,940,342	$4,978,225		
Liabilities and Equity	**Liabilities and Equity**			**Liabilities and Equity**	
Debt, net	Debt, net	$2,219,781	$2,217,555		
Accounts payable and other liabilities	Accounts payable and other liabilities	150,650	155,916		
Advance deposits and deferred revenue	Advance deposits and deferred revenue	30,995	23,769		
Advance deposits and deferred revenue					
Advance deposits and deferred revenue					
Lease liabilities	Lease liabilities	119,780	117,010		
Accrued interest	Accrued interest	12,593	20,707		
Distributions payable	Distributions payable	22,448	14,622		
Total liabilities	**Total liabilities**	2,556,247	2,549,579		

Commitments and Contingencies (Note 11)				
Commitments and Contingencies (Note 10)				Commitments and Contingencies (Note 10)
Equity	**Equity**			**Equity**
Shareholders' equity:	Shareholders' equity:			Shareholders' equity:
Preferred shares of beneficial interest, $0.01 par value, 50,000,000 shares authorized	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 September 30, 2023 and December 31, 2022		366,936	366,936	
Common shares of beneficial interest, $0.01 par value, 450,000,000 shares authorized; 156,172,739 and 162,003,533 shares issued and outstanding at September 30, 2023 and December 31, 2022, respectively		1,562	1,620	
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 March 31, 2024 and December 31, 2023				
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 March 31, 2024 and December 31, 2023				
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 March 31, 2024 and December 31, 2023				

Common shares of beneficial interest, $0.01 par value, 450,000,000 shares authorized; 155,819,434 and 155,297,829 shares issued and outstanding at March 31, 2024 and December 31, 2023, respectively			
Additional paid-in capital	Additional paid-in capital	3,003,316	3,054,958
Distributions in excess of net earnings	Distributions in excess of net earnings	(1,041,171)	(1,049,441)
Accumulated other comprehensive income	Accumulated other comprehensive income	39,553	40,591
Total shareholders' equity	Total shareholders' equity	2,370,196	2,414,664
Noncontrolling interests:	Noncontrolling interests:	Noncontrolling interests:	
Noncontrolling interest in the Operating Partnership	Noncontrolling interest in the Operating Partnership	6,361	6,313
Noncontrolling interest in consolidated joint ventures	Noncontrolling interest in consolidated joint ventures	7,538	7,669
Total noncontrolling interests	Total noncontrolling interests	13,899	13,982
Total equity	**Total equity**	2,384,095	2,428,646
Total equity			
Total equity			
Total liabilities and equity	**Total liabilities and equity**	$4,940,342	$4,978,225

The accompanying notes are an integral part of these consolidated financial statements.

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 September 30,		For the nine months ended September 30,		For the three months ended March 31,	
	2023	2022	2023	2022	2024	2023

Revenues	**Revenues**				
Operating revenues	Operating revenues				
Operating revenues					
Operating revenues					
Room revenue					
Room revenue					
Room revenue	Room revenue	$ 277,088	$ 267,363	$ 833,416	$ 753,818
Food and beverage revenue	Food and beverage revenue	34,181	30,600	105,601	82,655
Other revenue	Other revenue	23,137	20,108	66,852	54,998
Total revenues	Total revenues	334,406	318,071	1,005,869	891,471
Expenses	**Expenses**				
Operating expenses	Operating expenses				
Operating expenses					
Operating expenses					
Room expense					
Room expense					
Room expense	Room expense	71,278	68,394	207,662	188,015
Food and beverage expense	Food and beverage expense	27,430	23,375	81,604	61,314
Management and franchise fee expense	Management and franchise fee expense	27,095	25,390	82,554	71,846
Other operating expenses	Other operating expenses	87,736	82,021	254,567	227,563
Total property operating expenses	Total property operating expenses	213,539	199,180	626,387	548,738
Depreciation and amortization	Depreciation and amortization	44,727	46,559	134,648	140,346
Property tax, insurance and other	Property tax, insurance and other	26,936	20,744	76,268	66,206
Property tax, insurance and other					
Property tax, insurance and other					
General and administrative	General and administrative	14,747	13,446	43,030	40,928
Transaction costs	Transaction costs	2	(773)	26	(575)
Total operating expenses	Total operating expenses	299,951	279,156	880,359	795,643
Other income, net	Other income, net	1,921	710	3,506	8,716

Interest income	Interest income	5,302	1,281	13,977	1,800
Interest expense	Interest expense	(24,833)	(22,625)	(73,506)	(71,041)
Gain (loss) on sale of hotel properties, net		16	(57)	(28)	996
Loss on extinguishment of indebtedness, net		—	—	(169)	—
Income before equity in (loss) income from unconsolidated joint ventures		16,861	18,224	69,290	36,299
Equity in (loss) income from unconsolidated joint ventures		(186)	(150)	315	255
Income before equity in income from unconsolidated joint ventures					
Income before equity in income from unconsolidated joint ventures					
Income before equity in income from unconsolidated joint ventures					
Equity in income from unconsolidated joint ventures					
Income before income tax expense	Income before income tax expense	16,675	18,074	69,605	36,554
Income tax expense	Income tax expense	(332)	(391)	(1,028)	(1,139)
Net income	Net income	16,343	17,683	68,577	35,415
Net (income) loss attributable to noncontrolling interests:					
Net loss (income) attributable to noncontrolling interests:					
Noncontrolling interest in the Operating Partnership					
Noncontrolling interest in the Operating Partnership					
Noncontrolling interest in the Operating Partnership	Noncontrolling interest in the Operating Partnership	(50)	(53)	(238)	(74)
Noncontrolling interest in consolidated joint ventures	Noncontrolling interest in consolidated joint ventures	137	(36)	131	(29)
Net income attributable to RLJ	Net income attributable to RLJ	16,430	17,594	68,470	35,312
Net income attributable to RLJ					
Net income attributable to RLJ					
Preferred dividends	Preferred dividends	(6,279)	(6,279)	(18,836)	(18,836)
Net income attributable to common shareholders		$ 10,151	$ 11,315	$ 49,634	$ 16,476

Net (loss) income attributable to common shareholders					
Basic per common share data:	**Basic per common share data:**				
Net income per share attributable to common shareholders		$ 0.06	$ 0.07	$ 0.31	$ 0.10
Basic per common share data:					
Basic per common share data:					
Net (loss) income per share attributable to common shareholders					
Net (loss) income per share attributable to common shareholders					
Net (loss) income per share attributable to common shareholders					
Weighted-average number of common shares	Weighted-average number of common shares	154,563,284	160,368,297	156,805,643	162,681,840

Diluted per common share data:	**Diluted per common share data:**				
Net income per share attributable to common shareholders		$ 0.06	$ 0.07	$ 0.31	$ 0.10
Diluted per common share data:					
Diluted per common share data:					
Net (loss) income per share attributable to common shareholders					
Net (loss) income per share attributable to common shareholders					
Net (loss) income per share attributable to common shareholders					
Weighted-average number of common shares	Weighted-average number of common shares	155,081,645	160,784,709	157,280,206	163,064,462
Comprehensive income:	**Comprehensive income:**				
Comprehensive income:					
Comprehensive income:					
Net income	Net income	$ 16,343	$ 17,683	$ 68,577	$ 35,415
Unrealized (loss) gain on interest rate derivatives		(2,180)	17,211	(1,038)	64,784

Reclassification of unrealized gains on discontinued cash flow hedges to other income, net		—	—	—	(5,866)
Net income					
Net income					
Unrealized gain (loss) on interest rate derivatives					
Comprehensive income	Comprehensive income	14,163	34,894	67,539	94,333
Comprehensive (income) loss attributable to noncontrolling interests:					
Comprehensive income					
Comprehensive income					
Comprehensive loss (income) attributable to noncontrolling interests:					
Noncontrolling interest in the Operating Partnership					
Noncontrolling interest in the Operating Partnership					
Noncontrolling interest in the Operating Partnership	Noncontrolling interest in the Operating Partnership	(50)	(53)	(238)	(74)
Noncontrolling interest in consolidated joint ventures	Noncontrolling interest in consolidated joint ventures	137	(36)	131	(29)
Comprehensive income attributable to RLJ	Comprehensive income attributable to RLJ	$ 14,250	$ 34,805	$ 67,432	$ 94,230
Comprehensive income attributable to RLJ					
Comprehensive income attributable to RLJ					

The accompanying notes are an integral part of these consolidated financial statements.

RLJ Lodging Trust
Consolidated Statements of Changes in Equity
(Amounts in thousands, except share data)
(unaudited)

	Shareholders' Equity							Noncontrolling Interest				
	Preferred Stock		Common Stock									
	Shares	Amount	Shares	Par Value	Additional Paid-in Capital	Distributions in excess of net earnings	Accumulated Other Comprehensive Income	Operating Partnership	Consolidated Joint Ventures	Total Equity	Shareholders' Equity	N
Balance at December 31, 2022	12,879,475	$366,936	162,003,533	$1,620	$3,054,958	$(1,049,441)	$ 40,591	$ 6,313	$ 7,669	$2,428,646		

		Preferred Stock		Common Stock							
		Shares	Amount	Shares	Par Value	Additi Paid Capi					
Balance at December 31, 2023											
Net income (loss)	Net income (loss)	—	—	—	—	—	68,470	—	238	(131)	68,577
Unrealized loss on interest rate derivatives		—	—	—	—	—	—	(1,038)	—	—	(1,038)
Unrealized gain on interest rate derivatives											
Issuance of restricted stock											
Issuance of restricted stock											
Issuance of restricted stock	Issuance of restricted stock	—	—	1,190,961	12	(12)	—	—	—	—	—
Amortization of share-based compensation	Amortization of share-based compensation	—	—	—	—	19,481	—	—	—	—	19,481
Shares acquired to satisfy minimum required federal and state tax withholding on vesting restricted stock	Shares acquired to satisfy minimum required federal and state tax withholding on vesting restricted stock	—	—	(407,205)	(4)	(4,394)	—	—	—	—	(4,398)
Shares acquired to satisfy minimum required federal and state tax withholding on vesting restricted stock											
Shares acquired to satisfy minimum required federal and state tax withholding on vesting restricted stock											
Shares acquired as part of a share repurchase program	Shares acquired as part of a share repurchase program	—	—	(6,588,722)	(66)	(66,717)	—	—	—	—	(66,783)
Forfeiture of restricted stock	Forfeiture of restricted stock	—	—	(25,828)	—	—	—	—	—	—	—
Distributions on preferred shares	Distributions on preferred shares	—	—	—	—	—	(18,836)	—	—	—	(18,836)

	Preferred Stock Shares	Preferred Stock Amount	Common Stock Shares	Par Value	Additional Paid-in Capital	Distributions in excess of net earnings	Accumulated Other Comprehensive Income	Operating Partnership	Consolidated Joint Ventures	Total Equity
Distributions on common shares and units	—	—	—	—	—	(41,364)	—	(190)	—	(41,554)
Balance at September 30, 2023	12,879,475	$366,936	156,172,739	$1,562	$3,003,316	$(1,041,171)	$ 39,553	$ 6,361	$ 7,538	$2,384,095
Balance at March 31, 2024										
Balance at March 31, 2024										
Balance at March 31, 2024										

The accompanying notes are an integral part of these consolidated financial statements.

RLJ Lodging Trust
Consolidated Statements of Changes in Equity
(Amounts in thousands, except share data)
(unaudited)

	Shareholders' Equity							Noncontrolling Interest		
	Preferred Stock		Common Stock							
	Shares	**Amount**	**Shares**	**Par Value**	**Additional Paid-in Capital**	**Distributions in excess of net earnings**	**Accumulated Other Comprehensive Income**	**Operating Partnership**	**Consolidated Joint Ventures**	**Total Equity**
Balance at June 30, 2023	12,879,475	$366,936	157,686,191	$1,577	$3,011,350	$(1,035,566)	$ 41,733	$ 6,380	$ 7,675	$2,400,085
Balance at December 31, 2022										
Net income (loss)	—	—	—	—	—	16,430	—	50	(137)	16,343
Unrealized loss on interest rate derivatives	—	—	—	—	—	—	(2,180)	—	—	(2,180)
Issuance of restricted stock										
Issuance of restricted stock										
Issuance of restricted stock										
Amortization of share-based compensation	—	—	—	—	6,753	—	—	—	—	6,753
Shares acquired to satisfy minimum required federal and state tax withholding on vesting restricted stock										
Shares acquired to satisfy minimum required federal and state tax withholding on vesting restricted stock										

Shareholders' Equity					N
Preferred Stock		Common Stock			
				Additio	
			Par	Paid-	
Shares	Amount	Shares	Value	Capi	

Shares acquired to satisfy minimum required federal and state tax withholding on vesting restricted stock											
Shares acquired as part of a share repurchase program	Shares acquired as part of a share repurchase program	—	—	(1,505,754)	(15)	(14,787)	—	—	—	—	(14,802)
Forfeiture of restricted stock	Forfeiture of restricted stock	—	—	(7,698)	—	—	—	—	—	—	—
Distributions on preferred shares	Distributions on preferred shares	—	—	—	—	—	(6,279)	—	—	—	(6,279)
Distributions on common shares and units	Distributions on common shares and units	—	—	—	—	—	(15,756)	—	(69)	—	(15,825)
Balance at September 30, 2023		12,879,475	$366,936	156,172,739	$1,562	$3,003,316	$(1,041,171)	$ 39,553	$ 6,361	$ 7,538	$2,384,095
Balance at March 31, 2023											
Balance at March 31, 2023											
Balance at March 31, 2023											

The accompanying notes are an integral part of these consolidated financial statements.

RLJ Lodging Trust

Consolidated Statements of Changes in Equity

(Amounts in thousands, except share data)

(unaudited)

	Shareholders' Equity							Noncontrolling Interest		
	Preferred Stock		Common Stock							
	Shares	Amount	Shares	Par Value	Additional Paid-in Capital	Distributions in excess of net earnings	Accumulated Other Comprehensive (Loss) Income	Operating Partnership	Consolidated Joint Ventures	Total Equity
Balance at December 31, 2021	12,879,475	$ 366,936	166,503,062	$ 1,665	$ 3,092,883	$ (1,046,739)	$ (17,113)	$ 6,316	$ 9,919	$ 2,413,867
Net income	—	—	—	—	—	35,312	—	74	29	35,415
Unrealized gain on interest rate derivatives	—	—	—	—	—	—	64,784	—	—	64,784
Reclassification of unrealized gains on discontinued cash flow hedges to other income, net	—	—	—	—	—	—	(5,866)	—	—	(5,866)
Contributions from consolidated joint venture partners	—	—	—	—	—	—	—	—	154	154
Distribution to consolidated joint venture partners			—	—	—	—	—	—	(2,614)	(2,614)
Issuance of restricted stock	—	—	702,993	7	(7)	—	—	—	—	—
Amortization of share-based compensation	—	—	—	—	17,280	—	—	—	—	17,280
Shares acquired to satisfy minimum required federal and state tax withholding on vesting restricted stock	—	—	(260,841)	(3)	(3,595)	—	—	—	—	(3,598)
Shares acquired as part of a share repurchase program	—	—	(4,190,359)	(42)	(49,958)	—	—	—	—	(50,000)
Forfeiture of restricted stock	—	—	(28,213)	—	—	—	—	—	—	—
Distributions on preferred shares	—	—	—	—	—	(18,836)	—	—	—	(18,836)
Distributions on common shares and units	—	—	—	—	—	(11,347)	—	(49)	—	(11,396)

Balance at September 30, 2022	12,879,475	$ 366,936	162,726,642	$ 1,627	$ 3,056,603	$ (1,041,610)	$ 41,805	$ 6,341	$ 7,488	$ 2,439,190

The accompanying notes are an integral part of these consolidated financial statements.

RLJ Lodging Trust
Consolidated Statements of Changes in Equity
(Amounts in thousands, except share data)
(unaudited)

	Shareholders' Equity							Noncontrolling Interest		
	Preferred Stock		Common Stock							
	Shares	Amount	Shares	Par Value	Additional Paid-in Capital	Distributions in excess of net earnings	Accumulated Other Comprehensive Income	Operating Partnership	Consolidated Joint Ventures	Total Equity
Balance at June 30, 2022	12,879,475	$ 366,936	162,981,820	$ 1,630	$ 3,053,345	$ (1,044,726)	$ 24,594	$ 6,325	$ 7,468	$ 2,415,572
Net income	—	—	—	—	—	17,594	—	53	36	17,683
Unrealized gain on interest rate derivatives	—	—	—	—	—	—	17,211	—	—	17,211
Contributions from consolidated joint venture partners	—	—	—	—	—	—	—	—	(2)	(2)
Distribution to consolidated joint venture partners	—	—	—	—	—	—	—	—	(14)	(14)
Amortization of share-based compensation	—	—	—	—	5,818	—	—	—	—	5,818
Shares acquired to satisfy minimum required federal and state tax withholding on vesting restricted stock	—	—	(654)	—	(9)	—	—	—	—	(9)
Shares acquired as part of a share repurchase program	—	—	(232,376)	(3)	(2,551)	—	—	—	—	(2,554)
Forfeiture of restricted stock	—	—	(22,148)	—	—	—	—	—	—	—
Distributions on preferred shares	—	—	—	—	—	(6,279)	—	—	—	(6,279)
Distributions on common shares and units	—	—	—	—	—	(8,199)	—	(37)	—	(8,236)
Balance at September 30, 2022	12,879,475	$ 366,936	162,726,642	$ 1,627	$ 3,056,603	$ (1,041,610)	$ 41,805	$ 6,341	$ 7,488	$ 2,439,190

The accompanying notes are an integral part of these consolidated financial statements.

RLJ Lodging Trust
Consolidated Statements of Cash Flows
(Amounts in thousands)
(unaudited)

		For the nine months ended September 30,			For the three months ended March 31,	
		2023	2022		2024	2023
Cash flows from operating activities	**Cash flows from operating activities**			**Cash flows from operating activities**		
Net income	Net income	$ 68,577	$ 35,415			
Adjustments to reconcile net income to cash flow provided by operating activities:	Adjustments to reconcile net income to cash flow provided by operating activities:			Adjustments to reconcile net income to cash flow provided by operating activities:		
Loss (gain) on sale of hotel properties, net		28	(996)			

Loss on extinguishment of indebtedness, net		169	—
Depreciation and amortization			
Depreciation and amortization			
Depreciation and amortization	Depreciation and amortization	134,648	140,346
Amortization of deferred financing costs	Amortization of deferred financing costs	4,528	4,522
Other amortization	Other amortization	3,662	1,827
Reclassification of unrealized gains on discontinued cash flow hedges to other income, net		—	(5,866)
Equity in income from unconsolidated joint ventures			
Equity in income from unconsolidated joint ventures			
Equity in income from unconsolidated joint ventures	Equity in income from unconsolidated joint ventures	(315)	(255)
Amortization of share-based compensation	Amortization of share-based compensation	18,028	16,075
Amortization of share-based compensation			
Amortization of share-based compensation			
Changes in assets and liabilities:			
Changes in assets and liabilities:			
Changes in assets and liabilities:	Changes in assets and liabilities:		
Hotel and other receivables, net	Hotel and other receivables, net	(9,462)	(11,428)
Prepaid expense and other assets	Prepaid expense and other assets	8,388	8,675
Accounts payable and other liabilities	Accounts payable and other liabilities	(1,175)	23,432
Advance deposits and deferred revenue	Advance deposits and deferred revenue	7,226	1,537
Accrued interest	Accrued interest	(8,114)	(9,618)

Net cash flow provided by operating activities	**Net cash flow provided by operating activities**	226,188	203,666	
Cash flows from investing activities	**Cash flows from investing activities**			**Cash flows from investing activities**
Acquisition of hotel property, net		—	(59,219)	
(Payments) proceeds from sales of hotel properties, net		(28)	48,053	
Improvements and additions to hotel properties		(101,980)	(86,638)	
Acquisition, net				
Improvements and additions to hotel properties and other assets				
Improvements and additions to hotel properties and other assets				
Improvements and additions to hotel properties and other assets				
Purchase deposit				
Net cash flow used in investing activities				
Net cash flow used in investing activities				
Net cash flow used in investing activities	**Net cash flow used in investing activities**	(102,008)	(97,804)	
Cash flows from financing activities	**Cash flows from financing activities**			**Cash flows from financing activities**
Repayment of Revolver		—	(200,000)	
Borrowings on Term Loans		320,000	—	
Borrowing on Term Loan				
Borrowing on Term Loan				
Borrowing on Term Loan				
Repayments of Term Loans	Repayments of Term Loans	(318,662)	—	
Repurchase of common shares under a share repurchase program		(66,783)	(50,000)	
Repayments of Term Loans				
Repayments of Term Loans				
Repurchase of common shares under share repurchase programs				
Repurchase of common shares under share repurchase programs				

Repurchase of common shares under share repurchase programs			
Repurchase of common shares to satisfy employee tax withholding requirements	Repurchase of common shares to satisfy employee tax withholding requirements	(4,398)	(3,598)
Distributions on preferred shares	Distributions on preferred shares	(18,836)	(18,836)
Distributions on common shares	Distributions on common shares	(33,577)	(5,152)
Distributions on Operating Partnership units	Distributions on Operating Partnership units	(149)	(18)
Payments of deferred financing costs	Payments of deferred financing costs	(7,791)	(17)
Payments of deferred financing costs			
Payments of deferred financing costs			
Contributions from consolidated joint venture partners		—	154
Distribution to consolidated joint venture partners		—	(2,614)
Net cash flow used in financing activities			
Net cash flow used in financing activities			
Net cash flow used in financing activities	**Net cash flow used in financing activities**	(130,196)	(280,081)
Net change in cash, cash equivalents, and restricted cash reserves	Net change in cash, cash equivalents, and restricted cash reserves	(6,016)	(174,219)
Cash, cash equivalents, and restricted cash reserves, beginning of year	**Cash, cash equivalents, and restricted cash reserves, beginning of year**	536,386	713,869
Cash, cash equivalents, and restricted cash reserves, end of period	**Cash, cash equivalents, and restricted cash reserves, end of period**	$530,370	$539,650

The accompanying notes are an integral part of these consolidated financial statements.

RLJ Lodging Trust
Notes to the Consolidated Financial Statements
(unaudited)

1. General

Organization

RLJ Lodging Trust (the "Company") was formed as a Maryland real estate investment trust ("REIT") on January 31, 2011. The Company is a self-advised and self-administered REIT that owns primarily premium-branded, rooms-oriented, high-margin, focused-service and compact full-service hotels located within heart of demand locations. The Company elected to be taxed as a REIT, for U.S. federal income tax purposes, commencing with its taxable year ended December 31, 2011.

Substantially all of the Company's assets and liabilities are held by, and all of its operations are conducted through, RLJ Lodging Trust, L.P. (the "Operating Partnership"). The Company is the sole general partner of the Operating Partnership. As of September 30, 2023 March 31, 2024, there were 156,944,570 156,591,265 units of limited partnership interest in the Operating Partnership ("OP units") outstanding and the Company owned, through a combination of direct and indirect interests, 99.5% of the outstanding OP units.

As of September 30, 2023 March 31, 2024, the Company owned 97 hotel properties with approximately 21,400 rooms, located in 23 states and the District of Columbia. The Company, through wholly-owned subsidiaries, owned a 100% interest in 95 of its hotel properties, a 95% controlling interest in one hotel property, and a 50% non-controlling interest in an entity owning one hotel property. The Company consolidates its real estate interests in the 96 hotel properties in which it holds a controlling interest, and the Company records the real estate interest in the one hotel property in which it holds an indirect 50% non-controlling interest using the equity method of accounting. The Company leases 96 of the 97 hotel properties to its taxable REIT subsidiaries ("TRSs"), of which the Company owns a controlling financial interest.

2. Summary of Significant Accounting Policies

The Company's Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023, filed with the Securities and Exchange Commission ("SEC") on February 28, 2023 February 27, 2024 (the "Annual Report"), contains a discussion of the Company's significant accounting policies. Other than noted below, there have been no significant changes to the Company's significant accounting policies since December 31, 2022 December 31, 2023.

Basis of Presentation and Principles of Consolidation

The unaudited consolidated financial statements and related notes have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP") and in conformity with the rules and regulations of the SEC applicable to financial information. The unaudited financial statements include all adjustments of a normal recurring nature that are necessary, in the opinion of management, to fairly state the consolidated balance sheets, statements of operations and comprehensive income, statements of changes in equity and statements of cash flows.

The unaudited consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto as of and for the year ended December 31, 2022 December 31, 2023, included in the Annual Report.

The consolidated financial statements include the accounts of the Company, the Operating Partnership and its wholly-owned subsidiaries, and joint ventures in which the Company has a majority voting interest and control. For the controlled subsidiaries that are not wholly-owned, the third-party ownership interest represents a noncontrolling interest, which is presented separately in the consolidated financial statements. The Company also records the real estate interest in one hotel property in which it holds a 50% non-controlling interest using the equity method of accounting. All intercompany balances and transactions have been eliminated in consolidation.

Reclassifications

Certain prior year amounts in these financial statements have been reclassified to conform to the current year presentation with no impact to net income and comprehensive income, shareholders' equity or cash flows.

Use of Estimates

The preparation of the Company's financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities and the amounts of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Recently Issued Accounting Pronouncements and Disclosure Rules

In March 2020, November 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2020-04, 2023-07, *Reference Rate Reform (Topic 848): Segment Reporting - Improvements to Reportable Segment DisclosuresFacilitation, which is intended to improve reportable segment disclosures. The ASU expands public entities' segment disclosures by requiring disclosure of significant segment expenses that are regularly provided to the chief operating decision maker and included within each reported measure of segment profit or loss. It also requires disclosure of the Effects amount and description of Reference Rate Reform the composition of other segment items, as well as interim disclosures of a reportable segment's profit or loss and assets. The ASU also applies to entities with a single reportable segment. The new standard is effective for* *fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted. The Company is currently evaluating the impact of this guidance on Financial Reporting.* The guidance provides optional expedients for applying GAAP to contracts, hedging relationships, its consolidated financial statements and other transactions that reference the London Interbank Offered Rate ("LIBOR") or another reference rate that was expected to be discontinued at the end of 2021 because of reference rate reform. The guidance was effective upon issuance and expired on December 31, 2022. related disclosures.

In December 2022, 2023, the FASB issued ASU 2022-06, 2023-09, *Reference Rate Reform Income Taxes (Topic 848) 740): Deferral Improvements to Income Tax Disclosures*, which includes amendments that further enhance income tax disclosures, primarily through standardization and disaggregation of rate reconciliation categories and income taxes paid by jurisdiction. The amendments are effective for the Sunset Date of Topic 848, which deferred Company beginning January 1, 2025, with early adoption permitted, and should be applied either prospectively or retrospectively. The Company is currently evaluating this ASU to determine its impact on the expiration date of Topic 848 to December 31, 2024. Company's consolidated financial statements and related disclosures.

In March 2024, the SEC adopted the final rule under SEC Release No. 33-11275, *The Enhancement and Standardization of Climate-Related Disclosures for Investors*. In April 2024, the SEC stayed the final climate rules pending the completion of judicial review of an Eighth Circuit challenge seeking to vacate the rules. This rule would require registrants to disclose certain climate-related information in registration statements and annual reports. The disclosure requirements would apply to the Company's fiscal year beginning January 1, 2025. The Company elected is currently evaluating the final rule to apply certain of the optional expedients for contract modifications to determine its financial instruments impacted by the discontinuance of LIBOR. The Company has completed its modifications to these financial instruments affected by reference rate reform. The application of this guidance did not have a material impact on the Company's consolidated financial statements. disclosures.

3. Investment in Hotel Properties

Investment in hotel properties consisted of the following (in thousands):

		September 30, 2023	December 31, 2022		
	March 31, 2024			March 31, 2024	December 31, 2023
Land and improvements	Land and improvements	$ 996,972	$ 992,609		
Buildings and improvements	Buildings and improvements	4,096,444	4,040,505		
Furniture, fixtures and equipment	Furniture, fixtures and equipment	782,305	745,978		
		5,875,721	5,779,092		
	6,071,786				
Accumulated depreciation	Accumulated depreciation	(1,733,356)	(1,598,764)		
Investment in hotel properties, net	Investment in hotel properties, net	$4,142,365	$4,180,328		

For the three and nine months ended September 30, 2023, March 31, 2024 and 2023, the Company recognized depreciation expense related to its investment in hotel properties of approximately $44.7 million $44.6 million and $134.6 million, respectively. For the three and nine months ended September 30, 2022, the Company recognized depreciation expense related to its investment in hotel properties of approximately $46.5 million and $139.9 million $45.0 million, respectively.

4. Acquisition of Hotel Property

During the nine months ended September 30, 2022 On January 29, 2024, the Company acquired a 100% the fee simple interest in the following property:

Property (1)	Location	Acquisition Date	Management Company (1)	Rooms	Purchase Price (in thousands)
21c Hotel Nashville	Nashville, TN	July 29, 2022	Accor Hotels	124	$ 59,000

(1) During the nine months ended September 30, 2023, the Company converted this its Wyndham Boston Beacon Hill hotel property in Boston, Massachusetts, which was previously owned via a leasehold interest that was subject to The Bankers Alley Hotel, a Tapestry Collection by Hilton, and transitioned management to an affiliate ground lease, for a purchase price of Hilton.

approximately $125.0 million. The acquisition of the 21c Hotel Nashville was accounted for as an asset acquisition, whereby approximately $1.0 million $0.2 million of transaction costs were capitalized as part of the cost of the acquisition. The allocation existing right-of-use asset of $1.3 million, lease liability of $0.1 million and $125.2 million cost of the costs for acquisition were recorded as land in the property acquired was as follows (in thousands): accompanying consolidated balance sheet.

September 30, 2022

The value of the asset acquired was primarily based on a sales comparison approach (for land) and a depreciated replacement cost approach (for building and improvements and furniture, fixtures and equipment). The sales comparison approach used inputs of recent land sales in the hotel market. The depreciated replacement cost approach used inputs of both direct and indirect replacement costs using a nationally recognized authority on replacement cost information as well as the age, square footage and number of rooms of the asset.

5.Sale of Hotel Properties

During the nine months ended September 30, 2022, the Company sold the following hotel properties in two separate transactions for a combined sales price of approximately $49.9 million.

Hotel Property Name	Location	Sale Date	Rooms
Marriott Denver Airport @ Gateway Park	Aurora, CO	March 8, 2022	238
SpringHill Suites Denver North Westminster	Westminster, CO	April 19, 2022	164
		Total	402

The Company recorded a net gain of $1.0 million for the nine months ended September 30, 2022 in connection with the sale of these hotel properties.

6.5. Revenue

The Company recognized revenue from the following geographic markets (in thousands):

	For the three months ended September 30, 2023				For the three months ended September 30, 2022			
	Room Revenue	Food and Beverage Revenue	Other Revenue	Total Revenue	Room Revenue	Food and Beverage Revenue	Other Revenue	Total Revenue
Southern California	$ 37,507	$ 4,177	$ 4,068	$ 45,752	$ 33,086	$ 2,874	$ 2,862	$ 38,822
Northern California	38,573	3,651	2,041	44,265	40,634	3,254	2,034	45,922
South Florida	20,256	4,219	2,557	27,032	21,445	4,151	2,151	27,747
Chicago	18,204	2,450	854	21,508	18,800	2,598	863	22,261
New York City	18,162	2,224	908	21,294	16,469	2,006	810	19,285
Boston	14,931	880	420	16,231	13,541	793	491	14,825
Washington, DC	14,256	323	561	15,140	12,900	377	704	13,981
Louisville	8,749	5,075	872	14,696	8,088	4,602	871	13,561
Houston	10,172	742	1,164	12,078	9,416	674	1,089	11,179
Austin	8,098	1,212	769	10,079	8,648	879	861	10,388
Other	88,180	9,228	8,923	106,331	84,336	8,392	7,372	100,100
Total	$ 277,088	$ 34,181	$ 23,137	$ 334,406	$ 267,363	$ 30,600	$ 20,108	$ 318,071

	For the nine months ended September 30, 2023				For the nine months ended September 30, 2022			
	Room Revenue	Food and Beverage Revenue	Other Revenue	Total Revenue	Room Revenue	Food and Beverage Revenue	Other Revenue	Total Revenue

	For the three months ended March 31, 2024				For the three months ended March 31, 2023			
	Room Revenue	Food and Beverage Revenue	Other Revenue	Total Revenue	Room Revenue	Food and Beverage Revenue	Other Revenue	Total Revenue
South Florida								

Northern California	Northern California	$108,832	$ 10,676	$ 6,059	$ 125,567	$ 97,430	$ 7,640	$ 4,769	$109,839
Southern California	Southern California	99,007	11,928	10,609	121,544	87,778	6,696	7,635	102,109
South Florida		86,311	15,126	7,290	108,727	88,394	13,843	6,644	108,881
Houston									
New York City	New York City	46,768	6,262	2,478	55,508	40,265	5,651	1,984	47,900
Louisville									
Washington DC									
Austin									
Charleston									
Chicago	Chicago	44,898	7,388	2,442	54,728	42,864	6,564	2,060	51,488
Washington DC		44,687	1,023	1,824	47,534	36,396	858	1,954	39,208
Louisville		29,844	12,605	2,810	45,259	23,861	9,761	2,626	36,248
Boston		36,221	2,890	1,164	40,275	31,211	2,339	1,112	34,662
Houston		34,072	2,341	3,508	39,921	27,973	2,035	2,988	32,996
Austin		30,116	4,122	2,601	36,839	28,148	2,423	2,411	32,982
Other	Other	272,660	31,240	26,067	329,967	249,498	24,845	20,815	295,158
Other									
Other									
Total	Total	$833,416	$105,601	$66,852	$1,005,869	$753,818	$82,655	$54,998	$891,471

7. 6. Debt

The Company's debt consisted of the following (in thousands):

		September 30, 2023	December 31, 2022
	March 31, 2024	March 31, 2024	December 31, 2023
Senior Notes, net	Senior Notes, net	$ 991,081	$ 989,307
Revolver	Revolver	—	—
Term Loans, net	Term Loans, net	821,030	820,536
Mortgage loans, net	Mortgage loans, net	407,670	407,712
Debt, net	Debt, net	$2,219,781	$2,217,555

Senior Notes

The Company's senior notes (collectively, the "Senior Notes") consisted of the following (dollars in thousands):

			Carrying Value at	
	Interest Rate	Maturity Date	September 30, 2023	December 31, 2022
Interest Rate	Carrying Value at			Carrying Value at
	Interest Rate	Maturity Date	March 31, 2024	December 31, 2023

2029 Senior Notes (1)	2029 Senior Notes (1)	4.00%	September 2029		$ 500,000	$ 500,000
2026 Senior Notes (1)	2026 Senior Notes (1)	3.75%	July 2026		500,000	500,000
					1,000,000	1,000,000
				1,000,000		
Deferred financing costs, net	Deferred financing costs, net				(8,919)	(10,693)
Total senior notes, net	Total senior notes, net				$ 991,081	$ 989,307

(1) Requires payment of interest only through maturity.

The indentures governing the Senior Notes contain customary covenants that limit the Operating Partnership's ability and, in certain instances, the ability of its subsidiaries, to incur additional debt, create liens on assets, make distributions and pay dividends, make certain types of investments, issue guarantees of indebtedness, and make certain restricted payments. These limitations are subject to a number of exceptions and qualifications set forth in the indentures.

A summary of the various restrictive covenants for the Senior Notes are as follows:

	Covenant	Compliance
Maintenance Covenant		
Unencumbered Asset to Unencumbered Debt Ratio	> 150.0%	Yes
Incurrence Covenants		
Consolidated Indebtedness less than Adjusted Total Assets	< .65x	Yes
Consolidated Secured Indebtedness less than Adjusted Total Assets	< .45x	Yes
Interest Coverage Ratio	> 1.5x	Yes

As of September 30, 2023 and December 31, 2022, the Company was in compliance with all covenants associated with the Senior Notes.

Revolver and Term Loans

The Company has the following unsecured credit agreements in place:

- $600.0 million revolving credit facility with a scheduled maturity date of May 10, 2027 and either a one-year extension option or up to two six-month extension options if certain conditions are satisfied (the "Revolver");
- $400.0 million term loan with a scheduled maturity date of May 18, 2025 (the "$400 Million Term Loan Maturing 2025");
- $200.0 million term loan with a scheduled maturity date of January 31, 2026 and two one-year extension options if certain conditions are satisfied (the "$200 Million Term Loan Maturing 2026"); and
- $225.0 million term loan with a scheduled maturity date of May 10, 2026 and two one-year extension options if certain conditions are satisfied (the "$225 Million Term Loan Maturing 2026").

The $400 Million Term Loan Maturing 2025, the $200 Million Term Loan Maturing 2026, and the $225 Million Term Loan Maturing 2026 are collectively referred to as the "Term Loans."

In January 2023, the Company received the remaining $95.0 million in proceeds on the $200 Million Term Loan Maturing 2026 and utilized these proceeds to pay off approximately $52.3 million of a term loan with a scheduled maturity date of January 25, 2023 (the "$400 Million Term Loan Maturing 2023") and approximately $41.7 million of another term loan with a scheduled maturity date of January 25, 2023 (the "$225 Million Term Loan Maturing 2023").

In May 2023, the Company amended its Revolver. The amendment extends the maturity date of the Revolver to May 10, 2027, which may be extended by the exercise of either a one-year extension option or up to two six-month extension options, subject to the satisfaction of certain conditions. The borrowings under the Revolver bear interest at a variable rate equal to (i) the Secured Overnight Financing Rate ("SOFR") plus a credit spread adjustment of ten basis points ("Adjusted SOFR") and a margin ranging from 1.40% to 1.95% or (ii) a base rate plus a margin ranging from 0.40% to 0.95%.

In May 2023, the Company entered into the $225 Million Term Loan Maturing 2026, the proceeds of which were used to fully repay a $151.7 million term loan with a scheduled maturity date of January 25, 2024 (the "$400 Million Term Loan Maturing 2024") and a $73.0 million term loan with a scheduled maturity date of January 25, 2024 (the "$225 Million Term Loan Maturing 2024"). The $225 Million Term Loan Maturing 2026 matures on May 10, 2026, with two additional one year extension options to May 2027 and May 2028, respectively. Borrowings under the $225 Million Term Loan Maturing 2026 bear interest at a variable rate equal to (i) Adjusted SOFR plus a margin ranging from 1.45% to 2.20% or (ii) a base rate plus a margin ranging from 0.45% to 1.20%.

In May 2023, the Company also amended the $400 Million Term Loan Maturing 2025 to bear interest at a variable rate equal to Adjusted SOFR (replacing LIBOR), plus an applicable margin. In addition, during the May 2023 amendments, all of the Company's unsecured credit agreements were amended to, among other things, (i) modify the calculation of certain financial covenants, including increasing the leverage ratio limit to 7.25x, (ii) modify the calculation of the unencumbered leverage ratio, (iii) remove the requirement to provide equity pledges if a certain leverage ratio is exceeded and (iv) reduce the interest floor to zero. The Company paid approximately $7.5 million in lender fees and legal costs related to the refinancing.

In all cases, the actual margin is determined based on the Company's leverage ratio, as calculated under the terms of the facility.

The Company's unsecured credit agreements consisted of the following (dollars in thousands):

	Interest Rate at September 30, 2023 (1)	Maturity Date	Carrying Value at September 30, 2023	Carrying Value at December 31, 2022
Revolver (2)	—%	May 2027	$ —	$ —
$400 Million Term Loan Maturing 2023 (3)	—%	—	—	52,261
$400 Million Term Loan Maturing 2024 (4)	—%	—	—	151,683
$225 Million Term Loan Maturing 2023 (3)	—%	—	—	41,745
$225 Million Term Loan Maturing 2024 (4)	—%	—	—	72,973
$400 Million Term Loan Maturing 2025	3.38%	May 2025	400,000	400,000
$200 Million Term Loan Maturing 2026 (5)	3.48%	January 2026 (6)	200,000	105,000
$225 Million Term Loan Maturing 2026	2.97%	May 2026 (6)	225,000	—
			825,000	823,662
Deferred financing costs, net (7)			(3,970)	(3,126)
Total Revolver and Term Loans, net			$ 821,030	$ 820,536

	Interest Rate at March 31, 2024 (1)	Maturity Date	Carrying Value at March 31, 2024	Carrying Value at December 31, 2023
Revolver (2)	—%	May 2027	$ —	$ —
$400 Million Term Loan Maturing 2025	4.48%	May 2025	400,000	400,000
$200 Million Term Loan Maturing 2026	4.82%	January 2026 (3)	200,000	200,000
$225 Million Term Loan Maturing 2026	2.97%	May 2026 (3)	225,000	225,000
			825,000	825,000
Deferred financing costs, net (4)			(3,086)	(3,557)
Total Revolver and Term Loans, net			$ 821,914	$ 821,443

(1) Interest rate at September 30, 2023 March 31, 2024 gives effect to interest rate hedges.

(2) There was $600.0 million of capacity on the Revolver at both September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023. The Company has the ability to extend the maturity date for an additional one-year period or up to two six-month periods ending May 2028 if certain conditions are satisfied.

(3) In January 2023, April 2024, the Company received borrowed $200.0 million under the remaining $95.0 million in proceeds on the $200 Million Term Loan Maturing 2026 and utilized these proceeds to pay off these Term Loans.

(4) In May 2023, the Company entered into the $225 Million Term Loan Maturing 2026 Revolver and utilized the proceeds to pay off these Term Loans. repay a $200.0 million maturing mortgage loan, reducing the remaining capacity on the Revolver to $400.0 million.

(5) In January 2023, the Company received the remaining $95.0 million in proceeds on this Term Loan.

(6) (3) This Term Loan includes two one-year extension options. The exercise of the extension options will be at the Company's discretion, subject to certain conditions.

(7) (4) Excludes $6.0 million $5.2 million and $1.7 million $5.6 million as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively, related to deferred financing costs on the Revolver, which are included in prepaid expense and other assets in the accompanying consolidated balance sheets.

The Revolver and Term Loans are subject to various financial covenants. A summary of the most restrictive covenants is as follows:

	Covenant	Compliance
Leverage ratio (1)	<= 7.25x	Yes
Fixed charge coverage ratio (2)	>= 1.50x	Yes
Secured indebtedness ratio	<= 45.0%	Yes
Unencumbered indebtedness ratio	<= 60.0%	Yes
Unencumbered debt service coverage ratio	>= 2.00x	Yes

(1) Leverage ratio is net indebtedness, as defined in the Revolver and Term Loan agreements, to corporate earnings before interest, taxes, depreciation, and amortization ("EBITDA"), as defined in the Revolver and Term Loan agreements.

(2) Fixed charge coverage ratio is Adjusted EBITDA, generally defined in the Revolver and Term Loan agreements as EBITDA less furniture, fixtures and equipment ("FF&E") reserves, to fixed charges, which is generally defined in the Revolver and Term Loan agreements as interest expense, all regularly scheduled principal payments, preferred dividends paid, and cash taxes paid.

Mortgage Loans

The Company's mortgage loans consisted of the following (dollars in thousands):

		Number of Assets Encumbered	Interest Rate at September 30, 2023		Maturity Date		Carrying Value at September 30, 2023	Carrying Value at December 31, 2022
		Number of Assets Encumbered	Interest Rate at March 31, 2024		Maturity Date		Carrying Value at March 31, 2024	Carrying Value at December 31, 2023
Mortgage loan (1)	Mortgage loan (1)	7	5.94%	(3)	April 2024	(4)	$200,000	$200,000
Mortgage loan (1)	Mortgage loan (1)	3	5.02%	(3)	April 2024	(5)	96,000	96,000
Mortgage loan (1)	Mortgage loan (1)	4	5.61%	(3)	April 2024	(5)	85,000	85,000
Mortgage loan (2)	Mortgage loan (2)	1	5.06%		January 2029		26,923	27,193
		15						
		15					407,923	408,193
		15						
		15						
Deferred financing costs, net	Deferred financing costs, net						(253)	(481)

Total mortgage loans, net	Total mortgage loans, net	$407,670	$407,712

(1) The hotels encumbered by the mortgage loan are cross-collateralized. Requires payments of interest only through maturity.

(2) Includes $1.9 million $1.7 million and $2.2 million $1.8 million at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively, related to a fair value adjustment on this mortgage loan. loan from purchase price allocation at hotel property acquisition. This mortgage loan requires payments of interest only through maturity.

(3) Interest rate at September 30, 2023 March 31, 2024 gives effect to interest rate hedges.

(4) In April 2023, 2024, the Company exercised its final extension option to extend the maturity on fully repaid this mortgage loan to April 2024. using a $200.0 million draw under its Revolver.

(5) This mortgage loan provides two one-year extension options, subject to certain conditions. In April 2024, the Company satisfied the conditions required to exercise the first one-year extension option on this mortgage loan to extend the maturity to April 2025, with a second one-year extension option still remaining.

Certain mortgage agreements are subject to various maintenance covenants requiring the Company to maintain a minimum debt yield or debt service coverage ratio ("DSCR"). Failure to meet the debt yield or DSCR thresholds is not an event of default, but instead triggers a cash trap event. As of December 31, 2022, although all mortgage loans met their debt yield or DSCR thresholds, one mortgage loan was in a cash trap event pending notification to the lender to remove the restrictions. As of December 31, 2022, there was approximately $26.9 million of restricted cash held by this lender due to the cash trap event, and during the first quarter of 2023, all of the restrictions on this cash were removed. At September 30, 2023 March 31, 2024, all mortgage loans exceeded the minimum debt yield or DSCR thresholds.

Interest Expense

The components of the Company's interest expense consisted of the following (in thousands):

		For the three months ended September 30,		For the nine months ended September 30,	
		2023	2022	2023	2022
		For the three months ended March 31, For the three months ended March 31, For the three months ended March 31,			
	2024			2024	2023
Senior Notes	Senior Notes	$ 9,695	$ 9,695	$29,070	$29,125
Revolver and Term Loans	Revolver and Term Loans	7,365	7,870	23,176	26,975
Mortgage loans	Mortgage loans	5,727	3,388	15,286	9,926
Amortization of deferred financing costs	Amortization of deferred financing costs	1,564	1,420	4,528	4,522
Non-cash interest expense related to interest rate hedges	Non-cash interest expense related to interest rate hedges	482	252	1,446	493
Total interest expense	Total interest expense	$24,833	$22,625	$73,506	$71,041

8. 7. Derivatives and Hedging Activities

The following interest rate swaps have been designated as cash flow hedges (in thousands):

Hedge type	Swap rate	Effective Date	Maturity Date	Notional value at September 30, 2023	Notional value at December 31, 2022	Fair value at September 30, 2023	Fair value at December 31, 2022
Swap-cash flow-LIBOR	2.29%	March 2019	December 2022	$ —	$ 200,000	$ —	$ —
Swap-cash flow-LIBOR	2.29%	March 2019	December 2022	—	125,000	—	—
Swap-cash flow-Term SOFR	2.64%	November 2020	November 2023	100,000	100,000	454	1,935
Swap-cash flow-Daily SOFR (1)	2.44%	January 2021	December 2023	75,000	75,000	712	1,852
Swap-cash flow-Daily SOFR (1)	2.31%	January 2021	December 2023	75,000	75,000	744	1,948
Swap-cash flow-Daily SOFR (1)	1.08%	April 2021	April 2024	50,000	50,000	1,371	2,464
Swap-cash flow-Daily SOFR (1)	1.13%	April 2021	April 2024	50,000	50,000	1,357	2,436
Swap-cash flow-Daily SOFR (1)	1.08%	April 2021	April 2024	50,000	50,000	1,373	2,470
Swap-cash flow-Daily SOFR (2)	0.97%	April 2021	April 2024	50,000	50,000	1,406	2,504
Swap-cash flow-Daily SOFR (2)	0.85%	April 2021	April 2024	25,000	25,000	722	1,293
Swap-cash flow-Daily SOFR (1)	0.88%	April 2021	April 2024	25,000	25,000	719	1,304
Swap-cash flow-Daily SOFR (1)(3)	0.86%	April 2021	April 2024	25,000	25,000	722	1,310
Swap-cash flow-Daily SOFR (1)(3)	0.83%	April 2021	April 2024	25,000	25,000	727	1,321
Swap-cash flow-Term SOFR	4.37%	April 2023	April 2024	200,000	—	1,237	—
Swap-cash flow-Daily SOFR (1)(3)	0.77%	June 2020	December 2024	50,000	50,000	2,759	3,538
Swap-cash flow-Daily SOFR (2)(3)	0.63%	June 2020	December 2024	50,000	50,000	2,846	3,636
Swap-cash flow-Daily SOFR (1)	1.16%	September 2021	September 2025	150,000	150,000	10,923	11,636
Swap-cash flow-Daily SOFR (1)(3)	0.56%	July 2021	January 2026	50,000	50,000	4,729	5,041
Swap-cash flow-Daily SOFR	2.95%	April 2024	April 2027	125,000	—	4,447	—
Swap-cash flow-Daily SOFR	2.85%	April 2024	April 2027	65,000	—	2,491	—
Swap-cash flow-Daily SOFR	2.75%	April 2024	April 2027	60,000	—	2,465	—
				$ 1,300,000	$ 1,175,000	$ 42,204	$ 44,688

Hedge type	Swap rate	Effective Date	Maturity Date	Notional value at March 31, 2024	Notional value at December 31, 2023	Fair value at March 31, 2024	Fair value at December 31, 2023
Swap-cash flow-Daily SOFR	2.44%	January 2021	December 2023	$ —	$ 75,000	$ —	$ —
Swap-cash flow-Daily SOFR	2.31%	January 2021	December 2023	—	75,000	—	—
Swap-cash flow-Daily SOFR	1.08%	April 2021	April 2024	50,000	50,000	305	827
Swap-cash flow-Daily SOFR	1.13%	April 2021	April 2024	50,000	50,000	302	819
Swap-cash flow-Daily SOFR	1.08%	April 2021	April 2024	50,000	50,000	306	829
Swap-cash flow-Daily SOFR	0.97%	April 2021	April 2024	50,000	50,000	313	849
Swap-cash flow-Daily SOFR	0.85%	April 2021	April 2024	25,000	25,000	161	436

Swap-cash flow-Daily SOFR	0.88%	April 2021	April 2024	25,000	25,000	160	434
Swap-cash flow-Daily SOFR	0.86%	April 2021	April 2024	25,000	25,000	161	436
Swap-cash flow-Daily SOFR	0.83%	April 2021	April 2024	25,000	25,000	162	439
Swap-cash flow-Term SOFR	4.37%	April 2023	April 2024	200,000	200,000	207	673
Swap-cash flow-Daily SOFR	0.77%	June 2020	December 2024	50,000	50,000	1,640	2,011
Swap-cash flow-Daily SOFR	0.63%	June 2020	December 2024	50,000	50,000	1,693	2,081
Swap-cash flow-Daily SOFR	1.16%	September 2021	September 2025	150,000	150,000	7,941	7,969
Swap-cash flow-Daily SOFR	0.56%	July 2021	January 2026	50,000	50,000	3,601	3,556
Swap-cash flow-Daily SOFR	2.95%	April 2024	April 2027	125,000	125,000	4,160	1,769
Swap-cash flow-Daily SOFR	2.85%	April 2024	April 2027	65,000	65,000	2,347	1,103
Swap-cash flow-Daily SOFR	2.75%	April 2024	April 2027	60,000	60,000	2,336	1,188
Swap-cash flow-Daily SOFR	3.70%	July 2024	July 2027	25,000	25,000	222	(254)
Swap-cash flow-Daily SOFR	3.45%	July 2024	July 2027	25,000	25,000	399	(77)
Swap-cash flow-Daily SOFR	3.71%	July 2024	July 2027	25,000	25,000	217	(259)
				$ 1,125,000	$ 1,275,000	$ 26,633	$ 24,829

(1) In May 2023, the Company modified the benchmark rate on this interest rate swap from LIBOR to Daily SOFR.

(2) In July 2023, the Company modified the benchmark rate on this interest rate swap from LIBOR to Daily SOFR.

(3) In February 2022, the Company dedesignated these swaps as the hedged forecasted transactions were no longer probable of occurring. Therefore, the Company reclassified a total of approximately $5.9 million of unrealized gains included in accumulated other comprehensive income to other income, net, in the consolidated statements of operations and comprehensive income. These swaps were subsequently redesignated and the amounts related to the initial fair value of $5.9 million that are recorded in other comprehensive income during the new hedging relationship will be reclassified to earnings on a straight line basis over the remaining life of these swaps.

As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, the aggregate fair value of the interest rate swap assets of $42.2 million $26.6 million and $44.7 million $25.4 million, respectively, was included in prepaid expense and other assets in the accompanying consolidated balance sheets. As of December 31, 2023, the aggregate fair value of the interest rate swap liabilities of $0.6 million was included in accounts payable and other liabilities in the accompanying consolidated balance sheets.

As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, there was approximately $39.6 million $24.9 million and $40.6 million $22.7 million, respectively, of unrealized gains included in accumulated other comprehensive income related to interest rate swaps. There was no

ineffectiveness recorded during the three or nine month periods ended September 30, 2023 March 31, 2024 or 2022. 2023. For the three and nine months ended September 30, 2023, March 31, 2024 and 2023, gains of approximately $8.3 million $6.6 million and $21.8 million $6.0 million, respectively, included in accumulated other comprehensive income were reclassified into interest expense for the interest rate swaps. For the three and nine months ended September 30, 2022, gains of approximately $1.3 million and losses of approximately $6.8 million, respectively, included in accumulated other comprehensive income were reclassified into interest expense for the interest rate swaps. Approximately $23.3 million $15.5 million of the unrealized gains included in accumulated other comprehensive income at September 30, 2023 March 31, 2024 is expected to be reclassified into earnings within the next 12 months.

9. 8. Fair Value

Fair Value Measurement

Fair value is defined as the price that would be received upon the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or most advantageous market. The fair value hierarchy has three levels of inputs, both observable and unobservable:

- Level 1 — Inputs include quoted market prices in an active market for identical assets or liabilities.
- Level 2 — Inputs are market data, other than Level 1, that are observable either directly or indirectly. Level 2 inputs include quoted market prices for similar assets or liabilities, quoted market prices in an inactive market, and other observable information that can be corroborated by market data.
- Level 3 — Inputs are unobservable and corroborated by little or no market data.

Fair Value of Financial Instruments

The Company used the following market assumptions and/or estimation methods:

- Cash and cash equivalents, restricted cash reserves, hotel and other receivables, accounts payable and other liabilities — The carrying amounts reported in the consolidated balance sheets for these financial instruments approximate fair value because of their short term maturities.

- Debt — The Company estimated the fair value of the Senior Notes by using publicly available trading prices, which are Level 1 inputs in the fair value hierarchy. The Company estimated the fair value of the Revolver and Term Loans by using a discounted cash flow model and incorporating various inputs and assumptions for the effective borrowing rates for debt with similar terms, which are Level 2 and Level 3 inputs in the fair value hierarchy. The Company estimated the fair value of the mortgage loans by using a discounted cash flow model and incorporating various inputs and assumptions for the effective borrowing rates for debt with similar terms and the loan to estimated fair value of the collateral, which are Level 3 inputs in the fair value hierarchy.

The fair value of the Company's debt was as follows (in thousands):

		September 30, 2023		December 31, 2022	
		Carrying Value	Fair Value	Carrying Value	Fair Value
	March 31, 2024				
	Carrying Value				

	March 31, 2024		December 31, 2023	
	Carrying Value	Fair Value	Carrying Value	Fair Value

Senior Notes, net	Senior Notes, net	$ 991,081	$ 862,160	$ 989,307	$ 853,895
Revolver and Term Loans, net	Revolver and Term Loans, net	821,030	817,431	820,536	812,604
Mortgage loans, net	Mortgage loans, net	407,670	391,502	407,712	388,839
Debt, net	Debt, net	$2,219,781	$2,071,093	$2,217,555	$2,055,338

Recurring Fair Value Measurements

The following table presents the Company's fair value hierarchy for those financial assets measured at fair value on a recurring basis as of March 31, 2024 (in thousands):

	Fair Value at March 31, 2024			
	Level 1	Level 2	Level 3	Total
Interest rate swap asset	$ —	$ 26,633	$ —	$ 26,633
Total	$ —	$ 26,633	$ —	$ 26,633

The following table presents the Company's fair value hierarchy for those financial assets and liabilities measured at fair value on a recurring basis as of September 30, 2023 December 31, 2023 (in thousands):

	Fair Value at September 30, 2023			
	Level 1	Level 2	Level 3	Total
Interest rate swap asset	$ —	$ 42,204	$ —	$ 42,204
Total	$ —	$ 42,204	$ —	$ 42,204

The following table presents the Company's fair value hierarchy for those financial assets and liabilities measured at fair value on a recurring basis as of December 31, 2022 (in thousands):

	Fair Value at December 31, 2022			
	Level 1	Level 2	Level 3	Total

Fair Value at December 31, 2023	Fair Value at December 31, 2023

	Level 1	Level 1	Level 2	Level 3	Total
Interest rate swap asset	Interest rate swap asset	$—	$44,688	$—	$44,688
Interest rate swap liability					
Total	Total	$—	$44,688	$—	$44,688

The fair values of the derivative financial instruments are determined using widely accepted valuation techniques including a discounted cash flow analysis on the expected cash flows for each derivative. The Company determined that the significant inputs, such as interest yield curves and discount rates, used to value its derivatives fall within Level 2 of the fair value hierarchy and that the credit valuation adjustments associated with the Company's counterparties and its own credit risk utilize Level 3 inputs, such as estimates of current credit spreads to evaluate the likelihood of default by itself and its counterparties. As of September 30, 2023 March 31, 2024, the Company assessed the significance of the impact of the credit valuation adjustments on the overall valuation of its derivative positions and determined that the credit valuation adjustments were not significant to the overall valuation of its derivatives. As a result, the Company determined that its derivative valuations in their entirety are classified in Level 2 of the fair value hierarchy.

10. 9. Income Taxes

The Company accounts for income taxes using the asset and liability method. Under this method, deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to the differences between the financial statement carrying amounts of existing assets and liabilities and their respective income tax bases, and for net operating loss ("NOL"), capital loss and tax credit carryforwards. The deferred tax assets and liabilities are measured using the enacted income tax rates in effect for the year in which those temporary differences are expected to be realized or settled. The effect on the deferred tax assets and liabilities from a change in tax rates is recognized in earnings in the period when the new rate is enacted. However, deferred tax assets are recognized only to the extent that it is more likely than not that they will be realized based on consideration of all available evidence, including the future reversals of existing taxable temporary differences, future projected taxable income and tax planning strategies. Valuation allowances are provided if, based upon the weight of the available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized. The Company is still continuing to provide a full valuation allowance against the deferred tax assets related to the NOL carryforwards of RLJ Lodging Trust Master TRS, Inc., the Company's primary TRS.

The Company had no accruals for tax uncertainties as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023.

11. 10. Commitments and Contingencies

Restricted Cash Reserves

The Company is obligated to maintain cash reserve funds for future capital expenditures, real estate taxes, insurance, and debt obligations where lenders hold restricted cash due to cash trap events. The management agreements, franchise agreements and/or mortgage loan documents require the Company to reserve cash ranging typically from 3.0% to 5.0% of the individual hotel's revenues for future capital expenditures (including the periodic replacement or refurbishment of FF&E). Any unexpended amounts will remain the property of the Company upon termination of the management agreements, franchise agreements or mortgage loan documents. As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, approximately $35.8 million $40.7 million and $28.2 million $38.7 million, respectively, was available in the restricted cash reserves for future capital expenditures, real estate taxes, and insurance. As of December 31, 2022, there was also approximately $26.9 million of restricted cash held by a lender due to a cash trap event, and during the first quarter of 2023, all of the restrictions on this cash were removed.

Litigation

Neither the Company nor any of its subsidiaries is currently involved in any regulatory or legal proceedings that management believes will have a material and adverse effect on the Company's financial position, results of operations or cash flows.

Management Agreements

As of September 30, 2023 March 31, 2024, 96 of the Company's consolidated hotel properties were operated pursuant to management agreements with initial terms ranging from three to 25 years. This number includes 35 consolidated hotel properties that receive the benefits of a franchise agreement pursuant to management agreements with Hilton, Hyatt, or Marriott. Each management company receives a base management fee between 1.75% 1.5% and 3.5% of hotel revenues. Management agreements that include the benefits of a franchise agreement incur a base management fee between 1.75% 1.0% and 7.0% of hotel revenues. The management companies are also eligible to receive an incentive management fee if hotel operating income, as defined in the management agreements, exceeds certain thresholds. The incentive management fee is generally calculated as a percentage of hotel operating income after the Company has received a priority return on its investment in the hotel.

Management fees are included in management and franchise fee expense in the accompanying consolidated statements of operations and comprehensive income. For the three and nine months ended September 30, 2023, March 31, 2024 and 2023, the Company incurred management fee expense of approximately $10.4 million $9.9 million and $32.3 million, respectively. For the three and nine months ended September 30, 2022, the Company incurred management fee expense of approximately $9.2 million and $25.7 million $10.8 million, respectively.

Franchise Agreements

As of September 30, 2023 March 31, 2024, 59 of the Company's consolidated hotel properties were operated under franchise agreements with initial terms ranging from one to 30 years. This number excludes 35 consolidated hotel properties that receive the benefits of a franchise agreement pursuant to management agreements with Hilton, Hyatt, or Marriott. In addition, two hotels are not operated with a hotel brand so they do not have franchise agreements. Franchise agreements allow the hotel properties to operate under the respective brands. Pursuant to the franchise agreements, the Company pays a royalty fee between 2.0% and 6.0% of room revenue, plus additional fees for marketing, central reservation systems and other franchisor costs between 1.0% and 4.3% of room revenue. Certain hotels are also charged a royalty fee between 1.5% and 3.0% of food and beverage revenues.

Franchise fees are included in management and franchise fee expense in the accompanying consolidated statements of operations and comprehensive income. For the three and nine months ended September 30, 2023, March 31, 2024 and 2023, the Company incurred franchise fee expense of approximately $16.7 million $15.8 million and $50.2 million, respectively. For the three and nine months ended September 30, 2022, the Company incurred franchise fee expense of approximately $16.2 million and $46.2 million $15.4 million, respectively.

12. 11. Equity

Common Shares of Beneficial Interest

During the nine three months ended September 30, 2023, March 31, 2024 and 2023, the Company declared a cash dividend of $0.10 and $0.08 per common share, in each of the first and second quarters of 2023 and a cash dividend of $0.10 per common share in the third quarter of 2023. respectively.

During the nine three months ended September 30, 2022 March 31, 2024, the Company declared repurchased and retired approximately 0.1 million common shares for approximately $1.3 million. As of March 31, 2024, the Company's share repurchase program approved in 2023 had a cash dividend remaining capacity of $0.01 per common share in each of the first and second quarters of 2022 and a cash dividend of $0.05 per common share in the third quarter of 2022. $212.7 million.

On April 28, 2023 April 26, 2024, the Company's board of trustees approved a new share repurchase program to acquire up to an aggregate of $250.0 million of common and preferred shares from May 9, 2023 May 9, 2024 to May 8, 2024 May 8, 2025 (the "2023 "2024 Share Repurchase Program").

During the nine three months ended September 30, 2023 March 31, 2023, the Company repurchased and retired approximately 6.6 2.4 million common shares for approximately $66.8 million, of which $39.9 million was repurchased under a share repurchase program authorized by the Company's board of trustees in 2022, which expired May 8, 2023, and $26.9 million was repurchased under the 2023 Share Repurchase Program. Subsequent to September 30, 2023, the Company repurchased and retired approximately 0.3 million common shares for approximately $3.2 million. As of November 2, 2023, the 2023 Share Repurchase Program had a remaining capacity of $219.9 million.

During the nine months ended September 30, 2022, the Company repurchased and retired approximately 4.2 million common shares for approximately $50.0 $24.5 million.

Series A Preferred Shares

During the nine three months ended September 30, 2023 March 31, 2024 and 2022, 2023, the Company declared a cash dividend of $0.4875 on each Series A Preferred Share in each of the first, second and third quarters of 2023 and 2022. Share.

The Series A Preferred Shares are convertible, in whole or in part, at any time, at the option of the holders into common shares at a conversion rate of 0.2806 common shares for each Series A Preferred Share.

Noncontrolling Interest in Consolidated Joint Ventures

The Company consolidates the joint venture that owns The Knickerbocker hotel property, which has a third-party partner that owns a noncontrolling 5% ownership interest in the joint venture. The third-party ownership interest is included in the noncontrolling interest in consolidated joint ventures on the consolidated balance sheets.

Noncontrolling Interest in the Operating Partnership

The Company consolidates the Operating Partnership, which is a majority-owned limited partnership that has a noncontrolling interest. The outstanding OP units held by the limited partners are redeemable for cash, or at the option of the Company, for a like number of common shares. As of September 30, 2023 March 31, 2024, 771,831 outstanding OP units were held by the limited partners. The noncontrolling interest is included in the noncontrolling interest in the Operating Partnership on the consolidated balance sheets.

13. 12. Equity Incentive Plan

The Company may issue share-based awards to officers, employees, non-employee trustees and other eligible persons under the RLJ Lodging Trust 2021 Equity Incentive Plan (the "2021 Plan"). The 2021 Plan provides for a maximum of 6,828,527 common shares to be issued in the form of share options, share appreciation rights, restricted share awards, unrestricted share awards, share units, dividend equivalent rights, long-term incentive units, other equity-based awards and cash bonus awards.

Share Awards

From time to time, the Company may award unvested restricted shares as compensation to officers, employees and non-employee trustees. The issued shares vest over a period of time as determined by the board of trustees at the date of grant. The Company recognizes compensation expense for time-based unvested restricted shares on a straight-line basis over the vesting period based upon the fair market value of the shares on the date of issuance, adjusted for forfeitures.

Non-employee trustees may also elect to receive unrestricted shares as compensation that would otherwise be paid in cash for their services. The shares issued to non-employee trustees in lieu of cash compensation are unrestricted and include no vesting conditions. The Company recognizes compensation expense for the unrestricted shares issued in lieu of cash compensation on the date of issuance based upon the fair market value of the shares on that date.

A summary of the unvested restricted shares as of September 30, 2023 March 31, 2024 is as follows:

		2023		2024	
		Number of Shares	Weighted-Average Grant Date Fair Value	Number of Shares	Weighted-Average Grant Date Fair Value
Unvested at January 1, 2023		2,267,870	$ 15.32		
Unvested at January 1, 2024					
Granted	Granted	991,453	10.84		
Vested	Vested	(905,666)	15.20		
Forfeited	Forfeited	(25,828)	13.13		
Unvested at September 30, 2023		2,327,829	$ 13.48		
Unvested at March 31, 2024					

For the three and nine months ended September 30, 2023, March 31, 2024 and 2023, the Company recognized approximately $4.0 million $4.2 million and $11.4 million, respectively, of share-based compensation expense related to restricted share awards. For the three and nine months ended September 30, 2022, the Company recognized approximately $3.5 million and $10.7 $3.6 million, respectively, of share-based compensation expense related to restricted share awards. As of September 30, 2023 March 31, 2024, there was $17.7 million $17.2 million of total unrecognized compensation costs related to unvested restricted share awards and these costs are expected to be recognized over a weighted-average period of 1.5 2.1 years. The total fair value of the shares vested (calculated as the number of shares multiplied by the vesting date share price) during the nine three months ended September 30, 2023 March 31, 2024 and 2022 2023 was approximately $9.7 million $6.1 million and $8.8 million $4.4 million, respectively.

Performance Units

The Company aligns its executive officers with its long-term investors by awarding a significant percentage of their equity compensation in the form of multi-year performance unit awards that use both absolute and relative Total Shareholder Return total shareholder return as the primary metrics. The performance units granted prior to 2021 vest over a four year period, including three years of performance-based vesting (the “performance units measurement period”) plus an additional one year of time-based vesting. The Company estimates the compensation expense for the performance units on a straight-line basis using a calculation that recognizes 50% of the grant date fair value over three years and 50% of the grant date fair value over four years.

The performance units granted in 2021, 2022 and 2023 vest at the end of a three year period. period (the “performance units measurement period”).

The performance units granted in 2024 may convert into restricted shares at a range of 0% to 200% of the number of performance units granted contingent upon the Company achieving a relative shareholder return over the measurement period at specified percentiles of the peer group, as defined by the awards. These performance units are subject to modification based on the Company's absolute total shareholder return performance as follows: (1) if at the end of the measurement period the relative total shareholder return performance exceeds target and absolute total shareholder return is less than zero, payouts will be reduced by 25%, but not below target and (2) if the absolute total shareholder return is down more than 15% during the entire measurement period, the maximum payout will be capped at 115% of target. The performance units granted prior to 2024 may convert into restricted shares at a range of 0% to 200% of the number of performance units granted contingent upon the Company achieving an absolute total shareholder return (25% of award) and a relative shareholder return (75% of award) over the measurement period at specified percentiles of the peer group, as defined by the awards.

At the end of the performance units measurement period, if the target criterion is met, 100% of the performance units that are earned will vest immediately. The award recipients will not be entitled to receive any dividends prior to the date of conversion. For any restricted shares issued upon conversion, the award recipient will be entitled to receive payment of an amount equal to all dividends that would have been paid if such restricted shares had been issued at the beginning of the performance units measurement period. The fair value of the performance units was determined using a Monte Carlo simulation. For performance units granted in 2021, 2022 and 2023, the The Company estimates the compensation expense for the performance units on a straight-line basis using a calculation that recognizes 100% of the grant date fair value over three years.

A summary of the performance unit awards granted prior to 2024 is as follows:

Date of Award	Date of Award	Number of Units Granted	Grant Date Fair Value	Conversion Range	Risk Free Interest Rate	Volatility	Date of Award	Number of Units Granted	Grant Date Fair Value	Conversion Range	Risk Free Interest Rate	Volatility
February 2020 (1)		489,000	$11.59	0% to 200%	1.08%	23.46%						
February 2021		431,151	$20.90	0% to 200%	0.23%	69.47%						
February 2021 (1)												
February 2021 (1)												
February 2021 (1)								431,151	$20.90	0% to 200%	0.23%	69.47%
February 2022	February 2022	407,024	$21.96	0% to 200%	1.70%	70.15%	February 2022	407,024	$21.96	0% to 200%	1.70%	70.15%
February 2023	February 2023	574,846	$16.90	0% to 200%	4.33%	66.7%	February 2023	574,846	$16.90	0% to 200%	4.33%	66.70%
February 2024							February 2024	703,325	$15.13	0% to 200%	4.43%	35.6%

(1) In February 2023, 2024, following the end of the measurement period, the Company met certain threshold criterion and the performance units converted into approximately 200,000 restricted shares. Half of the 253,000 restricted shares, all of which vested immediately with the remaining half vesting in February 2024. As of September 30, 2023, there were approximately 100,000 unvested restricted shares related to the conversion of the performance units. immediately. The total fair value of the vested shares related to the conversion of the performance units (calculated as the number of vested shares multiplied by the vesting date share price) during the nine three months ended September 30, 2023 March 31, 2024 was approximately $1.1 $3.0 million.

For the three and nine months ended September 30, 2023, March 31, 2024 and 2023, the Company recognized approximately $2.3 million and $6.7 million, respectively, of share-based compensation expense related to the performance unit awards. For the three and nine months ended September 30, 2022, the Company recognized approximately $1.9 million and $5.4 million $2.1 million, respectively, of share-based compensation expense related to the performance unit awards. As of September 30, 2023 March 31, 2024, there was $13.1 million $18.9 million of total unrecognized compensation costs related to the performance unit awards and these costs are expected to be recognized over a weighted-average period of 1.9 2.3 years.

As of September 30, 2023 March 31, 2024, there were 2,688,397 1,765,411 common shares available for future grant under the 2021 Plan, which includes potential common shares that may convert from performance units if certain target criterion is met.

14. 13. Earnings per Common Share

Basic earnings per common share is calculated by dividing net (loss) income attributable to common shareholders by the weighted-average number of common shares outstanding during the period excluding the weighted-average number of unvested restricted shares and unvested performance units outstanding during the period. Diluted earnings per common share is calculated by dividing net (loss) income attributable to common shareholders by the weighted-average number of common shares outstanding during the period, plus any shares that could potentially be outstanding during the period. The potential shares consist of the unvested restricted share grants and unvested performance units, calculated using the treasury stock method, and convertible Series A Preferred Shares,
calculated using the if-converted method. Any anti-dilutive shares have been excluded from the diluted earnings per share calculation.

Unvested share-based payment awards that contain non-forfeitable rights to dividends or dividend equivalents (whether paid or unpaid) are participating shares and are considered in the computation of earnings per share pursuant to the two-class method. If there were any undistributed earnings allocable to the participating shares, they would be deducted from net (loss) income attributable to common shareholders used in the basic and diluted earnings per share calculations.

The limited partners' outstanding OP units (which may be redeemed for common shares under certain circumstances) have been excluded from the diluted earnings per share calculation as there was no effect on the amounts for the three and nine months ended September 30, 2023

March 31, 2024 and 2022, 2023, since the limited partners' share of income would also be added back to net (loss) income attributable to common shareholders.

The computation of basic and diluted earnings per common share is as follows (in thousands, except share and per share data):

		For the three months ended September 30,		For the nine months ended September 30,		For the three months ended March 31,	
		2023	2022	2023	2022	2024	2023
Numerator:	**Numerator:**						
Net income attributable to RLJ	Net income attributable to RLJ	$ 16,430	$ 17,594	$ 68,470	$ 35,312		
Net income attributable to RLJ							
Net income attributable to RLJ							
Less: Preferred dividends	Less: Preferred dividends	(6,279)	(6,279)	(18,836)	(18,836)		
Less: Dividends paid on unvested restricted shares	Less: Dividends paid on unvested restricted shares	(243)	(118)	(642)	(167)		
Less: Undistributed earnings attributable to unvested restricted shares		—	(46)	(133)	(73)		
Net income attributable to common shareholders excluding amounts attributable to unvested restricted shares		$ 9,908	$ 11,151	$ 48,859	$ 16,236		
Net (loss) income attributable to common shareholders excluding amounts attributable to unvested restricted shares							
Net (loss) income attributable to common shareholders excluding amounts attributable to unvested restricted shares							
Net (loss) income attributable to common shareholders excluding amounts attributable to unvested restricted shares							
Denominator:	**Denominator:**						
Denominator:							
Denominator:							
Weighted-average number of common shares - basic							
Weighted-average number of common shares - basic							

Weighted-average number of common shares - basic	Weighted-average number of common shares - basic	154,563,284	160,368,297	156,805,643	162,681,840
Unvested restricted shares	Unvested restricted shares	446,087	311,171	434,183	319,985
Unvested performance units	Unvested performance units	72,274	105,241	40,380	62,637
Weighted-average number of common shares - diluted	Weighted-average number of common shares - diluted	155,081,645	160,784,709	157,280,206	163,064,462
Net income per share attributable to common shareholders - basic		$ 0.06	$ 0.07	$ 0.31	$ 0.10
Net (loss) income per share attributable to common shareholders - basic					
Net (loss) income per share attributable to common shareholders - basic					
Net (loss) income per share attributable to common shareholders - basic					
Net income per share attributable to common shareholders - diluted		$ 0.06	$ 0.07	$ 0.31	$ 0.10
Net (loss) income per share attributable to common shareholders - diluted					
Net (loss) income per share attributable to common shareholders - diluted					
Net (loss) income per share attributable to common shareholders - diluted					

15. 14. Supplemental Information to Statements of Cash Flows (in thousands)

		For the nine months ended September 30,			
		2023	2022		
	For the three months ended March 31,			For the three months ended March 31,	
	2024			2024	2023
Reconciliation of cash, cash equivalents, and restricted cash reserves	**Reconciliation of cash, cash equivalents, and restricted cash reserves**				
Cash and cash equivalents					

Cash and cash equivalents			
Cash and cash equivalents	Cash and cash equivalents	$494,563	$488,146
Restricted cash reserves	Restricted cash reserves	35,807	51,504
Cash, cash equivalents, and restricted cash reserves	Cash, cash equivalents, and restricted cash reserves	$530,370	$539,650
Interest paid	Interest paid	$ 76,935	$ 76,768
Interest paid			
Interest paid			
Income taxes paid			
Income taxes paid			
Income taxes paid	Income taxes paid	$ 1,910	$ 850
Operating cash flow lease payments for operating leases	Operating cash flow lease payments for operating leases	$ 13,005	$ 12,438
Operating cash flow lease payments for operating leases			
Operating cash flow lease payments for operating leases			
Right-of-use asset obtained in exchange for lease obligation		$ 5,016	$ —
Right-of-use asset and liability adjustment due to remeasurement		$ —	$ (2,473)
Right-of-use asset and lease liability adjustments due to remeasurement			
Right-of-use asset and lease liability adjustments due to remeasurement			
Right-of-use asset and lease liability adjustments due to remeasurement			
Right-of-use asset and lease liability reclassifications to land due to acquisition			
Right-of-use asset and lease liability reclassifications to land due to acquisition			
Right-of-use asset and lease liability reclassifications to land due to acquisition			
Supplemental investing and financing transactions	**Supplemental investing and financing transactions**		
In connection with the acquisition of a hotel property, the Company recorded the following:			

Purchase of hotel property	$ —	$ 59,000
Supplemental investing and financing transactions		
Supplemental investing and financing transactions		
In connection with the acquisition of land, the Company recorded the following:		
In connection with the acquisition of land, the Company recorded the following:		
In connection with the acquisition of land, the Company recorded the following:		
Purchase price		
Purchase price		
Purchase price		
Application of purchase deposit		
Transaction costs Transaction costs	—	1,021
Operating prorations	—	(802)
Acquisition of hotel property, net	$ —	$ 59,219
In connection with the sales of hotel properties, the Company recorded the following:		
Sales price	$ —	$ 49,900
Transaction costs	(28)	(856)
Operating prorations	—	(991)
Acquisition, net		
Acquisition, net		
Acquisition, net		
(Payments) proceeds from sales of hotel properties, net	$ (28)	$ 48,053
Supplemental non-cash transactions		
Supplemental non-cash transactions		
Supplemental non-cash transactions **Supplemental non-cash transactions**		
Accrued capital expenditures Accrued capital expenditures	$ 13,645	$ 2,363
Accrued capital expenditures		
Accrued capital expenditures		

15.Subsequent Events

In April 2024, the Company borrowed $200.0 million under the Revolver and utilized the proceeds to fully repay a $200.0 million maturing mortgage loan.

In April 2024, the Company satisfied the requirements for one-year extension options on $181.0 million in mortgage loans to extend the maturities to April 2025, with second one-year extension options still remaining on these two mortgage loans, which are subject to certain conditions.

On April 26, 2024, the Company's board of trustees approved the 2024 Share Repurchase Program to acquire up to an aggregate of $250.0 million of common and preferred shares from May 9, 2024 to May 8, 2025.

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis should be read in conjunction with our consolidated financial statements and related notes included elsewhere in this report, Quarterly Report on Form 10-Q, as well as the information contained in our Annual Report, which is accessible on the SEC’s website at www.sec.gov.

Statement Regarding Forward-Looking Information

The following information contains certain statements, other than purely historical information, including estimates, projections, statements relating to our 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 (the "Securities Act") and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). 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 we believe 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 our actual results could differ materially from those set forth in the forward-looking statements.

Except as required by law, we undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise. We caution investors not to place undue reliance on these forward-looking statements and urge investors to carefully review the disclosures we make concerning risks and uncertainties in the sections entitled "Forward-Looking Statements," "Risk Factors," and "Management’s Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report, as well as the risks, uncertainties and other factors discussed in this Quarterly Report on Form 10-Q and identified in other documents filed by us with the SEC.

Overview

We are a self-advised and self-administered Maryland REIT that owns primarily premium-branded, rooms-oriented, high-margin, focused-service and compact full-service hotels located within heart of demand locations. We own a geographically diversified portfolio of hotels located in high-growth urban markets that exhibit multiple demand generators and attractive long-term growth prospects. We believe that our investment strategy allows us to generate high levels of Revenue per Available Room ("RevPAR"), strong operating margins and attractive returns.

Our strategy is to own primarily premium-branded, rooms-oriented, high-margin, focused-service and compact full-service hotels located within heart of demand locations. Focused-service and compact full-service hotels typically generate most of their revenue from room rentals, have limited food and beverage outlets and meeting space, and require fewer employees than traditional full-service hotels. We believe these types of hotels have the potential to generate attractive returns relative to other types of hotels due to their ability to achieve RevPAR levels at or close to those achieved by traditional full-service hotels while achieving higher profit margins due to their more efficient operating model and less volatile cash flows.

As of September 30, 2023 March 31, 2024, we owned 97 hotel properties with approximately 21,400 rooms, located in 23 states and the District of Columbia. We owned, through wholly-owned subsidiaries, a 100% interest in 95 of our hotel properties, a 95% controlling interest in one hotel property, and a 50% non-controlling interest in an entity owning one hotel property. We consolidate our real estate interests in the 96 hotel properties in which we hold a controlling interest, and we record the real estate interest in the one hotel property in which we hold an indirect 50% non-controlling interest using the equity method of accounting. We lease 96 of the 97 hotel properties to our TRSs, of which we own a controlling financial interest.

For U.S. federal income tax purposes, we elected to be taxed as a REIT commencing with our taxable year ended December 31, 2011. Substantially all of our assets and liabilities are held by, and all of our operations are conducted through our Operating Partnership. We are the sole general partner of the Operating Partnership. As of September 30, 2023 March 31, 2024, we owned, through a combination of direct and indirect interests, 99.5% of the units of limited partnership interest in the OP units.

2023 2024 Significant Activities

Our significant activities reflect our commitment to creating long-term shareholder value through enhancing our hotel portfolio's quality, recycling capital and maintaining a prudent capital structure. The following significant activities have taken place in 2023: 2024:

- Successfully launched Acquired a fee simple interest in the land at our Wyndham Boston Beacon Hill hotel conversion of The Pierside Hotel, an independent lifestyle property located in Santa Monica, California. for approximately $125.0 million.

- Exercised one-year extension options on approximately $224.7 million of certain Term Loans $181.0 million in mortgage loans to extend the maturities to January 2024. April 2025.

- Received $95.0 million in borrowings on Fully repaid a Term Loan amended in November 2022 and utilized the proceeds to pay off approximately $94.0 million of $200.0 million maturing Term Loans.

- Exercised the final one-year extension option on a mortgage loan to extend the maturity to April 2024. with a $200.0 million draw on our Revolver.

- Approved the 2023 Share Repurchase Program a new share repurchase program to acquire up to an aggregate of $250.0 million $250.0 million of common and preferred shares from May 9, 2023 May 9, 2024 to May 8, 2024 May 8, 2025.

- Converted the Hotel Indigo New Orleans Garden District to the Hotel Tonnelle New Orleans, a Tribute Portfolio Hotel.

- Refinanced our Term Loans and recast our $600 million Revolver to extend the maturity dates.

- Converted our 21c Hotel in Nashville, Tennessee to The Bankers Alley Hotel, a Tapestry Collection by Hilton.

- Repurchased and retired approximately 6.9 million shares for approximately $70.0 million.

Our Customers

The majority of our hotels consist of premium-branded, focused-service and compact full-service hotels. As a result of this property profile, the majority of our customers are transient in nature. Transient business typically represents individual business or leisure travelers. The majority of our hotels are located in business districts within major metropolitan areas. Accordingly, business travelers represent the majority of the transient demand at our hotels. As a result, macroeconomic factors impacting business travel have a greater effect on our business than factors impacting leisure travel.

Group business is typically defined as a minimum of 10 guestrooms booked together as part of the same piece of business. Group business may or may not use the meeting space at any given hotel. Given the limited meeting space at the majority of our hotels, group business that utilizes meeting space represents a small component of our customer base.

A number of our hotel properties are affiliated with brands marketed toward extended-stay customers. Extended-stay customers are generally defined as those staying five nights or longer.

Our Revenues and Expenses

Our revenues are primarily derived from the operation of hotels, including the sale of rooms, food and beverage revenue and other revenue, which consists of parking fees, resort fees, gift shop sales and other guest service fees.

Our operating costs and expenses consist of the costs to provide hotel services, including room expense, food and beverage expense, management and franchise fees and other operating expenses. Room expense includes housekeeping and front office wages and payroll taxes, reservation systems, room supplies, laundry services and other costs. Food and beverage expense primarily includes the cost of food, the cost of beverages and the associated labor costs. Other operating expenses include labor and other costs associated with the other operating department revenue, as well as labor and other costs associated with administrative departments, sales and marketing, repairs and maintenance and utility costs. Our hotels that are subject to franchise agreements are charged a royalty fee, plus additional fees for marketing, central reservation systems and other franchisor costs, in order for the hotel properties to operate under the respective brands. Franchise fees are based on a percentage of room revenue and for certain hotels additional franchise fees are charged for food and beverage revenue. Our hotels are managed by independent, third-party management companies under long-term agreements pursuant to which the management companies typically earn base and incentive management fees based on the levels of revenues and profitability of each individual hotel property. We generally receive a cash distribution from the management companies on a monthly basis, which reflects hotel-level sales less hotel-level operating expenses.

Key Indicators of Financial Performance

We use a variety of operating, financial and other information to evaluate the operating performance of our business. These key indicators include financial information that is prepared in accordance with GAAP as well as other financial measures that are non-GAAP measures. In addition, we use other information that may not be financial in nature, including industry standard statistical information and comparative data. We use this information to measure the operating performance of our individual hotels, groups of hotels and/or business as a whole. We also use these metrics to evaluate the hotels in our portfolio and potential acquisition opportunities to determine each hotel's contribution to cash flow and its potential to provide attractive long-term total returns. The key indicators include:

- Average Daily Rate ("ADR")
- Occupancy
- RevPAR

ADR, Occupancy and RevPAR are commonly used measures within the lodging industry to evaluate operating performance. RevPAR is an important statistic for monitoring operating performance at the individual hotel property level and across our entire business. We evaluate individual hotel RevPAR performance on an absolute basis with comparisons to budget and prior periods, as well as on a regional and company-wide basis. ADR and RevPAR include only room revenue.

We also use non-GAAP measures such as FFO, Adjusted FFO, EBITDA, EBITDA*re* and Adjusted EBITDA to evaluate the operating performance of our business. For a more in depth discussion of the non-GAAP measures, please refer to the "Non-GAAP Financial Measures" section.

Critical Accounting Policies and Estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of our financial statements and the reported amounts of revenues and expenses during the reporting period. It is possible that the actual amounts may differ significantly from these estimates and assumptions. We evaluate our estimates, assumptions and judgments on an ongoing basis, based on information that is available to us, our business and industry experience, and various other matters that we believe are reasonable and appropriate for consideration under the circumstances. Our Annual Report contains a discussion of our critical accounting policies and estimates. There have been no significant changes to our critical accounting policies and estimates since December 31, 2022 December 31, 2023.

Results of Operations

At both September 30, 2023 March 31, 2024 and 2022, 2023, we owned 97 hotel properties. Based on when a hotel property is acquired, sold or closed for renovation, the operating results for certain hotel properties are not comparable for the three and nine months ended September 30, 2023 and 2022. The non-comparable properties include two hotel properties that were sold and one acquisition that was completed in 2022.

Comparison of the three months ended September 30, 2023March 31, 2024 to thethree months ended September 30, 2022March 31, 2023

		For the three months ended September 30,					
		2023		2022		$ Change	
				(amounts in thousands)			
Revenues	**Revenues**						
Revenues							
Revenues							
Operating revenues							
Operating revenues							
Operating revenues	Operating revenues						
Room revenue	Room revenue	$	277,088	$	267,363	$	9,725
Room revenue							
Room revenue							
Food and beverage revenue							
Food and beverage revenue							
Food and beverage revenue	Food and beverage revenue		34,181		30,600		3,581
Other revenue	Other revenue		23,137		20,108		3,029
Other revenue							
Other revenue							
Total revenues							
Total revenues							
Total revenues	Total revenues		334,406		318,071		16,335
Expenses	**Expenses**						
Expenses							
Expenses							
Operating expenses							
Operating expenses							
Operating expenses	Operating expenses						

Room expense	Room expense	71,278	68,394	2,884
Room expense				
Room expense				
Food and beverage expense				
Food and beverage expense				
Food and beverage expense	Food and beverage expense	27,430	23,375	4,055
Management and franchise fee expense	Management and franchise fee expense	27,095	25,390	1,705
Management and franchise fee expense				
Management and franchise fee expense				
Other operating expenses				
Other operating expenses				
Other operating expenses	Other operating expenses	87,736	82,021	5,715
Total property operating expenses	Total property operating expenses	213,539	199,180	14,359
Total property operating expenses				
Total property operating expenses				
Depreciation and amortization				
Depreciation and amortization				
Depreciation and amortization	Depreciation and amortization	44,727	46,559	(1,832)
Property tax, insurance and other	Property tax, insurance and other	26,936	20,744	6,192
Property tax, insurance and other				
Property tax, insurance and other				
General and administrative				
General and administrative				
General and administrative	General and administrative	14,747	13,446	1,301
Transaction costs	Transaction costs	2	(773)	775
Transaction costs				
Transaction costs				
Total operating expenses	Total operating expenses	299,951	279,156	20,795
Total operating expenses				
Total operating expenses				
Other income, net				
Other income, net				
Other income, net	Other income, net	1,921	710	1,211
Interest income	Interest income	5,302	1,281	4,021
Interest income				
Interest income				
Interest expense	Interest expense	(24,833)	(22,625)	(2,208)
Gain (loss) on sale of hotel properties, net		16	(57)	73
Interest expense				
Interest expense				
Income before equity in loss from unconsolidated joint ventures		16,861	18,224	(1,363)
Equity in loss from unconsolidated joint ventures		(186)	(150)	(36)

Income before equity in income from unconsolidated joint ventures				
Income before equity in income from unconsolidated joint ventures				
Income before equity in income from unconsolidated joint ventures				
Equity in income from unconsolidated joint ventures				
Equity in income from unconsolidated joint ventures				
Equity in income from unconsolidated joint ventures				
Income before income tax expense				
Income before income tax expense				
Income before income tax expense	Income before income tax expense	16,675	18,074	(1,399)
Income tax expense	Income tax expense	(332)	(391)	59
Income tax expense				
Income tax expense				
Net income	Net income	16,343	17,683	(1,340)
Net (income) loss attributable to noncontrolling interests:				
Net income				
Net income				
Net loss (income) attributable to noncontrolling interests:				
Net loss (income) attributable to noncontrolling interests:				
Net loss (income) attributable to noncontrolling interests:				
Noncontrolling interest in the Operating Partnership				
Noncontrolling interest in the Operating Partnership				
Noncontrolling interest in the Operating Partnership	Noncontrolling interest in the Operating Partnership	(50)	(53)	3
Noncontrolling interest in consolidated joint ventures	Noncontrolling interest in consolidated joint ventures	137	(36)	173
Noncontrolling interest in consolidated joint ventures				
Noncontrolling interest in consolidated joint ventures				
Net income attributable to RLJ				
Net income attributable to RLJ				
Net income attributable to RLJ	Net income attributable to RLJ	16,430	17,594	(1,164)
Preferred dividends	Preferred dividends	(6,279)	(6,279)	—
Net income attributable to common shareholders		$ 10,151	$ 11,315	$ (1,164)
Preferred dividends				
Preferred dividends				
Net (loss) income attributable to common shareholders				
Net (loss) income attributable to common shareholders				

Net (loss) income attributable to common shareholders

Revenues

Total revenues increased $16.3 million $9.9 million to $334.4 million $324.4 million for the three months ended September 30, 2023 March 31, 2024 from $318.1 million $314.5 million for the three months ended September 30, 2022 March 31, 2023. The increase was the result of a $9.7 million $5.8 million increase in room revenue, a $3.6 million $2.4 million increase in food and beverage revenue, and a $3.0 million $1.7 million increase in other revenue.

Room Revenue

Room revenue increased $9.7 million $5.8 million to $277.1 million $266.6 million for the three months ended September 30, 2023 March 31, 2024 from $267.4 million $260.8 million for the three months ended September 30, 2022 March 31, 2023. The increase was primarily due to an increase in RevPAR resulting from an increase in leisure business travel recoveries in business and group bookings, and the ramping ramp up of our recently converted and renovated hotels.

The following are the quarter-to-date key hotel operating statistics for the comparable properties: statistics:

		For the three months ended September 30,				
		2023			2022	
		For the three months ended March 31,				
		For the three months ended March 31,				
		For the three months ended March 31,				
		2024				
		2024				
		2024				
Occupancy						
Occupancy						
Occupancy	Occupancy		74.2	%	72.8	%
ADR	ADR	$	191.07	$	188.21	
ADR						
ADR						
RevPAR	RevPAR	$	141.81	$	136.98	
RevPAR						
RevPAR						

Food and Beverage Revenue

Food and beverage revenue increased $3.6 million $2.4 million to $34.2 million $35.7 million for the three months ended September 30, 2023 March 31, 2024 from $30.6 million $33.3 million for the three months ended September 30, 2022 March 31, 2023. The increase in food and beverage revenue was primarily due to an increase in banquet and catering revenues from group business and new food and beverage outlets at the ramping up of our recently converted and renovated hotels.

Other Revenue

Other revenue increased $3.0 million $1.7 million to $23.1 million $22.1 million for the three months ended September 30, 2023 March 31, 2024 from $20.1 million $20.4 million for the three months ended September 30, 2022 March 31, 2023. The increase in other revenue was primarily due to an increase in parking fees, and resort and facility fees (including new resort and facility fees implemented during the prior year), and miscellaneous other sales and fees that corresponded to the increase in demand at the comparable properties over the prior period. fees.

Property Operating Expenses

Property operating expenses increased $14.4 million $12.5 million to $213.5 million for the three months ended September 30, 2023 March 31, 2024 from $199.2 million $201.0 million for the three months ended September 30, 2022 March 31, 2023. The increase was due to a $13.1 million increase in property operating expenses from the comparable properties.

The components of our property operating expenses for the comparable properties were as follows (in thousands):

	For the three months ended September 30,		
	2023	2022	$ Change
	For the three months ended March 31,		

		For the three months ended March 31,		
		For the three months ended March 31,		
		2024		
		2024		
		2024		
Room expense				
Room expense				
Room expense	Room expense	$ 70,774	$ 67,912	$ 2,862
Food and beverage expense	Food and beverage expense	26,978	22,999	3,979
Food and beverage expense				
Food and beverage expense				
Management and franchise fee expense				
Management and franchise fee expense				
Management and franchise fee expense	Management and franchise fee expense	26,985	25,249	1,736
Other operating expenses	Other operating expenses	86,034	81,530	4,504
Other operating expenses				
Other operating expenses				
Total property operating expenses	Total property operating expenses	$ 210,771	$ 197,690	$ 13,081
Total property operating expenses				
Total property operating expenses				

The increase in property operating expenses from the comparable properties was primarily due to increases in wages and benefits, as well as sales and marketing expenses, and fees and costs based on revenue.

Depreciation and Amortization

Depreciation and amortization expense decreased $1.8 million to $44.7 million for the three months ended September 30, 2023 from $46.6 million for the three months ended September 30, 2022. The decrease was primarily related to furniture, fixtures and equipment that were fully depreciated in 2022, partially offset by an increase in depreciation and amortization expense related to recently renovated hotels. other expenses.

Property Tax, Insurance and Other

Property tax, insurance and other expense increased $6.2 million $3.2 million to $26.9 million $27.8 million for the three months ended September 30, 2023 March 31, 2024 from $20.7 million $24.6 million for the three months ended September 30, 2022 March 31, 2023. The increase was primarily attributable to an increase in insurance premiums and property taxes including significant property tax increases at our Chicago area hotels, as well as an increase in ground rent expense primarily due to increases in percentage rent obligations and consumer price index adjustments for certain of our ground leases. insurance premiums.

General and Administrative

General and administrative expense increased $1.3 million $1.4 million to $14.7 million $15.1 million for the three months ended September 30, 2023 March 31, 2024 from $13.4 million $13.7 million for the three months ended September 30, 2022 March 31, 2023. The increase was attributable to an increase in non-cash compensation of $0.7 million, an increase in cash compensation related to a new executive, and increases in employee benefits and professional fees.

Other Income, net

Other income, net increased $2.3 million to $3.2 million for the three months ended March 31, 2024 from $0.8 million for the three months ended March 31, 2023. The increase was primarily attributable to an increase in compensation expense and professional fees. the receipt of certain COVID-19 relief awards during the three months ended March 31, 2024.

Interest Income

Interest income increased $4.0 million $1.1 million to $5.3 million $4.8 million for the three months ended September 30, 2023 March 31, 2024 from $1.3 million $3.7 million for the three months ended September 30, 2022 March 31, 2023. The increase was attributable to our corporate and hotel-level cash earning higher interest rates on our due to increases in the federal funds rate, which was partially offset by the impact of a lower average cash balances. balance during the three months ended March 31, 2024.

Interest Expense

Interest expense increased $2.2 million $2.3 million to $24.8 million $26.5 million for the three months ended September 30, 2023 March 31, 2024 from $22.6 million $24.1 million for the three months ended September 30, 2022 March 31, 2023. The increase was attributable to higher interest rates on our unhedged variable rate debt combined with an increase in the amount of our debt that was unhedged. The components of our interest expense for the three months ended September 30, 2023 March 31, 2024 and 2022 2023 were as follows (in thousands):

		For the three months ended September 30,		
		2023	2022	$ Change
		For the three months ended March 31,		
		For the three months ended March 31,		
		For the three months ended March 31,		
		2024		
		2024		
		2024		
Senior Notes				
Senior Notes				
Senior Notes	Senior Notes	$ 9,695	$ 9,695	$ —
Revolver and Term Loans	Revolver and Term Loans	7,365	7,870	(505)
Revolver and Term Loans				
Revolver and Term Loans				
Mortgage loans				
Mortgage loans				
Mortgage loans	Mortgage loans	5,727	3,388	2,339
Amortization of deferred financing costs	Amortization of deferred financing costs	1,564	1,420	144
Amortization of deferred financing costs				
Amortization of deferred financing costs				
Non-cash interest expense related to interest rate hedges				
Non-cash interest expense related to interest rate hedges				
Non-cash interest expense related to interest rate hedges	Non-cash interest expense related to interest rate hedges	482	252	230
Total interest expense	Total interest expense	$ 24,833	$ 22,625	$ 2,208
Total interest expense				
Total interest expense				

Comparison of the nine months ended September 30, 2023 to the nine months ended September 30, 2022

	For the nine months ended September 30,		
	2023	2022	$ Change
	(amounts in thousands)		
Revenues			
Operating revenues			
Room revenue	$ 833,416	$ 753,818	$ 79,598
Food and beverage revenue	105,601	82,655	22,946
Other revenue	66,852	54,998	11,854

Total revenues	1,005,869	891,471	114,398
Expenses			
Operating expenses			
Room expense	207,662	188,015	19,647
Food and beverage expense	81,604	61,314	20,290
Management and franchise fee expense	82,554	71,846	10,708
Other operating expenses	254,567	227,563	27,004
Total property operating expenses	626,387	548,738	77,649
Depreciation and amortization	134,648	140,346	(5,698)
Property tax, insurance and other	76,268	66,206	10,062
General and administrative	43,030	40,928	2,102
Transaction costs	26	(575)	601
Total operating expenses	880,359	795,643	84,716
Other income, net	3,506	8,716	(5,210)
Interest income	13,977	1,800	12,177
Interest expense	(73,506)	(71,041)	(2,465)
(Loss) gain on sale of hotel properties, net	(28)	996	(1,024)
Loss on extinguishment of indebtedness, net	(169)	—	(169)
Income before equity in income from unconsolidated joint ventures	69,290	36,299	32,991
Equity in income from unconsolidated joint ventures	315	255	60
Income before income tax expense	69,605	36,554	33,051
Income tax expense	(1,028)	(1,139)	111
Net income	68,577	35,415	33,162
Net (income) loss attributable to noncontrolling interests:			
Noncontrolling interest in the Operating Partnership	(238)	(74)	(164)
Noncontrolling interest in consolidated joint ventures	131	(29)	160
Net income attributable to RLJ	68,470	35,312	33,158
Preferred dividends	(18,836)	(18,836)	—
Net income attributable to common shareholders	$ 49,634	$ 16,476	$ 33,158

Revenues

Total revenues increased $114.4 million to $1.0 billion for the nine months ended September 30, 2023 from $891.5 million for the nine months ended September 30, 2022. The increase was the result of a $79.6 million increase in room revenue, a $22.9 million increase in food and beverage revenue, and a $11.9 million increase in other revenue.

Room Revenue

Room revenue increased $79.6 million to $833.4 million for the nine months ended September 30, 2023 from $753.8 million for the nine months ended September 30, 2022. The increase was the result of a $77.3 million increase in room revenue from the comparable properties and a $2.3 million increase from the non-comparable properties. The increase from the comparable properties was due to an increase in RevPAR resulting from an increase in leisure travel, recoveries in business and group bookings, and the ramping up of our recently converted hotels.

The following are the year-to-date key hotel operating statistics for the comparable properties:

	For the nine months ended September 30,	
	2023	2022
Occupancy	72.7 %	69.6 %
ADR	$ 197.62	$ 187.21
RevPAR	$ 143.60	$ 130.25

Food and Beverage Revenue

Food and beverage revenue increased $22.9 million to $105.6 million for the nine months ended September 30, 2023 from $82.7 million for the nine months ended September 30, 2022. The increase in food and beverage revenue was primarily due to an increase in banquet and catering revenues from group business, the reopening of certain food and beverage outlets, and new food and beverage outlets at our recently converted hotels.

Other Revenue

Other revenue increased $11.9 million to $66.9 million for the nine months ended September 30, 2023 from $55.0 million for the nine months ended September 30, 2022. The increase in other revenue was primarily due to an increase in parking fees, resort and facility fees (including new resort and facility fees implemented during the prior year), and miscellaneous other sales and fees that corresponded to the increase in demand at the comparable properties over the prior period.

Property Operating Expenses

Property operating expenses increased $77.6 million to $626.4 million for the nine months ended September 30, 2023 from $548.7 million for the nine months ended September 30, 2022. The increase was due to a $73.9 million increase in property operating expenses from the comparable properties and a $3.8 million increase in property operating expenses from the non-comparable properties.

The components of our property operating expenses for the comparable properties were as follows (in thousands):

	For the nine months ended September 30,		
	2023	2022	$ Change
Room expense	$ 205,843	$ 186,864	$ 18,979
Food and beverage expense	80,069	60,723	19,346
Management and franchise fee expense	82,036	71,466	10,570
Other operating expenses	251,237	226,277	24,960
Total property operating expenses	$ 619,185	$ 545,330	$ 73,855

The increase in property operating expenses from the comparable properties was primarily due to increases in wages and benefits, sales and marketing expenses, and fees and costs based on revenue.

Depreciation and Amortization

Depreciation and amortization expense decreased $5.7 million to $134.6 million for the nine months ended September 30, 2023 from $140.3 million for the nine months ended September 30, 2022. The decrease was primarily related to furniture, fixtures and equipment that were fully depreciated in 2022, partially offset by an increase in depreciation and amortization expense related to recently renovated hotels.

Property Tax, Insurance and Other

Property tax, insurance and other expense increased $10.1 million to $76.3 million for the nine months ended September 30, 2023 from $66.2 million for the nine months ended September 30, 2022. The increase was attributable to an increase in insurance premiums and property taxes, including significant property tax increases at our Chicago area hotels, as well as an increase in ground rent expense primarily due to increases in percentage rent obligations and consumer price index adjustments for certain of our ground leases.

General and Administrative

General and administrative expense increased $2.1 million to $43.0 million for the nine months ended September 30, 2023 from $40.9 million for the nine months ended September 30, 2022. The increase was primarily attributable to an increase in compensation expense and professional fees.

Other Income, net

Other income, net decreased $5.2 million to $3.5 million for the nine months ended September 30, 2023 from $8.7 million for the nine months ended September 30, 2022. The decrease was primarily attributable to the reclassification of unrealized gains from accumulated other comprehensive income due to the discontinuation of certain cash flow hedges during the nine months ended September 30, 2022.

Interest Income

Interest income increased $12.2 million to $14.0 million for the nine months ended September 30, 2023 from $1.8 million for the nine months ended September 30, 2022. The increase was attributable to higher interest rates on our cash balances.

Interest Expense

Interest expense increased $2.5 million to $73.5 million for the nine months ended September 30, 2023 from $71.0 million for the nine months ended September 30, 2022. The increase was attributable to higher interest rates on our unhedged variable rate debt combined with an increase in the amount of our debt that was unhedged. The components of our interest expense for the nine months ended September 30, 2023 and 2022 were as follows (in thousands):

	For the nine months ended September 30,		
	2023	2022	$ Change
Senior Notes	$ 29,070	$ 29,125	$ (55)
Revolver and Term Loans	23,176	26,975	(3,799)
Mortgage loans	15,286	9,926	5,360
Amortization of deferred financing costs	4,528	4,522	6

Non-cash interest expense related to interest rate hedges	1,446	493	953
Total interest expense	$ 73,506	$ 71,041	$ 2,465

(Loss) Gain on Sale of Hotel Properties, net

During the nine months ended September 30, 2022, we sold two hotel properties for a combined sales price of approximately $49.9 million and recorded a net gain on sale of approximately $1.0 million. There were no hotels sold during the nine months ended September 30, 2023.

Non-GAAP Financial Measures

We consider the following non-GAAP financial measures useful to investors as key supplemental measures of our performance: (1) FFO, (2) Adjusted FFO, (3) EBITDA, (4) EBITDA*re* and (5) Adjusted EBITDA. These non-GAAP financial measures should be considered along with, but not as alternatives to, net income or loss as a measure of our operating performance. FFO, Adjusted FFO, EBITDA, EBITDA*re,* and Adjusted EBITDA, as calculated by us, may not be comparable to FFO, Adjusted FFO, EBITDA, EBITDA*re* and Adjusted EBITDA as reported by other companies that do not define such terms exactly as we define such terms.

Funds From Operations

We calculate funds from operations ("FFO") in accordance with standards established by the National Association of Real Estate Investment Trusts ("NAREIT"), which defines FFO as net income or loss, excluding gains or losses from sales of real estate, impairment, the cumulative effect of changes in accounting principles, plus depreciation and amortization, and adjustments for unconsolidated partnerships and joint ventures. Historical cost accounting for real estate assets implicitly assumes that the value of real estate assets diminishes predictably over time. Since real estate values instead have historically risen or fallen with market conditions, most real estate industry investors consider FFO to be helpful in evaluating a real estate company's operations. We believe that the presentation of FFO provides useful information to investors regarding our operating performance and can facilitate comparisons of operating performance between periods and between REITs, even though FFO does not represent an amount that accrues directly to common shareholders. Our calculation of FFO may not be comparable to measures calculated by other companies who do not use the NAREIT definition of FFO or do not calculate FFO per diluted share in accordance with NAREIT guidance. Additionally, FFO may not be helpful when comparing us to non-REITs. We present FFO attributable to common shareholders, which includes our OP units, because our OP units may be redeemed for common shares. We believe it is meaningful for the investor to understand FFO attributable to all common shares and OP units.

We further adjust FFO for certain additional items that are not in NAREIT's definition of FFO, such as transaction costs, pre-opening costs, gains or losses on extinguishment of indebtedness, non-cash income tax expense or benefit, amortization of share-based compensation, non-cash interest expense related to discontinued interest rate hedges, derivative gains or losses in accumulated other comprehensive income reclassified to earnings, and certain other income or expenses that we consider outside the normal course of operations. We believe that Adjusted FFO provides useful supplemental information to investors regarding our ongoing operating performance that, when considered with net income and FFO, is beneficial to an investor's understanding of our operating performance.

The following table is a reconciliation of our GAAP net income to FFO attributable to common shareholders and unitholders and Adjusted FFO attributable to common shareholders and unitholders for the three and nine months ended September 30, 2023 March 31, 2024 and 2022 2023 (in thousands):

		For the three months ended September 30,		For the nine months ended September 30,		For the three months ended March 31,	
		2023	2022	2023	2022	2024	2023
Net income	Net income	$16,343	$17,683	$ 68,577	$ 35,415		
Preferred dividends	Preferred dividends	(6,279)	(6,279)	(18,836)	(18,836)		
Depreciation and amortization	Depreciation and amortization	44,727	46,559	134,648	140,346		
(Gain) loss on sale of hotel properties, net		(16)	57	28	(996)		
Noncontrolling interest in consolidated joint ventures							
Noncontrolling interest in consolidated joint ventures							
Noncontrolling interest in consolidated joint ventures	Noncontrolling interest in consolidated joint ventures	137	(36)	131	(29)		

Adjustments related to consolidated joint venture (1)	Adjustments related to consolidated joint venture (1)	(44)	(47)	(131)	(144)
Adjustments related to unconsolidated joint venture (2)	Adjustments related to unconsolidated joint venture (2)	236	241	709	831
FFO	FFO	55,104	58,178	185,126	156,587
Transaction costs	Transaction costs	2	(773)	26	(575)
Pre-opening costs (3)	Pre-opening costs (3)	327	907	1,188	1,519
Loss on extinguishment of indebtedness, net		—	—	169	—
Amortization of share-based compensation					
Amortization of share-based compensation					
Amortization of share-based compensation	Amortization of share-based compensation	6,247	5,420	18,028	16,074
Non-cash interest expense related to discontinued interest rate hedges	Non-cash interest expense related to discontinued interest rate hedges	482	252	1,446	493
Derivative gains in accumulated other comprehensive income reclassified to earnings (4)		—	—	—	(5,866)
Other expenses (5)		930	10	1,026	56
Non-cash interest expense related to discontinued interest rate hedges					
Non-cash interest expense related to discontinued interest rate hedges					
Other expenses (4)					
Other expenses (4)					
Other expenses (4)					
Adjusted FFO	Adjusted FFO	$63,092	$63,994	$207,009	$168,288

(1) Includes depreciation and amortization expense allocated to the noncontrolling interest in the consolidated joint venture.

(2) Includes our ownership interest in the depreciation and amortization expense of the unconsolidated joint venture.

(3) Represents expenses related to the brand conversions of certain hotel properties prior to opening.

(4) Reclassification of interest rate swap gains from accumulated other comprehensive income to earnings for discontinued interest rate hedges.

(5) Represents expenses and income outside of the normal course of operations. For the three and nine months ended September 30, 2023, other expenses included one-time management company transition costs of $0.6 million.

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EBITDA and EBITDA*re*

EBITDA is defined as net income or loss excluding: (1) interest expense; (2) income tax expense; and (3) depreciation and amortization expense. We consider EBITDA useful to an investor in evaluating and facilitating comparisons of our operating performance between periods and between REITs by removing the impact of our capital structure (primarily interest expense) and asset base (primarily depreciation and amortization expense) from our operating results. In addition, EBITDA is used as one measure in determining the value of hotel acquisitions and disposals.

In addition to EBITDA, we present EBITDA*re* in accordance with NAREIT guidelines, which defines EBITDA*re* as net income or loss excluding interest expense, income tax expense, depreciation and amortization expense, gains or losses from sales of real estate, impairment, and adjustments for unconsolidated joint ventures. We believe that the presentation of EBITDA*re* provides useful information to investors regarding our operating performance and can facilitate comparisons of operating performance between periods and between REITs.

We also present Adjusted EBITDA, which includes additional adjustments for items such as transaction costs, pre-opening costs, gains or losses on extinguishment of indebtedness, amortization of share-based compensation, derivative gains or losses in accumulated other comprehensive income reclassified to earnings, and certain other income or expenses that we consider

outside the normal course of operations. We believe that Adjusted EBITDA provides useful supplemental information to investors regarding our ongoing operating performance that, when considered with net income, EBITDA, and EBITDA*re*, is beneficial to an investor’s understanding of our operating performance.

The following table is a reconciliation of our GAAP net income to EBITDA, EBITDA*re* and Adjusted EBITDA for the three and nine months ended September 30, 2023 March 31, 2024 and 2022 2023 (in thousands):

		For the three months ended September 30,		For the nine months ended September 30,		For the three months ended March 31,	
		2023	2022	2023	2022	2024	2023
Net income	Net income	$16,343	$17,683	$ 68,577	$ 35,415		
Depreciation and amortization	Depreciation and amortization	44,727	46,559	134,648	140,346		
Interest expense, net of interest income	Interest expense, net of interest income	19,531	21,344	59,529	69,241		
Income tax expense	Income tax expense	332	391	1,028	1,139		
Adjustments related to unconsolidated joint venture (1)	Adjustments related to unconsolidated joint venture (1)	344	354	1,034	1,169		
EBITDA		81,277	86,331	264,816	247,310		
(Gain) loss on sale of hotel properties, net		(16)	57	28	(996)		
EBITDA and EBITDA*re*							
EBITDA*re*		81,261	86,388	264,844	246,314		
Transaction costs							
Transaction costs							
Transaction costs	Transaction costs	2	(773)	26	(575)		
Pre-opening costs (2)	Pre-opening costs (2)	327	907	1,188	1,519		
Loss on extinguishment of indebtedness, net		—	—	169	—		

Amortization of share-based compensation	Amortization of share-based compensation	6,247	5,420	18,028	16,074
Derivative gains in accumulated other comprehensive income reclassified to earnings (3)		—	—	—	(5,866)
Other expenses (4)		930	10	1,026	56
Amortization of share-based compensation					
Amortization of share-based compensation					
Other expenses (3)					
Other expenses (3)					
Other expenses (3)					
Adjusted EBITDA	Adjusted EBITDA	$88,767	$91,952	$285,281	$257,522

(1) Includes our ownership interest in the interest, depreciation, and amortization expense of the unconsolidated joint venture.

(2) Represents expenses related to the brand conversions of certain hotel properties prior to opening.

(3) Reclassification of interest rate swap gains from accumulated other comprehensive income to earnings for discontinued interest rate hedges.

(4) Represents expenses and income outside of the normal course of operations. For the three and nine months ended September 30, 2023, other expenses included one-time management company transition costs of $0.6 million.

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Liquidity and Capital Resources

Our liquidity requirements consist primarily of the funds necessary to pay for operating expenses and other expenditures directly associated with our hotel properties, including:

- funds necessary to pay for the costs of acquiring hotel properties;
- redevelopments, conversions, renovations and other capital expenditures that need to be made periodically to our hotel properties;
- recurring maintenance and capital expenditures necessary to maintain our hotel properties in accordance with brand standards;
- interest expense and scheduled principal payments on outstanding indebtedness;
- distributions on common and preferred shares; and
- corporate and other general and administrative expenses.

As of September 30, 2023 March 31, 2024, we had $530.4 million $391.0 million of cash, cash equivalents, and restricted cash reserves as compared to $536.4 million $555.3 million at December 31, 2022 December 31, 2023.

Sources and Uses of Cash

Cash flows from Operating Activities

The net cash flow provided by operating activities totaled $226.2 million $20.8 million and $203.7 million $42.0 million for the nine three months ended September 30, 2023 March 31, 2024 and 2022, 2023, respectively. Our cash flows provided by operating activities generally consist of the net cash generated by our hotel operations, the cash paid for corporate expenses and other working capital changes. Refer to the "Results of Operations" section for further discussion of our operating results for the nine three months ended September 30, 2023 March 31, 2024 and 2022. 2023.

Cash flows from Investing Activities

The net cash flow used in investing activities totaled $102.0 million $158.0 million for the nine three months ended September 30, 2023 March 31, 2024 primarily due to a $122.7 million acquisition of a fee simple interest in our Wyndham Boston Beacon Hill hotel property, $33.8 million in capital improvements and additions to our hotel properties. properties and other assets, and a purchase deposit of $1.5 million.

The net cash flow used in investing activities totaled $97.8 million $32.6 million for the nine three months ended September 30, 2022 primarily March 31, 2023 due to a $59.2 million acquisition of a hotel property and $86.6 million in capital improvements and additions to our hotel properties. The net cash flow used in investing activities was partially offset by $48.1 million in proceeds from the sale of hotel properties.

Cash flows from Financing Activities

The net cash flow used in financing activities totaled $130.2 million $27.2 million for the nine three months ended September 30, 2023 March 31, 2024 primarily due to $66.8 million $1.3 million paid to repurchase common shares under our a share repurchase programs, $52.6 million program, $21.9 million in distributions to shareholders and unitholders, $4.4 million and $4.0 million paid to repurchase common shares to satisfy employee tax withholding requirements, and $7.8 million in deferred financing cost payments. requirements.

The net cash flow used in financing activities totaled $280.1 million $40.2 million for the nine three months ended September 30, 2022 March 31, 2023 primarily primarily due to the $200.0 million $94.0 million in repayment of the outstanding balance on the Revolver, $50.0 million Term Loans, $24.5 million paid to repurchase common shares under a share repurchase program, $24.0 million $14.4 million in distributions to shareholders and unitholders, $2.6 million in distributions to joint venture partners, and $3.6 million $1.9 million paid to repurchase common shares to satisfy employee tax withholding requirements, and $0.3 million in deferred financing cost payments. The net cash withholding requirements. flow used in financing activities was partially offset by $95.0 million in borrowing on a Term Loan.

Capital Expenditures and Reserve Funds

We maintain each of our hotel properties in good repair and condition and in conformity with applicable laws and regulations, franchise agreements and management agreements. The cost of routine improvements and alterations are paid out of FF&E reserves, which are funded by a portion of each hotel property's gross revenues. Routine capital expenditures may be administered by the property management companies. However, we have approval rights over the capital expenditures as part of the annual budget process for each of our hotel properties.

From time to time, certain of our hotel properties may undergo renovations as a result of our decision to upgrade portions of the hotels, such as guestrooms, public space, meeting space, and/or restaurants, in order to better compete with other hotels and alternative lodging options in our markets. In addition, upon acquisition of a hotel property we often are required to complete a property improvement plan in order to bring the hotel up to the respective franchisor's standards. If permitted by the terms of the management agreement, funding for a renovation will first come from the FF&E reserves. To the extent that the FF&E reserves are not available or sufficient to cover the cost of the renovation, we will fund all or the remaining portion of the renovation with cash and cash equivalents on hand, our Revolver and/or other sources of available liquidity.

With respect to some of our hotels that are operated under franchise agreements with major national hotel brands and for some of our hotels subject to first mortgage liens, we are obligated to maintain FF&E reserve accounts for future capital expenditures at these hotels. The amount funded into each of these reserve accounts is generally determined pursuant to the management agreements, franchise agreements and/or mortgage loan documents for each of the respective hotels, and typically ranges between 3.0% and 5.0% of the respective hotel's total gross revenue. As of September 30, 2023 March 31, 2024, approximately $29.0 million $35.8 million was held in FF&E reserve accounts for future capital expenditures.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Market risk includes the risks that arise from changes in interest rates, equity prices and other market changes that affect market sensitive instruments. Our primary market risk exposure is to changes in interest rates on our variable rate debt. As of September 30, 2023 March 31, 2024, we had approximately $1.2 billion of total variable rate debt outstanding (or 54.1% of total indebtedness) with a weighted-average interest rate of 4.03% 4.62% per annum. After taking into consideration the effect of interest rate swaps, 93.0% 81.8% of our total indebtedness was fixed or effectively fixed. As of September 30, 2023 March 31, 2024, if market interest rates on our variable rate debt not subject to interest rate swaps were to increase by 1.00%, or 100 basis points, interest expense would decrease future earnings and cash flows by approximately $1.6 million $4.1 million annually, taking into account our existing contractual hedging arrangements.

Our interest rate risk objectives are to limit the impact of interest rate fluctuations on earnings and cash flows and to lower our overall borrowing costs. To achieve these objectives, we manage our exposure to fluctuations in market interest rates through the use of fixed rate debt instruments to the extent that reasonably favorable rates are obtainable. We have entered into derivative financial instruments such as interest rate swaps to mitigate our interest rate risk or to effectively lock the interest rate on a portion of our variable rate debt. We do not enter into derivative or interest rate transactions for speculative purposes.

The following table provides information about our financial instruments that are sensitive to changes in interest rates. For debt obligations outstanding as of September 30, 2023 March 31, 2024, the following table presents the principal repayments and related weighted-average interest rates by contractual maturity dates (in thousands):

		2023	2024	2025	2026	2027	Thereafter	Total		2024	2025	2026	2027	2028	Thereafter	Total
Fixed rate debt (1)(2)	Fixed rate debt (1)(2)	$—	$ —	$ —	$ 500,000	$—	$525,000	$1,025,000								
Weighted-average interest rate	Weighted-average interest rate	— %	— %	— %	3.75 %	— %	4.05 %	3.90 %	Weighted-average interest rate	— %	— %	3.75 %	— %	— %	4.05 %	3.90 %
Variable rate debt (1)		$ —	$381,000	$400,000	$ 425,000	$ —	$ —	$1,206,000								

Weighted-average interest rate (3)		— %	5.63 %	3.38 %	3.21 %	— %	— %	4.03 %
Variable rate debt (1)(3)								
Weighted-average interest rate (3)(4)								
Weighted-average interest rate (3)(4)		5.94 %	4.74 %	3.84 %	— %	— %	— %	4.62 %
Total	Total	$ —	$381,000	$400,000	$ 925,000	$ —	$525,000	$2,231,000

(1) Excludes $4.0 million $3.1 million, $0.3 million $0.1 million and $8.9 million $7.7 million of net deferred financing costs on the Term Loans, mortgage loans and Senior Notes, respectively.

(2) Excludes $1.9 million $1.7 million related to a fair value adjustment on debt.

(3) The principal repayments and weighted-average interest rate for 2024 exclude the mortgage loans for which we exercised our one-year extension options in April 2024 and include the mortgage loan we fully repaid in April 2024 using $200.0 million in borrowings under our Revolver.

(4) The weighted-average interest rate gives effect to interest rate swaps, as applicable.

Our ultimate realized gain or loss with respect to interest rate fluctuations will depend on the exposures that arise during future periods, prevailing interest rates and our hedging strategies at that time.

Changes in market interest rates on our fixed rate debt impact the fair value of our debt, but such changes have no impact to on our consolidated financial statements. As of September 30, 2023 March 31, 2024, the estimated fair value of our fixed rate debt was $883.2 million $942.1 million, which is was based on having the same debt service requirements that could have been borrowed at the date presented, at prevailing current market interest rates. If interest rates were to rise by 1.00%, or 100 basis points, and our fixed rate debt balance remains remained constant, we expect the fair value of our debt to would decrease by approximately $33.6 million $32.5 million.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

In accordance with Rule 13a-15(b) of the Exchange Act, the Company's management, under the supervision and participation of the Company's Chief Executive Officer and the Chief Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act) as of the end of the period covered by this report. Quarterly Report on Form 10-Q. Based on that evaluation, the Company's Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective as of September 30, 2023 March 31, 2024.

Changes in Internal Control over Financial Reporting

There have been no changes in the Company's internal control over financial reporting (as defined in Rule 13a-15 and 15d-15 of the Exchange Act) during the period ended September 30, 2023 March 31, 2024 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

The nature of the operations of our hotels exposes our hotel properties, the Company and the Operating Partnership to the risk of claims and litigation in the normal course of their business. Other than routine litigation arising out of the ordinary course of business, the Company is not presently subject to any material litigation nor, to the Company's knowledge, is any material litigation threatened against the Company.

Item 1A. Risk Factors

For a discussion of our potential risks and uncertainties, please refer to the "Risk Factors" section in our Annual Report, which is accessible on the SEC's website at www.sec.gov. There have been no material changes to the risk factors previously disclosed in our Annual Report.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Unregistered Sales of Equity Securities

The Company did not sell any securities during the quarter ended September 30, 2023 March 31, 2024 that were not registered under the Securities Act.

Issuer Purchases of Equity Securities

The following table summarizes all of the share repurchases during the three months ended September 30, 2023 March 31, 2024:

Period	Total number of shares purchased		Average price paid per share	Total number of shares purchased as part of publicly announced plans or programs	Maximum number of shares that may yet be purchased under the plans or programs (1)
July 1, 2023 through July 31, 2023	224,056	$	10.06	224,056	22,880,530
August 1, 2023 through August 31, 2023	982,760	$	9.77	982,760	22,629,624
September 1, 2023 through September 30, 2023	298,938	$	9.86	298,938	22,790,720
Total	1,505,754			1,505,754	

Period	Total number of shares purchased (1)		Average price paid per share	Total number of shares purchased as part of publicly announced plans or programs	Maximum number of shares that may yet be purchased under the plans or programs (2)
January 1, 2024 through January 31, 2024	105,511	$	11.86	105,511	18,365,987
February 1, 2024 through February 29, 2024	227,510	$	11.61	—	17,917,281
March 1, 2024 through March 31, 2024	118,360	$	11.75	—	17,993,074
Total	451,381			105,511	

(1) The 2023 Share Repurchase Program Includes surrendered common shares owned by certain employees to satisfy their statutory minimum federal and state tax obligations associated with the vesting of restricted common shares of beneficial interest issued under the 2021 Plan.

(2) A share repurchase program to acquire up to an aggregate of $250.0 million of common and preferred shares was approved in April 2023 and is set to expire on May 8, 2024 (the "2023 Share Repurchase Program"). The maximum number of shares that may yet be repurchased under a share repurchase program the 2023 Share Repurchase Program is calculated by dividing the total dollar amount available to repurchase shares by the closing price of our common shares on the last business day of the respective month.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

Rule 10b5-1 Trading Plans

During the quarter three months ended September 30, 2023 March 31, 2024, none of the Company's trustees or executive officers adopted or terminated any contract, instruction or written plan for the purchase or sale of Company securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) or any "non-Rule 10b5-1 trading arrangement."

Item 6. Exhibits

The exhibits required to be filed by Item 601 of Regulation S-K are noted below:

Exhibit Index

Exhibit Number	Description of Exhibit	
3.1	Articles of Amendment and Restatement of Declaration of Trust of RLJ Lodging Trust (incorporated by reference to Exhibit 3.1 to Amendment No. 4 to the Registrant's Registration Statement on Form S-11 (File. No. 333-172011) filed on May 5, 2011)	
3.2	Articles of Amendment to Articles of Amendment and Restatement of Declaration of Trust of RLJ Lodging Trust (incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K filed on May 7, 2015)	
3.3	Articles of Amendment to Articles of Amendment and Restatement of Declaration of Trust of RLJ Lodging Trust (incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K filed on May 5, 2016)	
3.4	Articles Supplementary to Articles of Amendment and Restatement of Declaration of Trust (incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K filed on February 26, 2015)	
3.5	Articles Supplementary designating RLJ Lodging Trust's $1.95 Series A Cumulative Convertible Preferred Shares, par value $0.01 per share (incorporated by reference to Exhibit 3.5 to the Registrant's Form 8-A filed on August 30, 2017)	
3.6	Third Amended and Restated Bylaws of RLJ Lodging Trust (incorporated by reference to Exhibit 3.2 to the Registrant's Current Report on Form 8-K filed on May 5, 2016)	
31.1*	Certification of Chief Executive Officer pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	
31.2*	Certification of Chief Financial Officer pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	
32.1*	Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	
101.INS	Inline XBRL Instance Document	Submitted electronically with this report
101.SCH	Inline XBRL Taxonomy Extension Schema Document	Submitted electronically with this report
101.CAL	Inline XBRL Taxonomy Calculation Linkbase Document	Submitted electronically with this report
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document	Submitted electronically with this report
101.LAB	Inline XBRL Taxonomy Label Linkbase Document	Submitted electronically with this report
101.PRE	Inline XBRL Taxonomy Presentation Linkbase Document	Submitted electronically with this report
104	Cover Page Interactive Data File (formatted as Inline XBRL and included in Exhibit 101)	Submitted electronically with this report

*Filed herewith

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

RLJ LODGING TRUST

Dated: November 2, 2023 May 2, 2024	/s/ LESLIE D. HALE **Leslie D. Hale** President and Chief Executive Officer
Dated: November 2, 2023 May 2, 2024	/s/ SEAN M. MAHONEY **Sean M. Mahoney** Executive Vice President and Chief Financial Officer (Principal Financial Officer)
Dated: November 2, 2023 May 2, 2024	/s/ CHRISTOPHER A. GORMSEN **Christopher A. Gormsen** Senior Vice President and Chief Accounting Officer (Principal Accounting Officer)

EXHIBIT 31.1

Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Leslie D. Hale, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of RLJ Lodging Trust;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c. Evaluated the effectiveness of the registrant's disclosure controls and procedures, and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and

d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of trustees (or persons performing the equivalent functions):

a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

RLJ LODGING TRUST

Dated: November 2, 2023 May 2, 2024

/s/ LESLIE D. HALE

Leslie D. Hale
President and Chief Executive Officer

EXHIBIT 31.2

Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Sean M. Mahoney, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of RLJ Lodging Trust;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c. Evaluated the effectiveness of the registrant's disclosure controls and procedures, and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and

d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of trustees (or persons performing the equivalent functions):

a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

RLJ LODGING TRUST

Dated: November 2, 2023 May 2, 2024

/s/ SEAN M. MAHONEY

Sean M. Mahoney
Executive Vice President and Chief Financial Officer

EXHIBIT 32.1

Certification Pursuant To
18 U.S.C. Section 1350,
as Adopted Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of RLJ Lodging Trust (the "Company") on Form 10-Q for the quarter ended September 30, 2023 March 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Leslie D. Hale, President and Chief Executive Officer of the Company, and I, Sean M. Mahoney, Executive Vice President and Chief Financial Officer of the Company, certify, to our knowledge, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

RLJ LODGING TRUST

Dated: November 2, 2023 May 2, 2024

/s/ LESLIE D. HALE

Leslie D. Hale

President and Chief Executive Officer

/s/ SEAN M. MAHONEY

Sean M. Mahoney

Executive Vice President and Chief Financial Officer

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