

RLJ Lodging Trust
Form 10-Q
November 08, 2012
[Table of Contents](#)

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, 2012

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

(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
(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.

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As of November 1, 2012, 106,600,365 common shares of beneficial interest of the Registrant, \$0.01 par value per share, were outstanding.

Table of Contents

TABLE OF CONTENTS

	Page
<u>PART I. FINANCIAL INFORMATION</u>	
<u>Item 1.</u>	<u>Financial Statements.</u>
	Combined Consolidated Financial Statements (unaudited)
	<u>Balance Sheets as of September 30, 2012 and December 31, 2011</u>
	1
	<u>Statements of Operations and Comprehensive Income for the three and nine months ended</u>
	<u>September 30, 2012 and 2011</u>
	2
	<u>Statement of Changes in Equity for the nine months ended September 30, 2012 and 2011</u>
	3
	<u>Statements of Cash Flows for the nine months ended September 30, 2012 and 2011</u>
	5
	<u>Notes to Combined Consolidated Financial Statements</u>
	6
<u>Item 2.</u>	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations.</u>
	23
<u>Item 3.</u>	<u>Quantitative and Qualitative Disclosures about Market Risk.</u>
	38
<u>Item 4.</u>	<u>Controls and Procedures.</u>
	39
<u>PART II. OTHER INFORMATION</u>	
<u>Item 1.</u>	<u>Legal Proceedings.</u>
	39
<u>Item 1A.</u>	<u>Risk Factors.</u>
	39
<u>Item 2.</u>	<u>Unregistered Sales of Equity Securities and Use of Proceeds.</u>
	40
<u>Item 3.</u>	<u>Defaults Upon Senior Securities.</u>
	41
<u>Item 4.</u>	<u>Mine Safety Disclosures.</u>
	41
<u>Item 5.</u>	<u>Other Information.</u>
	41
<u>Item 6.</u>	<u>Exhibits.</u>
	42
<u>Signatures</u>	43

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)

	September 30, 2012 (unaudited)	December 31, 2011
Assets		
Investment in hotel properties, net	\$ 3,004,618	\$ 2,820,457
Investment in loans	12,480	12,633
Cash and cash equivalents	192,102	310,231
Restricted cash reserves	68,275	87,288
Hotel receivables, net of allowance of \$295 and \$150, respectively	29,324	20,081
Deferred financing costs, net	8,235	9,639
Deferred income tax asset	1,682	1,369
Prepaid expense and other assets	28,521	28,320
Total assets	\$ 3,345,237	\$ 3,290,018
Liabilities and Equity		
Borrowings under credit facility	\$ 85,000	\$
Mortgage loans	1,331,967	1,341,735
Interest rate swap liability	1,032	1,796
Accounts payable and accrued expense	80,385	86,213
Deferred income tax liability	3,281	3,314
Advance deposits and deferred revenue	10,320	4,781
Accrued interest	2,397	2,115
Distributions payable	17,902	16,076
Total liabilities	1,532,284	1,456,030
Commitments and Contingencies (Note 9)		
Equity		
Shareholders' equity:		
Preferred shares of beneficial interest, \$0.01 par value, 50,000,000 shares authorized; zero shares issued and outstanding at September 30, 2012 and December 31, 2011, respectively.		
Common shares of beneficial interest, \$0.01 par value, 450,000,000 shares authorized; 106,600,365 and 106,279,049 shares issued and outstanding at September 30, 2012 and December 31, 2011, respectively.		
	1,067	1,063
Additional paid-in-capital	1,839,195	1,835,011
Accumulated other comprehensive loss	(1,018)	(1,782)
Distributions in excess of net earnings	(44,336)	(18,960)
Total shareholders' equity	1,794,908	1,815,332
Noncontrolling interest		

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Noncontrolling interest in joint venture	6,718	7,170
Noncontrolling interest in Operating Partnership	11,327	11,486
Total noncontrolling interest	18,045	18,656
Total equity	1,812,953	1,833,988
Total liabilities and equity	\$ 3,345,237	\$ 3,290,018

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**

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

(unaudited)

	For the three months ended September 30,		For the nine months ended September 30,	
	2012	2011	2012	2011
Revenue				
Hotel operating revenue				
Room revenue	\$ 197,584	\$ 172,589	\$ 551,005	\$ 495,217
Food and beverage revenue	21,359	19,497	63,267	59,664
Other operating department revenue	6,274	5,165	17,395	14,810
Total revenue	225,217	197,251	631,667	569,691
Expense				
Hotel operating expense				
Room	43,545	39,012	121,442	110,753
Food and beverage	15,159	13,479	45,107	41,767
Management fees	7,913	6,755	21,855	19,519
Other hotel expenses	67,506	59,559	191,220	172,744
Total hotel operating expense	134,123	118,805	379,624	344,783
Depreciation and amortization	30,811	29,026	95,962	91,479
Impairment loss	896		896	
Property tax, insurance and other	14,234	12,463	39,342	35,951
General and administrative	8,073	6,329	22,814	17,504
Transaction and pursuit costs	326	282	3,140	3,614
IPO costs		89		10,333
Total operating expense	188,463	166,994	541,778	503,664
Operating income	36,754	30,257	89,889	66,027
Other income	68	518	258	742
Interest income	438	424	1,275	1,264
Interest expense	(21,620)	(21,664)	(62,175)	(75,415)
Loss on disposal			(634)	
Income (loss) from continuing operations before income taxes	15,640	9,535	28,613	(7,382)
Income tax expense	(339)	(858)	(1,214)	(1,546)
Income (loss) from continuing operations	15,301	8,677	27,399	(8,928)
Income from discontinued operations		22,970		21,838
Net income	15,301	31,647	27,399	12,910
Net (income) loss attributable to non-controlling interests				
Noncontrolling interest in joint venture	44	(22)	452	55
Noncontrolling interest in common units of Operating Partnership	(149)	(306)	(283)	(285)
Net income attributable to the Company	15,196	31,319	27,568	12,680

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Distributions to preferred unitholders (61)

Net income attributable to common shareholders	\$	15,196	\$	31,319	\$	27,568	\$	12,619
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Basic per common share data:

Net income (loss) per share attributable to common shareholders before discontinued operations	\$	0.14	\$	0.08	\$	0.26	\$	(0.10)
Discontinued operations				0.22				0.24
Net income per share attributable to common shareholders	\$	0.14	\$	0.30	\$	0.26	\$	0.14
Weighted-average number of common shares		105,453,978		105,228,305		105,392,071		89,316,830

Diluted per common share data:

Net income (loss) per share attributable to common shareholders before discontinued operations	\$	0.14	\$	0.08	\$	0.26	\$	(0.10)
Discontinued operations				0.22				0.24
Net income per share attributable to common shareholders	\$	0.14	\$	0.30	\$	0.26	\$	0.14
Weighted-average number of common shares		105,509,104		105,228,305		105,446,211		89,316,830