

RLJ Lodging Trust
Form 10-Q
November 10, 2011
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended September 30, 2011

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

RLJ LODGING TRUST

(Exact Name of Registrant as Specified in Its Charter)

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)

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 Smaller reporting company
(do not check if a 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.

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As of November 10, 2011, 106,300,067 common shares of beneficial interest of the Registrant, \$0.01 par value per share, were outstanding.

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

(unaudited)

	September 30, 2011	December 31, 2010
Assets		
Investment in hotel properties, net	\$ 2,760,784	\$ 2,626,690
Investment in loans	12,685	12,840
Property and equipment, net	1,147	1,585
Cash and cash equivalents	368,461	267,454
Restricted cash reserves	89,590	70,520
Hotel receivables, net of allowance of \$246 and \$406, respectively	27,299	19,556
Deferred financing costs, net	8,628	9,298
Deferred income tax asset	1,453	799
Prepaid expense and other assets	28,583	37,082
Total assets	\$ 3,298,630	\$ 3,045,824
Liabilities and Owners' Equity		
Mortgage loans	\$ 1,202,817	\$ 1,747,077
Term loan	140,000	
Interest rate swap liability	2,326	3,820
Accounts payable and accrued expense	78,095	60,973
Deferred income tax liability	1,453	799
Advance deposits and deferred revenue	4,995	5,927
Accrued interest	2,099	3,495
Distributions payable	16,079	
Total liabilities	1,447,864	1,822,091
Equity		
Partners' capital		
Fund II general partner		(13,409)
Fund II limited partners		433,013
Fund III general partner		(23,328)
Fund III limited partners		811,918
Members' capital		
Class A members		6,592
Class B members		4,751
Fund II - Series A preferred units, no par value, 12.5%, 250 units authorized, issued and outstanding at May 16, 2011 and December 31, 2010, respectively		189
Fund III - Series A preferred units, no par value, 12.5%, 250 units authorized, issued and outstanding at May 16, 2011 and December 31, 2010, respectively		190
Accumulated other comprehensive loss	(2,312)	(3,806)
Shareholders' equity:		

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Preferred shares of beneficial interest, \$0.01 par value, 50,000,000 shares authorized; zero shares issued and outstanding at September 30, 2011 and December 31, 2010, respectively

Common shares of beneficial interest, \$0.01 par value, 450,000,000 shares authorized; 106,300,067 and zero shares issued and outstanding at September 30, 2011 and December 31, 2010, respectively

	1,063	
Additional paid-in-capital	1,835,041	
Distributions in excess of net earnings	(1,745)	
Total shareholders' equity	1,834,359	
Noncontrolling interest		
Noncontrolling interest in joint venture	7,068	7,623
Noncontrolling interest in Operating Partnership	11,651	
Total noncontrolling interest	18,719	7,623
Total equity	1,850,766	1,223,733
Total liabilities and equity	\$ 3,298,630	\$ 3,045,824

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

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

	For the three months ended September 30,		For the nine months ended September 30,	
	2011	2010	2011	2010
Revenue				
Hotel operating revenue				
Room revenue	\$ 172,589	\$ 119,134	\$ 495,217	\$ 327,672
Food and beverage revenue	19,497	13,870	59,664	41,749
Other operating department revenue	5,165	3,448	14,810	9,394
Total revenue	197,251	136,452	569,691	378,815
Expense				
Hotel operating expense				
Room	39,012	25,304	110,753	70,278
Food and beverage	13,479	9,443	41,767	28,016
Management fees	6,755	4,828	19,519	13,497
Other hotel expenses	59,559	41,532	172,744	115,948
Total hotel operating expense	118,805	81,107	344,783	227,739
Depreciation and amortization	29,026	24,422	91,479	70,465
Property tax, insurance and other	12,463	9,677	35,951	27,417
General and administrative	6,329	4,647	17,504	14,547
Transaction and pursuit costs	282	5,455	3,614	7,438
IPO Costs	89		10,333	
Total operating expense	166,994	125,308	503,664	347,606
Operating income	30,257	11,144	66,027	31,209
Other income	518	177	742	411
Interest income	424	2,730	1,264	2,889
Interest expense	(21,664)	(21,580)	(75,415)	(64,760)
Income (Loss) from continuing operations before income taxes	9,535	(7,529)	(7,382)	(30,251)
Income tax expense	(858)	(382)	(1,546)	(898)
Income (Loss) from continuing operations	8,677	(7,911)	(8,928)	(31,149)
Income (loss) from discontinued operations	22,970	(619)	21,838	19,034
Net income (loss)	31,647	(8,530)	12,910	(12,115)
Net loss (income) attributable to non-controlling interests				
Noncontrolling interest in joint venture	(22)		55	
Noncontrolling interest in common units of Operating Partnership	(306)		(285)	

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Net income (loss) attributable to the Company	31,319	(8,530)	12,680	(12,115)
Distributions to preferred unitholders		(16)	(61)	(48)
Net income (loss) attributable to common shareholders	\$ 31,319	\$ (8,546)	\$ 12,619	\$ (12,163)
Basic and diluted per common share data:				
Net income (loss) per share attributable to common shareholders before discontinued operations - basic and diluted	\$ 0.08		\$ (0.10)	
Discontinued operations	0.22		0.24	
Net income per share attributable to common shareholders - basic and diluted	\$ 0.30		\$ 0.14	
Weighted-average number of common shares - basic and diluted	105,228,305		89,316,830	

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 and Comprehensive Loss

(Amounts in thousands, except share data)

(unaudited)