

RLJ Lodging Trust  
Form 10-Q  
August 08, 2012  
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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

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**FORM 10-Q**

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

For the quarterly period ended June 30, 2012

**OR**

**o**                    **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

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**RLJ LODGING TRUST**

(Exact Name of Registrant as Specified in Its Charter)

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**Maryland**

(State or Other Jurisdiction of Incorporation or Organization)

**27-4706509**

(I.R.S. Employer Identification No.)

**3 Bethesda Metro Center, Suite 1000**

**Bethesda, Maryland**

(Address of Principal Executive Offices)

**20814**

(Zip Code)

**(301) 280-7777**

(Registrant's Telephone Number, Including Area Code)

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Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.  Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).  Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

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

Smaller reporting company

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 August 2, 2012, 106,634,076 common shares of beneficial interest of the Registrant, \$0.01 par value per share, were outstanding.

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Table of Contents**PART I. FINANCIAL INFORMATION****Item 1. Financial Statements.****RLJ Lodging Trust****Combined Consolidated Balance Sheets**

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

	June 30, 2012 (unaudited)	December 31, 2011
<b>Assets</b>		
Investment in hotel properties, net	\$ 3,016,334	\$ 2,820,457
Investment in loans	12,531	12,633
Cash and cash equivalents	155,595	310,231
Restricted cash reserves	82,085	87,288
Hotel receivables, net of allowance of \$240 and \$150, respectively	29,288	20,081
Deferred financing costs, net	9,327	9,639
Deferred income tax asset	1,626	1,369
Prepaid expense and other assets	34,046	28,320
<b>Total assets</b>	<b>\$ 3,340,832</b>	<b>\$ 3,290,018</b>
<b>Liabilities and Equity</b>		
Borrowings under credit facility	\$ 85,000	\$
Mortgage loans	1,335,186	1,341,735
Interest rate swap liability	1,421	1,796
Accounts payable and accrued expense	73,892	86,213
Deferred income tax liability	3,292	3,314
Advance deposits and deferred revenue	8,782	4,781
Accrued interest	2,343	2,115
Distributions payable	17,742	16,076
<b>Total liabilities</b>	<b>1,527,658</b>	<b>1,456,030</b>
Commitments and Contingencies (Note 8)		
<b>Equity</b>		
Shareholders' equity:		
Preferred shares of beneficial interest, \$0.01 par value, 50,000,000 shares authorized; zero shares issued and outstanding at June 30, 2012 and December 31, 2011, respectively.		
Common shares of beneficial interest, \$0.01 par value, 450,000,000 shares authorized; 106,634,076 and 106,279,049 shares issued and outstanding at June 30, 2012 and December 31, 2011, respectively.		
	1,067	1,063
Additional paid-in-capital	1,837,231	1,835,011
Accumulated other comprehensive loss	(1,407)	(1,782)
Distributions in excess of net earnings	(41,803)	(18,960)
<b>Total shareholders' equity</b>	<b>1,795,088</b>	<b>1,815,332</b>
Noncontrolling interest		

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Noncontrolling interest in joint venture	6,762	7,170
Noncontrolling interest in Operating Partnership	11,324	11,486
Total noncontrolling interest	18,086	18,656
<b>Total equity</b>	<b>1,813,174</b>	<b>1,833,988</b>
<b>Total liabilities and equity</b>	<b>\$ 3,340,832</b>	<b>\$ 3,290,018</b>

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

Table of Contents**RLJ Lodging Trust****Combined Consolidated Statements of Operations and Comprehensive Income (Loss)****(Amounts in thousands, except share and per share data)***(unaudited)*

	For the three months ended June 30,		For the six months ended June 30,	
	2012	2011	2012	2011
<b>Revenue</b>				
Hotel operating revenue				
Room revenue	\$ 194,842	\$ 177,903	\$ 353,421	\$ 322,628
Food and beverage revenue	22,403	21,254	41,908	40,167
Other operating department revenue	6,012	5,114	11,121	9,645
<b>Total revenue</b>	<b>223,257</b>	<b>204,271</b>	<b>406,450</b>	<b>372,440</b>
<b>Expense</b>				
Hotel operating expense				
Room	40,967	38,133	77,897	71,741
Food and beverage	15,508	14,870	29,948	28,289
Management fees	7,638	6,985	13,942	12,764
Other hotel expenses	65,156	58,897	123,714	113,184
Total hotel operating expense	129,269	118,885	245,501	225,978
Depreciation and amortization	31,454	30,702	65,151	62,453
Property tax, insurance and other	12,474	12,068	25,108	23,488
General and administrative	7,481	6,165	14,741	11,175
Transaction and pursuit costs	2,795	634	2,814	3,332
IPO costs		10,244		10,244
Total operating expense	183,473	178,698	353,315	336,670
Operating income	39,784	25,573	53,135	35,770
Other income	106	69	190	224
Interest income	418	357	837	840
Interest expense	(20,374)	(27,894)	(40,555)	(53,752)
Loss on disposal	(634)		(634)	
Income (loss) from continuing operations before income taxes	19,300	(1,895)	12,973	(16,918)
Income tax expense	(281)	(407)	(875)	(688)
Income (loss) from continuing operations	19,019	(2,302)	12,098	(17,606)
Loss from discontinued operations		(159)		(1,131)
Net income (loss)	19,019	(2,461)	12,098	(18,737)
Net (income) loss attributable to non-controlling interests				
Noncontrolling interest in joint venture	38	(83)	408	77
Noncontrolling interest in common units of Operating Partnership	(172)	21	(134)	21
Net income (loss) attributable to the Company	18,885	(2,523)	12,372	(18,639)
Distributions to preferred unitholders		(45)		(61)
Net income (loss) attributable to common shareholders	\$ 18,885	\$ (2,568)	\$ 12,372	\$ (18,700)
<b>Basic per common share data:</b>				
Net income (loss) per share attributable to common shareholders before discontinued operations	\$ 0.18	\$ (0.03)	\$ 0.11	\$ (0.22)
Discontinued operations				(0.01)

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Net income (loss) per share attributable to common shareholders	\$ 0.18	\$ (0.03)	\$ 0.11	\$ (0.23)
Weighted-average number of common shares	105,388,743	88,767,570	105,360,778	81,228,975
<b>Diluted per common share data:</b>				
Net income (loss) per share attributable to common shareholders before discontinued operations	\$ 0.18	\$ (0.03)	\$ 0.11	\$ (0.22)
Discontinued operations				(0.01)
Net income (loss) per share attributable to common shareholders	\$ 0.18	\$ (0.03)	\$ 0.11	\$ (0.23)
Weighted-average number of common shares	105,454,679	88,767,570	105,414,876	81,228,975
<b>Comprehensive income (loss)</b>				
Net income (loss) attributable to the Company	\$ 18,885	\$ (2,523)	\$ 12,372	\$ (18,639)
Unrealized gain (loss) on interest rate derivatives	381	(384)	375	812
Comprehensive income (loss) attributable to the Company	\$ 19,266	\$ (2,907)	\$ 12,747	\$ (17,827)

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

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**RLJ Lodging Trust**

**Combined Consolidated Statement of Changes in Equity**

(Amounts in thousands, except share data)

(unaudited)

	Shares	Shareholders Common Stock Par Value	Equity Additional Paid-in-Capital	Distributions in excess of Retained Earnings	Accumulated Other Comprehensive Loss	Operating Partnership	Joint Venture	Noncontrolling Interests Consolidated Noncontrolling Interests	Total Equity
<b>Balance at December 31, 2011</b>	<b>106,279,049</b>	<b>\$ 1,063</b>	<b>\$ 1,835,011</b>	<b>\$ (18,960)</b>	<b>\$ (1,782)</b>	<b>\$ 11,486</b>	<b>\$ 7,170</b>	<b>\$ 18,656</b>	<b>\$ 1,833,988</b>
Net income				12,372		134	(408)	(274)	12,098
Unrealized gain on interest rate derivative					375				375
Issuance of restricted stock	436,646	4	(4)						
Amortization of share based compensation			3,213						3,213
Share grants to trustees	4,352		80						80
Shares acquired to satisfy minimum required federal and state tax withholding on vesting restricted stock	(59,465)		(1,069)						(1,069)
Forfeiture of restricted stock	(26,506)								
Distributions on common shares and units				(35,215)		(296)		(296)	(35,511)
<b>Balance at June 30, 2012</b>	<b>106,634,076</b>	<b>\$ 1,067</b>	<b>\$ 1,837,231</b>	<b>\$ (41,803)</b>	<b>\$ (1,407)</b>	<b>\$ 11,324</b>	<b>\$ 6,762</b>	<b>\$ 18,086</b>	<b>\$ 1,813,174</b>

	Partners Fund II		Capital Fund III		Members Class A		Capital Class B		Preferred Units	Shareholders Common Stock	Equity Additional Paid-in-Capital	Accumulated Other Comprehensive Loss	Operating Partnership	Joint Venture	Noncontrolling Interests Consolidated Noncontrolling Interests	Total Equity
<b>Balance at December 31, 2010</b>	<b>\$ (13,409)</b>	<b>\$ 433,013</b>	<b>\$ (23,328)</b>	<b>\$ 811,918</b>	<b>\$ 6,592</b>	<b>\$ 4,751</b>	<b>\$ 189</b>	<b>\$ 190</b>							<b>\$ (3,806)</b>	<b>\$ 7,623</b>