

RLJ Lodging Trust
Form 424B3
July 18, 2017

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As filed pursuant to Rule 424(B)(3)
Registration No. 333-218439

JOINT PROXY STATEMENT/PROSPECTUS

MERGER PROPOSED YOUR VOTE IS VERY IMPORTANT

July 18, 2017

To the Shareholders of RLJ Lodging Trust and the Stockholders of FelCor Lodging Trust Incorporated:

The board of trustees (the "RLJ Board") of RLJ Lodging Trust ("RLJ") and the board of directors (the "FelCor Board") of FelCor Lodging Trust Incorporated ("FelCor") each have approved an Agreement and Plan of Merger, dated as of April 23, 2017 (the "Merger Agreement"), by and among RLJ, RLJ Lodging Trust, L.P. (the "Operating Partnership"), Rangers Sub I, LLC ("REIT Merger Sub"), Rangers Sub II, LP ("Partnership Merger Sub"), FelCor and FelCor Lodging Limited Partnership ("FelCor LP"), pursuant to which Partnership Merger Sub will merge with and into FelCor LP, with FelCor LP surviving as a wholly-owned subsidiary of the Operating Partnership (the "Partnership Merger"), and immediately thereafter, FelCor will merge with and into REIT Merger Sub, with REIT Merger Sub surviving as a wholly-owned subsidiary of the Operating Partnership (the "REIT Merger" and, together with the Partnership Merger, the "Mergers"). Closing of the Mergers will occur as promptly as practicable following satisfaction of all closing conditions set forth in the Merger Agreement, and either RLJ or FelCor may terminate the Merger Agreement if closing has not occurred by December 28, 2017. The combined company resulting from the Mergers will retain the name "RLJ Lodging Trust" and will continue to trade on the New York Stock Exchange NYSE under the symbol "RLJ."

Pursuant to the terms and subject to the conditions set forth in the Merger Agreement, at the effective time of the REIT Merger, each outstanding share of common stock, par value \$0.01 per share, of FelCor will be converted into the right to receive 0.362 common shares of beneficial interest, par value \$0.01 per share, of RLJ (the "RLJ Common Shares"), and each share of \$1.95 Series A cumulative convertible preferred stock, par value \$0.01 per share, of FelCor (the "FelCor Series A Preferred Stock") will be converted into the right to receive one share of newly created Series A cumulative convertible preferred shares, par value \$0.01 per share, of RLJ (the "RLJ Series A Preferred Shares").

RLJ and FelCor will each hold a special meeting of their respective shareholders. RLJ's special meeting will be held at RLJ's corporate headquarters at 3 Bethesda Metro Center, Suite 1000, Bethesda MD 20814 on August 15, 2017, at 1:00 p.m., Eastern Time. FelCor's special meeting will be held at FelCor's corporate headquarters at 125 E. John Carpenter Freeway, Suite 1600, Irving, Texas 75062 on August 15, 2017, at 5:00 p.m., Central Time.

At the RLJ special meeting, the RLJ shareholders will be asked (i) to consider and vote on a proposal to approve the issuance of the RLJ Common Shares and the issuance of the RLJ Series A Preferred Shares pursuant to the Merger Agreement (the "RLJ Share Issuance Proposal") and (ii) to approve the adjournment of the RLJ special meeting, if necessary or appropriate, for the purpose of soliciting additional votes for the approval of the RLJ Share Issuance Proposal (the "RLJ Adjournment Proposal"). The RLJ Board has unanimously determined and declared that the Merger Agreement, the Mergers and the other transactions contemplated by the Merger Agreement, including the issuance of RLJ Common Shares and RLJ Series A Preferred Shares in the REIT Merger, are advisable and in the best interests of RLJ and its shareholders. The RLJ Board has determined that the RLJ Share Issuance Proposal be submitted for consideration at a special meeting of RLJ shareholders. **The RLJ Board recommends that the RLJ shareholders vote "FOR" the RLJ Share Issuance Proposal and "FOR" the RLJ Adjournment Proposal.**

At the FelCor special meeting, the FelCor common stockholders will be asked (i) to consider and vote on a proposal to approve the REIT Merger (the "REIT Merger Proposal"), (ii) to consider and vote on a non-binding advisory proposal to approve compensation arrangements for certain FelCor executive officers in connection with the Merger Agreement, the Mergers and the transactions contemplated thereby (the "FelCor Compensation Proposal") and (iii) to approve the adjournment of the FelCor special meeting, if necessary or appropriate, for the purpose of soliciting additional votes for the approval of the REIT Merger Proposal (the "FelCor Adjournment Proposal"). The FelCor Board has unanimously determined that the Merger Agreement, the Mergers and the transactions contemplated thereby are fair and reasonable, and in the best interests of FelCor and its stockholders (including the holders of FelCor Series A Preferred Stock), and that the REIT Merger is advisable, and has unanimously approved the Merger Agreement, the Mergers and the transactions contemplated

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thereby. The FelCor Board has determined that the REIT Merger Proposal and the FelCor Compensation Proposal be submitted for consideration at a special meeting of FelCor stockholders. **The FelCor Board recommends that the FelCor common stockholders vote "FOR" the REIT Merger Proposal, "FOR" the FelCor Compensation Proposal and "FOR" the FelCor Adjournment Proposal.**

This joint proxy statement/prospectus provides you with detailed information about the special meetings of RLJ and FelCor, the Merger Agreement, the Mergers and other related matters. A copy of the Merger Agreement is included as Annex A to this joint proxy statement/prospectus. We encourage you to read this joint proxy statement/prospectus, the Merger Agreement and the other annexes to this joint proxy statement/prospectus carefully and in their entirety. **In particular, you should carefully consider the discussion in the section of this joint proxy statement/prospectus entitled "Risk Factors" beginning on page 35.** You may also obtain more information about each company from the documents they file with the Securities and Exchange Commission (the "SEC").

Whether or not you plan to attend the RLJ special meeting or the FelCor special meeting, as applicable, please complete, date, sign and return, as promptly as possible, the enclosed proxy card in the accompanying reply envelope or submit your proxy through the Internet or by telephone. You may also vote over the Internet using the Internet address on the enclosed proxy card or by telephone using the toll-free number on the enclosed proxy card. If you submit your proxy through the Internet or by telephone, you will be asked to provide the company number and control number from the enclosed proxy card. If you attend a special meeting and vote in person, your vote by ballot will revoke any proxy previously submitted.

Your vote is very important, regardless of the number of shares you own. Whether or not you plan to attend the RLJ special meeting or the FelCor special meeting, as applicable, please submit a proxy to vote your shares as promptly as possible to make sure that your shares are represented at the applicable special meeting. Please note that the failure to vote shares of FelCor is the equivalent of a vote against the REIT Merger Proposal.

Thank you in advance for your continued support.

Sincerely,

Ross H. Bierkan
*President, Chief Executive Officer and
Chief Investment Officer*
RLJ Lodging Trust

Steven R. Goldman
Chief Executive Officer
FelCor Lodging Trust Incorporated

Neither the SEC nor any state securities regulatory agency has approved or disapproved of the securities to be issued in connection with the Mergers or passed upon the adequacy or accuracy of this joint proxy statement/prospectus. Any representation to the contrary is a criminal offense.

This joint proxy statement/prospectus is dated July 18, 2017, and is first being mailed to the shareholders of RLJ and the stockholders of FelCor on or about July 18, 2017.

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**3 Bethesda Metro Center
Suite 1000
Bethesda, MD 20814**

**NOTICE OF SPECIAL MEETING OF RLJ SHAREHOLDERS
TO BE HELD ON AUGUST 15, 2017**

NOTICE IS HEREBY GIVEN that a special meeting of shareholders of RLJ Lodging Trust ("RLJ") will be held at RLJ's corporate headquarters at 3 Bethesda Metro Center, Suite 1000, Bethesda MD 20814 on August 15, at 1:00 p.m., Eastern Time, for the following purposes:

1. to consider and vote on a proposal to approve the issuance of common shares of beneficial interest, par value \$0.01 per share, of RLJ ("RLJ Common Shares") and the issuance of Series A cumulative convertible preferred shares, par value \$0.01 per share of RLJ (the "RLJ Series A Preferred Shares"), in each case, pursuant to the Agreement and Plan of Merger (the "Merger Agreement"), dated April 23, 2017, by and among RLJ, RLJ Lodging Trust, L.P., Rangers Sub I, LLC, Rangers Sub II, LP, FelCor Lodging Trust Incorporated, and FelCor Lodging Limited Partnership, as it may be amended from time to time, a copy of which is attached as Annex A to the joint proxy statement/prospectus accompanying this notice (the "RLJ Share Issuance Proposal"); and
2. to consider and vote on a proposal to adjourn the RLJ special meeting, if necessary or appropriate, including to solicit additional proxies if there are not sufficient votes to approve the RLJ Share Issuance Proposal (the "RLJ Adjournment Proposal").

RLJ will transact no other business at the RLJ special meeting or any adjournment or postponement thereof. Please refer to the attached joint proxy statement/prospectus for further information with respect to the business to be transacted at the RLJ special meeting. The board of trustees of RLJ (the "RLJ Board") has fixed the close of business on July 6, 2017 as the record date for the determination of RLJ's shareholders entitled to notice of, and to vote at, the RLJ special meeting or any adjournments or postponements thereof. Accordingly, only shareholders of record at the close of business on that date are entitled to notice of, and to vote at, the RLJ special meeting and any adjournments or postponements thereof.

The RLJ Board unanimously recommends that the RLJ shareholders vote "FOR" the RLJ Share Issuance Proposal and "FOR" the RLJ Adjournment Proposal.

Your vote is very important, regardless of the number of RLJ Common Shares you own. Whether or not you plan to attend the RLJ special meeting, please submit a proxy to vote your shares as promptly as possible to make sure that your shares are represented at the RLJ special meeting. Properly executed proxy cards with no instructions indicated on the proxy card will be voted "FOR" the RLJ Share Issuance Proposal and "FOR" the RLJ Adjournment Proposal. Even if you plan to attend the RLJ special meeting in person, we urge you to submit your proxy as promptly as possible by (1) accessing the Internet website specified on your proxy card, (2) calling the toll-free number specified on your proxy card or (3) completing, signing, dating and returning the enclosed proxy card in the accompanying postage-paid envelope prior to the RLJ special meeting to ensure that your shares will be represented and voted at the RLJ special meeting. If you hold your RLJ Common Shares in "street name," which means through a bank, broker or other nominee, please follow the instructions on the voting instruction card furnished to you by such record holder.

Please note that if you hold shares in different accounts, it is important that you vote the shares represented by each account. If you attend the RLJ special meeting, you may revoke your proxy and vote in person, even if you have previously returned your proxy card or submitted your proxy through

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the Internet or by telephone. If your RLJ Common Shares are held by a bank, broker or other nominee, and you plan to attend the special meeting, please bring to the RLJ special meeting your statement evidencing your beneficial ownership of your RLJ Common Shares. Please carefully review the instructions in the enclosed joint proxy statement/prospectus and the enclosed proxy card or the information forwarded by your bank, broker or other nominee regarding each of these options.

This notice and the enclosed proxy statement/prospectus are first being mailed to RLJ's shareholders on or about July 18, 2017.

By Order of the Board of Trustees,

Anita Cooke Wells
Corporate Secretary and Senior Vice President

Bethesda, Maryland
July 18, 2017

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**125 E. John Carpenter Freeway
Suite 1600
Irving, TX 75062**

**NOTICE OF SPECIAL MEETING OF FELCOR STOCKHOLDERS
TO BE HELD ON AUGUST 15, 2017**

To the Stockholders of FelCor:

A special meeting of stockholders of FelCor Lodging Trust Incorporated, a Maryland corporation ("FelCor"), will be held at FelCor's corporate headquarters at 125 E. John Carpenter Freeway, Suite 1600, Irving, Texas 75062 on August 15, 2017, starting at 5:00 p.m., Central Time, for the following purposes:

1. To consider and vote on a proposal (the "REIT Merger Proposal") to approve the business combination transaction in which FelCor merges with and into Rangers Sub I, LLC ("REIT Merger Sub") related to that certain Agreement and Plan of Merger (the "Merger Agreement"), dated as of April 23, 2017, among FelCor, FelCor Lodging Limited Partnership, RLJ Lodging Trust, RLJ Lodging Trust, L.P., REIT Merger Sub and Rangers Sub II, LP, as it may be amended from time to time, a copy of which is attached as Annex A to the joint proxy statement/prospectus accompanying this notice;
2. To consider and vote on a non-binding advisory proposal to approve compensation arrangements for certain FelCor executive officers in connection with the Merger Agreement, and the transactions contemplated thereby (the "FelCor Compensation Proposal"); and
3. To consider and vote on a proposal to approve the adjournment of the FelCor special meeting, if necessary or appropriate, for the purpose of soliciting additional votes for the approval of the REIT Merger Proposal (the "FelCor Adjournment Proposal").

FelCor will transact no other business at the FelCor special meeting or any adjournment or postponement thereof. These items of business are described in the enclosed joint proxy statement/prospectus. The FelCor board of directors (the "FelCor Board") has designated the close of business on July 6, 2017 as the record date for the purpose of determining the stockholders who are entitled to receive notice of, and to vote at, the FelCor special meeting and any adjournments or postponements of the special meeting, unless a new record date is fixed in connection with an adjournment or postponement of the special meeting. Only FelCor stockholders of record at the close of business on the record date are entitled to notice of the FelCor special meeting and only FelCor common stockholders are entitled to vote at the FelCor special meeting and at any adjournment or postponement of the special meeting.

The FelCor Board has unanimously determined that the Merger Agreement, the Mergers and the transactions contemplated thereby are advisable and fair to, and in the best interests of, FelCor and its stockholders and has unanimously approved the Merger Agreement, the Mergers and the transactions contemplated thereby. The FelCor Board has directed that the REIT Merger Proposal be submitted for consideration at a special meeting of FelCor stockholders. **The FelCor Board recommends that the FelCor common stockholders vote "FOR" the REIT Merger Proposal, "FOR" the FelCor Compensation Proposal and "FOR" the FelCor Adjournment Proposal.**

Your vote is very important, regardless of the number of shares of FelCor you own. Whether or not you plan to attend the FelCor special meeting, please submit a proxy to vote your shares as promptly as possible to make sure that your shares are represented at the special meeting. Properly executed proxy cards with no instructions indicated on the proxy card will be voted "FOR" the REIT Merger Proposal, "FOR" the FelCor Compensation Proposal and "FOR" the FelCor Adjournment

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Proposal. Even if you plan to attend the FelCor special meeting in person, we request that you complete, sign, date and return the enclosed proxy card in the accompanying envelope prior to the special meeting to ensure that your shares will be represented and voted at the special meeting if you are unable to attend. If you hold your FelCor shares in "street name," which means through a bank, broker or other nominee, you must obtain a legal proxy from this bank, broker or other nominee in order to vote in person at the FelCor special meeting.

If you do not vote on the REIT Merger Proposal, this will have the same effect as a vote by you against the approval of the REIT Merger Proposal.

If you attend the FelCor special meeting, you may revoke your proxy and vote in person, even if you have previously returned your proxy card or submitted your proxy through the Internet or by telephone. If your FelCor shares are held by a bank, broker or other nominee, and you plan to attend the FelCor special meeting, please bring to the special meeting your statement evidencing your beneficial ownership of your FelCor shares. Please carefully review the instructions in the enclosed joint proxy statement/prospectus and the enclosed proxy card or the information forwarded by your bank, broker or other nominee regarding each of these options.

By Order of the Board of Directors,

Jonathan H. Yellen
Executive Vice President
General Counsel and Secretary

Irving, Texas
July 18, 2017

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ADDITIONAL INFORMATION

This joint proxy statement/prospectus incorporates important business and financial information about RLJ and FelCor from other documents that are not included in or delivered with this joint proxy statement/prospectus. This information is available to you without charge upon your request. You can obtain the documents incorporated by reference into this joint proxy statement/prospectus by requesting them from RLJ's or FelCor's investor relations departments:

If you are an RLJ shareholder:

D.F. King & Co., Inc.
48 Wall Street, 22nd floor
New York, NY 10005
(800) 317-8033 (toll free)
(212) 269-5550 (call collect)

or

3 Bethesda Metro Center
Suite 1000
Bethesda, MD 20814
(301) 280-7774
Attention: Investor Relations

If you are a FelCor stockholder:

D.F. King & Co., Inc.
48 Wall Street, 22nd floor
New York, NY 10005
(877) 732-3614 (toll free)
(212) 269-5550 (call collect)

or

125 E. John Carpenter Freeway
Suite 1600
Irving, TX 75062
(972) 444-4900
Attention: Investor Relations

Investors may also consult RLJ's or FelCor's website for more information concerning the Mergers and other related transactions described in this joint proxy statement/prospectus. RLJ's website is www.rljlodgingtrust.com. FelCor's website is www.felcor.com. Each company's public filings are also available at www.sec.gov. The information contained on RLJ's and FelCor's websites is not part of this joint proxy statement/prospectus. The references to RLJ's and FelCor's websites are intended to be inactive textual references only.

If you would like to request any documents that are incorporated by reference into this joint proxy statement/prospectus, please do so by August 8, 2017 in order to receive them before the RLJ special meeting and by August 8, 2017 in order to receive them before the FelCor special meeting.

For more information, see "Where You Can Find More Information and Incorporation by Reference" beginning on page 210.

ABOUT THIS DOCUMENT

This joint proxy statement/prospectus, which forms part of a registration statement on Form S-4 (Registration Statement No. 333-218439) filed by RLJ with the SEC, constitutes a prospectus of RLJ for purposes of the Securities Act of 1933, as amended (the "Securities Act"), with respect to (i) the RLJ Common Shares to be issued to FelCor common stockholders in exchange for shares of FelCor Common Stock and (ii) the RLJ Series A Preferred Shares to be issued to holders of FelCor Series A Preferred Stock in exchange for shares of FelCor Series A Preferred Stock, in each case, pursuant to the Merger Agreement, as such agreement may be amended or modified from time to time. This joint proxy statement/prospectus also constitutes a proxy statement for each of RLJ and FelCor for purposes of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). In addition, it constitutes a notice of special meeting with respect to the RLJ special meeting and a notice of special meeting with respect to the FelCor special meeting.

You should rely only on the information contained or incorporated by reference in this joint proxy statement/prospectus. No one has been authorized to provide you with information that is different from that contained in, or incorporated by reference into, this joint proxy statement/prospectus. This joint proxy statement/prospectus is dated July 18, 2017, and you should not assume that the information contained in, or incorporated by reference into, this joint proxy statement/prospectus is accurate as of any date other than that date (or, in the case of documents incorporated by reference, their respective

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dates). Neither the mailing of this joint proxy statement/prospectus to RLJ's shareholders or FelCor's stockholders nor the RLJ Share Issuance to FelCor common stockholders in the REIT Merger pursuant to the Merger Agreement will create any implication to the contrary.

This joint proxy statement/prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, any securities, or the solicitation of a proxy, in any jurisdiction in which or to any person to whom it is unlawful to make any such offer or solicitation in such jurisdiction. Information contained in this joint proxy statement/prospectus regarding RLJ has been provided by RLJ and information contained in this joint proxy statement/prospectus regarding FelCor has been provided by FelCor.

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THIS PROSPECTUS CONTAINS REGISTERED TRADEMARKS, INCLUDING HILTON®, THAT ARE THE EXCLUSIVE PROPERTY OF HILTON WORLDWIDE HOLDINGS, INC. ("HWHI") AND ITS SUBSIDIARIES AND AFFILIATES. NONE OF HWHI, ITS PARENTS, SUBSIDIARIES OR AFFILIATES OR ANY OF THEIR RESPECTIVE OFFICERS, DIRECTORS, MEMBERS, MANAGERS, STOCKHOLDERS, OWNERS, AGENTS OR EMPLOYEES, WHICH WE REFER TO COLLECTIVELY AS THE "HILTON PARTIES," IS AN ISSUER OR UNDERWRITER OF THE SECURITIES BEING OFFERED HEREBY, PLAYS (OR WILL PLAY) ANY ROLE IN THE OFFER OR SALE OF OUR SECURITIES, OR HAS ANY RESPONSIBILITY FOR THE CREATION OR CONTENTS OF THIS PROSPECTUS. IN ADDITION, NONE OF THE HILTON PARTIES HAS OR WILL HAVE ANY LIABILITY OR RESPONSIBILITY WHATSOEVER ARISING OUT OF OR RELATED TO THE SALE OR OFFER OF THE SECURITIES BEING OFFERED HEREBY, INCLUDING ANY LIABILITY OR RESPONSIBILITY FOR ANY FINANCIAL STATEMENTS, PROJECTIONS OR OTHER FINANCIAL INFORMATION OR OTHER INFORMATION CONTAINED IN THIS PROSPECTUS OR OTHERWISE DISSEMINATED IN CONNECTION WITH THE OFFER OR SALE OF THE SECURITIES OFFERED BY THIS PROSPECTUS. YOU MUST UNDERSTAND THAT, IF YOU PURCHASE OUR SECURITIES IN THIS OFFERING, YOUR SOLE RECOURSE FOR ANY ALLEGED OR ACTUAL IMPROPRIETY RELATING TO THE OFFER AND SALE OF THE SECURITIES AND THE OPERATION OF OUR BUSINESS WILL BE AGAINST US (AND/OR, AS MAY BE APPLICABLE, THE SELLER OF SUCH SECURITIES) AND IN NO EVENT MAY YOU SEEK TO IMPOSE LIABILITY ARISING FROM OR RELATED TO SUCH ACTIVITY, DIRECTLY OR INDIRECTLY, UPON ANY OF THE HILTON PARTIES.

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QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETINGS AND THE MERGERS

The following questions and answers are intended to address briefly some commonly asked questions regarding the Merger Agreement, the Mergers and the RLJ and FelCor special meetings. These questions and answers do not address all questions that may be important to you as a shareholder or stockholder, as applicable. Please refer to the "Summary" beginning on page 14 and the more detailed information contained elsewhere in this joint proxy statement/prospectus and the annexes to this joint proxy statement/prospectus, which you should read carefully. Unless stated otherwise, all references in this joint proxy statement/prospectus to:

"Closing" refers to the closing of the Mergers.

"Code" refers to the Internal Revenue Code of 1986, as amended.

"Combined Company" refers to RLJ and its subsidiaries after the closing of the Mergers.

"Common Exchange Ratio" refers to 0.362 RLJ Common Shares per share of FelCor Common Stock.

"Exchange Ratios" refers collectively to the Common Exchange Ratio and the Preferred Exchange Ratio.

"FelCor" refers to FelCor Lodging Trust Incorporated, a Maryland corporation.

"FelCor Adjournment Proposal" refers to the proposal to approve the adjournment of the FelCor special meeting, if necessary or appropriate, for the purpose of soliciting additional votes for the approval of the REIT Merger Proposal.

"FelCor Board" refers to the board of directors of FelCor.

"FelCor Common Stock" refers to each outstanding share of common stock, par value \$0.01, per share, of FelCor.

"FelCor Compensation Proposal" refers to the non-binding advisory proposal to approve compensation arrangements for certain FelCor executive officers in connection with the Merger Agreement, the Mergers and the transactions contemplated thereby.

"FelCor LP" refers to FelCor Lodging Limited Partnership, a Delaware limited partnership.

"FelCor LP Common Units" refers to outstanding common limited partnership units in FelCor LP.

"FelCor Series A Preferred Stock" refers to each outstanding share of \$1.95 Series A cumulative convertible preferred stock, par value \$0.01 per share, of FelCor.

"GAAP" refers to the accounting principles generally accepted in the United States of America.

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"Merger Agreement" refers to the Agreement and Plan of Merger, dated as of April 23, 2017, by and among RLJ, the Operating Partnership, REIT Merger Sub, Partnership Merger Sub, FelCor and FelCor LP, as it may be amended or modified from time to time, a copy of which is attached as Annex A to this joint proxy statement/prospectus.

"Mergers" refers to the Partnership Merger and the REIT Merger.

"NYSE" refers to the New York Stock Exchange.

"Operating Partnership" refers to RLJ Lodging Trust, L.P., a Delaware limited partnership.

"Operating Partnership Common Units" refers to common limited partnership units in the Operating Partnership.

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"Partnership Merger" refers to the merger of Partnership Merger Sub with and into FelCor LP, with FelCor LP surviving as a wholly-owned subsidiary of the Operating Partnership.

"Partnership Merger Sub" refers to Rangers Sub II, LP, a Delaware limited partnership and an indirect wholly-owned subsidiary of Operating Partnership.

"Preferred Exchange Ratio" refers to one RLJ Series A Preferred Share per share of FelCor Series A Preferred Stock.

"REIT" refers to a real estate investment trust.

"REIT Merger" refers to the merger of FelCor with and into REIT Merger Sub, with REIT Merger Sub surviving as a wholly-owned subsidiary of the Operating Partnership.

"REIT Merger Proposal" refers to the proposal to approve the REIT Merger.

"REIT Merger Sub" refers to Rangers Sub I, LLC, a Maryland limited liability company and a wholly-owned subsidiary of Operating Partnership.

"RLJ" refers to RLJ Lodging Trust, a Maryland REIT.

"RLJ Adjournment Proposal" refers to the proposal to approve the adjournment of the RLJ special meeting, if necessary or appropriate, for the purpose of soliciting additional votes for the approval of the RLJ Share Issuance Proposal.

"RLJ Board" refers to the board of trustees of RLJ.

"RLJ Common Shares" refers to the common shares of beneficial interest, par value \$0.01 per share, of RLJ.

"RLJ Series A Preferred Shares" refers to the newly created Series A cumulative convertible preferred shares, par value \$0.01 per share, of RLJ.

"RLJ Share Issuance" refers to the issuance of RLJ Common Shares to holders of FelCor Common Stock and the issuance of RLJ Series A Preferred Shares to holders of FelCor Series A Preferred Stock, as contemplated by the Merger Agreement.

"RLJ Share Issuance Proposal" refers to the proposal to approve the RLJ Share Issuance.

Q:

What is the proposed transaction for which I am being asked to vote?

A:

The FelCor common stockholders are being asked to approve the REIT Merger. The approval of the REIT Merger by the FelCor common stockholders is a condition to the effectiveness of the REIT Merger.

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The RLJ shareholders are being asked to approve the RLJ Share Issuance Proposal in connection with the REIT Merger. The approval of the RLJ Share Issuance Proposal by the RLJ shareholders is a condition to the effectiveness of the REIT Merger.

Q:

Why are RLJ and FelCor proposing the Mergers?

A:

The RLJ Board and the FelCor Board believe that the Mergers will provide a number of significant potential strategic opportunities and benefits that will be in the best interests of their respective shareholders and stockholders. At Closing, the Combined Company will be the third largest lodging REIT in the United States and the largest publicly traded portfolio of upscale premium brand focused-service and compact full-service hotels, which will allow shareholders to participate in a stronger Combined Company and in a platform positioned for value creation. The Combined Company will have ownership interests in 161 hotels in 26 states and the District of Columbia and is expected to provide enhanced brand and operator leverage. The combination also

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provides enhanced geographic diversity, while maintaining a strategically consistent and balanced portfolio of focused-service and compact full-service hotels with enhanced exposure to Marriott®, Hilton® and Hyatt® brands, which will increase portfolio diversification and reduce market specific exposure as a percentage of the combined portfolio. With a strong and flexible balance sheet and disciplined approach to portfolio and asset management, the Combined Company will have the attributes and capabilities to drive accretive growth and to pursue additional opportunities to enhance value. To review the reasons for the Mergers in greater detail, see "The REIT Merger Recommendation of the RLJ Board and Its Reasons for the Mergers" beginning on page 77 and "The REIT Merger Recommendation of the FelCor Board and Its Reasons for the Mergers" beginning on page 80.

Q: **Were appraisals or valuations performed on the assets and liabilities of RLJ and FelCor in connection with the Mergers?**

A: No third-party appraisals or valuations on the assets and liabilities of RLJ and FelCor were obtained in connection with the Mergers.

Q: **What happens if the market price of RLJ Common Shares or FelCor Common Stock changes before the closing of the REIT Merger?**

A: Changes in the market price of RLJ Common Shares or the market price of FelCor Common Stock at or prior to the effective time of the REIT Merger will not change the number of RLJ Common Shares that FelCor common stockholders will receive because the Common Exchange Ratio is fixed at 0.362 RLJ Common Shares per share of FelCor Common Stock.

Q: **Are there any conditions to completion of the Mergers?**

A: Yes. In addition to the approvals of the RLJ shareholders and the FelCor common stockholders, as described herein, there are a number of conditions that must be satisfied or waived for the Mergers to be consummated. For a description of all of the conditions to the Mergers, see "The Merger Agreement Conditions to Complete the Mergers" beginning on page 129.

The following questions and answers apply to RLJ shareholders only:

Q: **When and where is the RLJ special meeting?**

A: The special meeting of RLJ shareholders will be held on August 15, 2017 at RLJ's corporate headquarters at 3 Bethesda Metro Center, Suite 1000, Bethesda MD 20814, at 1:00 p.m., Eastern Time.

Q: **What matters will be voted on at the RLJ special meeting?**

A: You will be asked to consider and vote on the following proposals:

the RLJ Share Issuance Proposal; and

the RLJ Adjournment Proposal.

Q: **How does the RLJ Board recommend that I vote on the proposals?**

A: After careful consideration, the RLJ Board has unanimously:

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determined that the Merger Agreement, the Mergers and the transactions contemplated thereby, including the RLJ Share Issuance, are advisable and in the best interests of RLJ and the RLJ shareholders; and

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authorized, approved, adopted and declared advisable the Merger Agreement, the Mergers and the transactions contemplated thereby.

The RLJ Board unanimously recommends that the RLJ shareholders vote "**FOR**" the RLJ Share Issuance Proposal and "**FOR**" the RLJ Adjournment Proposal. For a more complete description of the recommendation of the RLJ Board, see "The REIT Merger Recommendation of the RLJ Board and Its Reasons for the Mergers" beginning on page 77.

Q:
What constitutes a quorum for the RLJ special meeting?

A:
The presence at the RLJ special meeting, in person or by proxy, of the holders of a majority of the common shares outstanding on July 6, 2017 will constitute a quorum, permitting the RLJ shareholders to conduct business at the RLJ special meeting. RLJ will include abstentions in the calculation of the number of shares considered to be present at the RLJ special meeting for purposes of determining the presence of a quorum at the RLJ special meeting. As of the record date, there were 124,639,939 common shares outstanding.

Q:
What vote is required for RLJ shareholders to approve the RLJ Share Issuance Proposal?

A:
Approval of the RLJ Share Issuance Proposal requires that the number of votes cast for the RLJ Share Issuance Proposal exceeds the number of votes cast against the RLJ Share Issuance Proposal from holders of RLJ Common Shares represented in person or by proxy and entitled to vote at the RLJ special meeting, assuming a quorum is present.

Q:
What vote is required for RLJ shareholders to approve the RLJ Adjournment Proposal?

A:
Approval of the RLJ Adjournment Proposal requires that the number of votes cast for the RLJ Adjournment Proposal exceeds the number of votes cast against the RLJ Adjournment Proposal from holders of RLJ Common Shares represented in person or by proxy and entitled to vote at the RLJ special meeting, assuming a quorum is present.

Q:
How are votes counted?

A:
For the RLJ Share Issuance Proposal, you may vote "**FOR**," "**AGAINST**" or "**ABSTAIN**." Failure to return your proxy card and other shares not voted (whether by broker non-vote or otherwise) will not be considered present for the purpose of determining the presence of a quorum and will have no effect on the RLJ Share Issuance Proposal. Under NYSE rules, abstentions will be considered as votes cast and, accordingly, will have the same effect as votes "**AGAINST**" the RLJ Share Issuance Proposal.

For the RLJ Adjournment Proposal, you may vote "**FOR**," "**AGAINST**" or "**ABSTAIN**." Abstentions and other shares not voted (whether by broker non-votes or otherwise) will not have an effect on the RLJ Adjournment Proposal, provided that a quorum is otherwise present.

Properly executed proxy cards with no instructions indicated on the proxy card will be voted "**FOR**" the RLJ Share Issuance Proposal and "**FOR**" the RLJ Adjournment Proposal.

In addition, banks, brokers and other nominees that hold their customers' shares in street name may not vote their customers' shares on "non-routine" matters without instructions from their customers. As each of the proposals to be voted upon at the RLJ special meeting is considered "non-routine," such organizations do not have discretion to vote on any of the proposals. As a result, if you fail to provide your broker, bank or other nominee with any instructions regarding how to vote your RLJ Common Shares, your RLJ Common Shares will not be considered present at the RLJ special meeting and will not be voted on any of the proposals.

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Q: Who is entitled to vote at the RLJ special meeting?

A: All holders of RLJ Common Shares as of the close of business on July 6, 2017, the record date for the RLJ special meeting, are entitled to vote at the RLJ special meeting, unless a new record date is fixed for any adjournment or postponement of the RLJ special meeting. As of the record date, there were 124,639,939 issued and outstanding shares of RLJ Common Shares. Each holder of record of RLJ Common Shares on the record date is entitled to one vote per share.

Q: How will RLJ shareholders be affected by the Mergers and the RLJ Share Issuance?

A: After the Mergers, each RLJ shareholder will continue to own the RLJ Common Shares that such shareholder held immediately prior to the Mergers. As a result, each RLJ shareholder will continue to own common shares in the Combined Company, which will be a larger company with more assets. However, because RLJ will be issuing new RLJ Common Shares to FelCor common stockholders in the Mergers, including holders of FelCor LP Common Units that convert such FelCor LP Common Units into shares of FelCor Common Stock, each outstanding RLJ Common Share immediately prior to the Mergers will represent a smaller percentage of the aggregate number of RLJ Common Shares outstanding after the Mergers.

The following questions and answers apply to FelCor common stockholders only:

Q: What will I receive for my FelCor stock in the REIT Merger?

A: Under the terms of the Merger Agreement, you will receive RLJ Common Shares for FelCor Common Stock owned by you immediately prior to the completion of the Mergers based on the Common Exchange Ratio. Each share of FelCor Series A Preferred Stock will be converted into the right to receive one share of newly created RLJ Series A Preferred Shares.

Q: How will I receive the merger consideration if the Mergers are completed?

A: For the FelCor common stockholders, you will receive a letter of transmittal with detailed written instructions for exchanging shares for the merger consideration. If your shares are held in "street name" by your bank, broker or other nominee, you will receive instructions from your bank, broker or other nominee as to how to effect the surrender of your "street name" shares in exchange for the applicable merger consideration.

Q: When and where is the FelCor special meeting?

A: The special meeting of FelCor stockholders will be held on August 15, 2017, at FelCor's corporate headquarters at 125 E. John Carpenter Freeway, Suite 1600, Irving, Texas 75062, starting at 5:00 p.m., Central Time.

Q: What matters will be voted on at the FelCor special meeting?

A: You will be asked to consider and vote on the following proposals:

the REIT Merger Proposal;

the FelCor Compensation Proposal; and

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the FelCor Adjournment Proposal.

FelCor will transact no other business at the FelCor special meeting or any adjournment or postponement thereof. Holders of FelCor Series A Preferred Stock will not vote on any matter at the FelCor special meeting.

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Q: **How does the FelCor Board recommend that I vote on the proposals?**

A: The FelCor Board has unanimously determined that the Merger Agreement, the Mergers and the transactions contemplated thereby are fair and reasonable, and in the best interests of FelCor and its stockholders (including the holders of FelCor Series A Preferred Stock), and that the REIT Merger is advisable, and has unanimously approved the Merger Agreement, the Mergers and the transactions contemplated thereby. The FelCor Board has directed that the REIT Merger Proposal be submitted for consideration at a special meeting of FelCor stockholders.

The FelCor Board unanimously recommends that the FelCor common stockholders vote "**FOR**" the REIT Merger Proposal, "**FOR**" the FelCor Compensation Proposal and "**FOR**" the FelCor Adjournment Proposal. For a more complete description of the recommendation of the FelCor Board, see "The REIT Merger Recommendation of the FelCor Board and Its Reasons for the Mergers" beginning on page 80.

Q: **Do the FelCor directors and executive officers have any interests in the Mergers?**

A: Yes. In considering the FelCor Board's recommendation for FelCor common stockholders to approve the REIT Merger Proposal and the FelCor Compensation Proposal, FelCor's stockholders should be aware that directors and executive officers of FelCor have interests in the Mergers that may be different from, or in addition to, the interests of FelCor's stockholders generally and that may present actual or potential conflicts of interests. These interests include:

each share of FelCor restricted stock held by FelCor's executive officers will automatically become fully vested, and at the effective time of the REIT Merger, such shares (less the shares of FelCor Common Stock withheld to satisfy applicable withholding tax obligations) will be converted into the right to receive RLJ Common Shares based on the Common Exchange Ratio;

each FelCor Restricted Stock Unit (a "FelCor RSU") held by FelCor's executive officers will automatically become vested in the number of shares of FelCor Common Stock determined as set forth in the agreement or other FelCor benefit plan governing such FelCor RSU, and at the effective time of the REIT Merger, such shares (less the shares of FelCor Common Stock withheld to satisfy applicable withholding tax obligations) will be converted into the right to receive RLJ Common Shares based on the Common Exchange Ratio, and each dividend equivalent right related to such vesting FelCor RSU will become fully vested and converted into the right to receive cash; and

continued indemnification and insurance coverage for the directors and executive officers of FelCor (so long as annual premiums do not exceed 250% of FelCor's current annual premiums) in accordance with the Merger Agreement.

In addition, the Chairman of the FelCor Board and each FelCor executive officer is a party to a change in control and severance agreement with FelCor, which provides for (i) single trigger accelerated vesting of outstanding equity incentive awards upon the occurrence of a change in control, as defined in the agreement, and (ii) payments and other benefits if the individual's employment terminates for a qualifying event or circumstance, such as being terminated without "cause" or leaving employment for "good reason," as these terms are defined in the agreement, following a change in control, such as the REIT Merger. Upon the termination of such individual's employment by FelCor or the Combined Company other than for cause, retirement or disability, or by such individual for good reason, the individual would be eligible to receive, among other benefits, (i) a lump sum severance payment equal to 2.99 (or 2.50, in the case of Steven R. Goldman) multiplied by the sum of that individual's then current base salary, plus the greater of (A) his average cash bonus (annualized for partial years of service) paid over the preceding three years of employment (or a shorter period, if employed less than three years) or (B) his target cash

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bonus for the current year, and (ii) certain benefit continuation rights for up to 24 months (or up to 36 months, in the case of Mr. Goldman) following termination. In addition, under the agreement, such individuals (other than Mr. Goldman and Thomas C. Hendrick) are eligible to receive a "gross-up" payment, if applicable, related to any excise taxes imposed under Section 4999 of the Code.

The FelCor Board was aware of these interests and considered them, among other matters, approving the Merger Agreement and the transactions contemplated thereby. For additional information, see "The REIT Merger Interests of FelCor's Directors and Executive Officers in the Mergers" beginning on page 107.

Q:
What constitutes a quorum?

A:
FelCor's bylaws provide that the presence in person or by proxy of FelCor stockholders entitled to cast a majority of all the votes entitled to be cast at the meeting constitutes a quorum at each meeting of FelCor stockholders. Abstentions will be counted for the purpose of determining a quorum.

Q:
What vote is required for FelCor common stockholders to approve the REIT Merger Proposal?

A:
Approval of the REIT Merger Proposal will require the affirmative vote of the holders of not less than a majority of the outstanding shares of FelCor Common Stock, which is the only vote of the holders of any class or series of shares of capital stock of FelCor required for such approval.

Q:
What vote is required for FelCor common stockholders to approve the FelCor Compensation Proposal?

A:
Provided a quorum is present, approval of the FelCor Compensation Proposal will require that the majority of votes cast are cast in favor of the FelCor Compensation Proposal. Only holders of shares of FelCor Common Stock will be entitled to vote on the FelCor Compensation Proposal.

Q:
What vote is required for FelCor stockholders to approve the FelCor Adjournment Proposal?

A:
Approval of the FelCor Adjournment Proposal will require the affirmative vote of holders of a majority of the shares of FelCor Common Stock entitled to vote at the FelCor special meeting and present in person or represented by proxy at the meeting, whether or not a quorum is present.

Q:
How are votes counted?

A:
For the REIT Merger Proposal, you may vote "**FOR**," "**AGAINST**" or "**ABSTAIN**." If you abstain or fail to return your proxy card, it will have the same effect as a vote "**AGAINST**" the REIT Merger Proposal.

For the FelCor Compensation Proposal, you may vote "**FOR**," "**AGAINST**" or "**ABSTAIN**." For purposes of the FelCor Compensation Proposal, a failure to vote, a failure to instruct your bank, broker or nominee to vote or an abstention from voting will have no effect.

For the FelCor Adjournment Proposal, you may vote "**FOR**," "**AGAINST**" or "**ABSTAIN**." If you are present in person or by proxy at the FelCor special meeting, abstentions will have the same effect as a vote "**AGAINST**" the proposal. Broker non-votes will not have an effect on the proposal. If you are not present in person or by proxy at the FelCor special meeting, it will not have an effect on the proposal.

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Properly executed proxy cards with no instructions indicated on the proxy card will be voted "**FOR**" the REIT Merger Proposal, "**FOR**" the FelCor Compensation Proposal and "**FOR**" the FelCor Adjournment Proposal.

In addition, if your shares are held in the name of a bank, broker or other nominee, your bank, broker or other nominee will not vote your shares in the absence of specific instructions from you on how to vote your shares. These "broker non-votes" (if any) and abstentions will have the same effect as a vote "**AGAINST**" the REIT Merger Proposal.

Q:

Who is entitled to vote at the FelCor special meeting?

A:

All holders of FelCor Common Stock as of the close of business on July 6, 2017, the record date for the FelCor special meeting, are entitled to vote at the FelCor special meeting, unless a new record date is fixed for any adjournment or postponement of the FelCor special meeting. As of the record date, there were 138,421,753 issued and outstanding shares of FelCor Common Stock. Each holder of record of FelCor Common Stock on the record date is entitled to one vote per share. Holders of FelCor Series A Preferred Stock are not entitled to vote at the FelCor special meeting.

The following questions and answers apply to RLJ shareholders and FelCor common stockholders:

Q:

Have any RLJ shareholders or FelCor common stockholders already agreed to vote in favor of the proposals?

A:

In connection with the execution of the Merger Agreement, RLJ has entered into a voting agreement with each of the following current and former executive officers of FelCor in their capacities as FelCor common stockholders: Steven R. Goldman, Thomas J. Corcoran, Jr., Troy A. Pentecost, Thomas C. Hendrick, Michael C. Hughes and Jonathan H. Yellen (collectively, the "FelCor Executives"). Collectively, the FelCor Executives beneficially own approximately 1.0% of the outstanding shares of FelCor Common Stock. These RLJ voting agreements generally require, subject to certain exceptions, the FelCor Executives to vote all of the shares of FelCor Common Stock beneficially owned by them and capable of being voted in favor of approval of the REIT Merger Proposal and against any alternative acquisition proposals of third parties, actions or agreements that would reasonably be expected to result in the failure of a closing condition set forth in the Merger Agreement, and any actions that would reasonably be expected to materially delay, materially postpone or materially adversely affect the consummation of the transactions contemplated by the Merger Agreement. These RLJ voting agreements also restrict the FelCor Executives from, subject to certain permitted exceptions, transferring any subject securities or depositing any subject securities into a voting trust or other arrangement or granting any proxy or power of attorney to vote the subject securities.

In connection with the execution of the Merger Agreement, FelCor has entered into a voting agreement with each of the following executives of RLJ in their capacities as RLJ shareholders: Robert L. Johnson, Ross H. Bierkan and Leslie D. Hale (collectively, the "RLJ Executives"). Collectively, the RLJ Executives beneficially own approximately 1.4% of the outstanding RLJ Common Shares. These voting agreements generally require, subject to certain exceptions, the RLJ Executives to vote all of the RLJ Common Shares beneficially owned by them and capable of being voted, in favor of approval of the RLJ Share Issuance Proposal and against any alternative acquisition proposals of third parties, actions or agreements that would reasonably be expected to result in the failure of a closing condition set forth in the Merger Agreement, and any actions that would reasonably be expected to materially delay, materially postpone or materially adversely affect the consummation of the transactions contemplated by the Merger Agreement. These voting agreements also restrict the RLJ Executives from, subject to certain permitted exceptions,

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transferring any subject securities or depositing any subject securities into a voting trust or other arrangement or granting any proxy or power of attorney to vote the subject securities.

Q:
What happens if I sell my shares before the special meetings?

A:
The record date for each company's special meeting is earlier than the date of each company's special meeting and the date that the REIT Merger is expected to be completed. If you sell your shares after your company's record date but before the date of your company's special meeting, you will retain any right to vote at your company's special meeting, but, for FelCor stockholders, you will have transferred your right to receive the merger consideration. For FelCor stockholders, in order to receive the merger consideration, you must hold your shares through completion of the REIT Merger.

Q:
How do I vote?

A:
You may submit your proxy either by telephone, through the Internet or by mailing the enclosed proxy card, or you may vote in person at the special meeting of the company for which you are a shareholder or stockholder, as applicable.

To submit your proxy by telephone, dial the toll free telephone number set forth on the proxy card you received using a touch tone phone and follow the recorded instructions. You will be asked to provide the control number from the enclosed proxy card. To submit your proxy through the Internet, visit the website set forth on the proxy card you received. You will be asked to provide the control number from the enclosed proxy card. Proxies submitted by telephone or through the Internet must be received by 11:59 p.m., Central Time, on August 14, 2017 for RLJ shareholders and by 11:59 p.m., Eastern Time, on August 14, 2017 for FelCor common stockholders.

To submit your proxy by mail, complete, date and sign each proxy card you receive and return it as promptly as practicable in the enclosed prepaid envelope. If you sign and return your proxy card, but do not mark the boxes showing how you wish to vote, your shares will be voted "**FOR**" the RLJ Share Issuance Proposal, the RLJ Adjournment Proposal, the REIT Merger Proposal, the FelCor Compensation Proposal and the FelCor Adjournment Proposal, as applicable.

If you intend to vote in person, please bring proper identification, together with proof that you are a record owner of shares of the applicable company. If your shares are held in "street name," please bring acceptable proof of ownership, such as a letter from your broker or an account statement showing that you beneficially own such shares on the applicable record date.

If you hold your shares in "street name," please read the question and answer referencing "street name" shares below.

Q:
What happens if I am both an RLJ shareholder and a FelCor common stockholder?

A:
If you are both an RLJ shareholder and a FelCor common stockholder, you are entitled to vote at the special meeting of each company. You will receive separate proxy cards for each company and must complete, sign and date each proxy card and return each proxy card in the appropriate preaddressed postage-paid envelope or, if available, by submitting a proxy by one of the other methods specified in your proxy card or voting instruction card for each company.

Q:
If my shares are held in "street name" by my bank, broker or other nominee, will my broker, bank or other nominee vote my shares for me?

A:
No. Unless you instruct your broker, bank or other nominee to vote your shares held in street name, your shares will **NOT** be voted. If you hold your shares in a stock brokerage account or if your shares are held by a bank or other nominee (that is, in "street name"), you must provide

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your broker, bank or other nominee with instructions on how to vote your shares. You should follow the procedures provided by your bank, broker or nominee regarding the voting of your shares.

Q:

How can I revoke or change my vote?

A:

You may revoke your proxy at any time before the vote is taken at the special meeting of the company of which you are a shareholder or stockholder, as applicable, in any of the following ways:

submitting a later proxy by telephone or through the Internet prior to 11:59 p.m., Central Time, on August 14, 2017 if you are a RLJ shareholder and prior to 11:59 p.m., Eastern Time, on August 14, 2017 if you are a FelCor common stockholder;

filing with the Secretary of the applicable company, before the taking of the vote at the company's special meeting, a written notice of revocation bearing a later date than the proxy card;

duly executing a later dated proxy card relating to the same shares and delivering it to the Secretary of the applicable company before the taking of the vote at the company's special meeting; or

voting in person at the company's special meeting.

Your attendance at the company's special meeting does not automatically revoke your previously submitted proxy. If you have instructed your bank, broker or other nominee to vote your shares, the options described above for revoking your proxy do not apply. Instead, you must follow the directions provided by your bank, broker or other nominee to change your vote.

Q:

When are the Mergers expected to be completed?

A:

We expect to complete the Mergers by the end of 2017, although RLJ and FelCor cannot assure completion by any particular date, if at all. Because the Mergers are subject to a number of conditions, including the approval of the RLJ Share Issuance Proposal by the requisite vote of the RLJ shareholders and the REIT Merger Proposal by the requisite vote of the FelCor common stockholders, the exact timing of the Mergers cannot be determined at this time and RLJ and FelCor cannot guarantee that the Mergers will be completed at all.

Q:

Following the REIT Merger, what percentage of RLJ Common Shares will current RLJ shareholders and FelCor stockholders own?

A:

Following the completion of the Mergers:

the RLJ Common Shares held by the current RLJ shareholders will represent approximately 71% of the Combined Company's fully diluted equity; and

former FelCor common stockholders are expected to own the remaining 29% of the Combined Company's fully diluted equity.

Q:

What happens if the REIT Merger is not completed?

A:

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If the RLJ Share Issuance Proposal or the REIT Merger Proposal is not approved by RLJ shareholders or FelCor common stockholders, respectively, or if the Mergers are not completed for any other reason, FelCor common stockholders will not have their FelCor Common Stock exchanged for RLJ Common Shares in connection with the Mergers. Instead, each of FelCor and RLJ would remain a separate company. Under certain circumstances, RLJ may be required to pay

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FelCor a termination fee or an expense amount or FelCor may be required to pay RLJ a termination fee or expense amount, as described under "The Merger Agreement Termination Fees and Expenses" beginning on page 132.

Q:
Am I entitled to exercise appraisal rights?

A:
No. Neither holders of RLJ Common Shares nor holders of FelCor Common Stock will be entitled to appraisal rights.

Q:
Will RLJ have the same strategy as FelCor?

A:
The Combined Company will follow RLJ's stated objective of generating strong returns for shareholders by acquiring premium-branded, focused-service and compact full-service hotels. This target asset class represents a very attractive segment of the lodging industry and provides stronger returns on invested capital than large full-service or luxury hotels because they operate under a business model that requires fewer employees and imposes lower operating costs, resulting in higher profit margins. As part of RLJ's disciplined capital recycling program, RLJ intends to opportunistically dispose of non-core hotels and other hotels which RLJ believes have maximized their returns in the combined portfolio in order to further strengthen the balance sheet and redeploy capital into more accretive opportunities. See "Description of Policies of RLJ" on page 198.

Q:
Will my dividend payments continue after the REIT Merger?

A:
Following completion of the REIT Merger, holders of RLJ Common Shares will be entitled to receive dividends when, as and if declared by the RLJ Board out of funds legally available therefor. After the REIT Merger, RLJ plans to continue to pay a consistent distribution on a quarterly basis, with distributions from anticipated cash generated from operations and debt. The anticipated initial annual distribution rate after the REIT Merger is expected to be \$1.32 per RLJ Common Share. Any distribution will be subject to the approval of the RLJ Board and there can be no assurance of the duration of distributions at the anticipated initial annual distribution rate after the REIT Merger.

Q:
Are there any risks associated with the Mergers that I should consider in deciding how to vote?

A:
Yes. A number of risks related to the Mergers are discussed in this joint proxy statement/prospectus and described in the section entitled "Risk Factors" beginning on page 35.

Q:
What are the material U.S. federal income tax consequences of the Mergers to FelCor common stockholders and RLJ shareholders?

A:
Assuming that the Mergers are completed as currently contemplated, RLJ and FelCor expect that the receipt of the merger consideration by FelCor common stockholders in exchange for their FelCor Common Stock pursuant to the REIT Merger will be a taxable transaction for federal income tax purposes. Generally, for U.S. federal income tax purposes, FelCor common stockholders will recognize gain or loss as a result of the REIT Merger measured by the difference, if any, between the fair market value of RLJ Common Shares and the amount of any cash received in the REIT Merger on account of fractional shares and the holder's adjusted tax basis in the FelCor Common Stock exchanged. Because the merger consideration to be given to holders of FelCor Common Stock consists solely of RLJ Common Shares (other than cash received in the REIT Merger in lieu of fractional shares), holders of FelCor Common Stock may need to sell shares of RLJ Common Shares received in the REIT Merger, or raise cash from other sources, to pay any tax obligations resulting from the REIT Merger. RLJ and FelCor anticipate that the

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REIT Merger will have no material U.S. federal income tax consequences to RLJ shareholders who do not own any FelCor stock.

The tax consequences to you of the Mergers will depend on your own situation. You should consult your own tax advisor for a full understanding of the tax consequences to you of the Mergers. For more information regarding the tax consequences of the Mergers to FelCor common stockholders, please see "Material U.S. Federal Income Tax Consequences" beginning on page 137.

Q:

How can I obtain additional information about RLJ and FelCor?

A:

RLJ and FelCor each file annual, quarterly and current reports, proxy statements and other information with the SEC. Each company's filings with the SEC may be accessed on the Internet at <http://www.sec.gov>. Copies of the documents filed by RLJ with the SEC will be available free of charge on RLJ's website at www.rjlodgingtrust.com or by contacting RLJ Investor Relations at ir@rjlodgingtrust.com or at 301-280-7774. Copies of the documents filed by FelCor with the SEC will be available free of charge on FelCor's website at www.felcor.com or by contacting FelCor Investor Relations at asalami@felcor.com or at 972-444-4967. The information provided on each company's website is not part of this joint proxy statement/prospectus and is not incorporated by reference into this joint proxy statement/prospectus. For a more detailed description of the information available and information incorporated by reference, please see "Where You Can Find More Information and Incorporation by Reference" on page 210.

Q:

What else do I need to do now?

A:

You are urged to read this joint proxy statement/prospectus carefully and in its entirety, including its annexes and the information incorporated by reference herein, and to consider how the Mergers affect you. Even if you plan to attend your company's special meeting, if you hold your shares in your own name as the shareholder or stockholder, as applicable, of record, please vote your shares by completing, signing, dating and returning the enclosed proxy card. You can also attend your company's special meeting and vote, or change your prior vote, in person. If you hold your shares in "street name" through a bank, broker or other nominee, then you should have received this joint proxy statement/prospectus from that nominee, along with that nominee's proxy card which includes voting instructions and instructions on how to change your vote.

Q:

Will a proxy solicitor be used?

A:

Yes. RLJ has engaged D.F. King & Co., Inc. ("D.F. King"), to assist in the solicitation of proxies for the RLJ special meeting, and RLJ estimates it will pay D.F. King a fee of approximately \$15,000. RLJ has also agreed to reimburse D.F. King for reasonable out-of-pocket expenses and disbursements incurred in connection with the proxy solicitation and to indemnify D.F. King against certain losses, costs and expenses. In addition to mailing proxy solicitation materials, RLJ's trustees, officers and employees may also solicit proxies in person, by telephone or by any other electronic means of communication deemed appropriate. No additional compensation will be paid to RLJ's trustees, officers or employees for such services.

FelCor has also engaged D.F. King, to assist in the solicitation of proxies for the FelCor special meeting, and FelCor estimates it will pay D.F. King a fee of approximately \$25,000. FelCor has also agreed to reimburse D.F. King for reasonable out-of-pocket expenses and disbursements incurred in connection with the proxy solicitation and to indemnify D.F. King against certain losses, costs and expenses. In addition to mailing proxy solicitation material, FelCor's directors, officers and employees may also solicit proxies in person, by telephone or by any other electronic means of communication deemed appropriate. No additional compensation will be paid to FelCor's directors, officers or employees for such services.

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Q: **Who can answer my questions?**

A: If you have any questions about the Mergers or the other matters to be voted on at the RLJ special meeting or the FelCor special meeting, how to submit your proxy, or need additional copies of this joint proxy statement/prospectus, the enclosed proxy card or voting instructions, you should contact:

If you are an RLJ shareholder:

D.F. King & Co., Inc.
48 Wall Street, 22nd floor
New York, NY 10005
(800) 317-8033 (toll free)
(212) 269-5550 (call collect)

If you are a FelCor stockholder:

D.F. King & Co., Inc.
48 Wall Street, 22nd floor
New York, NY 10005
(877) 732-3614 (toll free)
(212) 269-5550 (call collect)

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SUMMARY

The following summary highlights selected information in this joint proxy statement/prospectus and may not contain all the information that may be important to you with respect to the Merger Agreement, the Mergers or the special meetings. Accordingly, you are encouraged to read this joint proxy statement/prospectus, including its annexes and the information incorporated by reference herein, carefully and in its entirety. Each item in this summary includes a page reference directing you to a more complete description of that topic. See also "Where You Can Find More Information and Incorporation by Reference" on page 210.

The Companies

RLJ Lodging Trust (Page 47)

RLJ Lodging Trust
3 Bethesda Metro Center
Suite 1000
Bethesda, MD 20814
(301) 280-7777

RLJ is a Maryland REIT that has elected to be taxed as a REIT under the Code. RLJ acquires primarily premium-branded, focused-service and compact full-service hotels, and is one of the largest U.S. publicly-traded lodging REITs in terms of both number of hotels and number of rooms. As of March 31, 2017, RLJ owned 122 hotels with approximately 20,100 rooms, located in 21 states and the District of Columbia, and an interest in one mortgage loan secured by a hotel. RLJ owns, through wholly-owned subsidiaries, 100% of the interests in all hotel properties, with the exception of one hotel property in which RLJ owns a 98.3% controlling interest in a joint venture.

RLJ Common Shares are listed on the NYSE, trading under the symbol "RLJ."

RLJ's principal executive offices are located at 3 Bethesda Metro Center, Suite 1000, Bethesda, Maryland 20814, and its telephone number is (301) 280-7777. RLJ had 57 employees as of March 31, 2017.

RLJ Lodging Trust, L.P. (Page 47)

RLJ Lodging Trust, L.P.
3 Bethesda Metro Center
Suite 1000
Bethesda, MD 20814
(301) 280-7777

The Operating Partnership, a Delaware limited partnership, and its subsidiaries conduct all of RLJ's business, hold substantially all of RLJ's assets and liabilities and generate substantially all of RLJ's revenues. RLJ is the sole general partner of the Operating Partnership and, as of March 31, 2017, owned approximately 99.6% of the outstanding Operating Partnership Common Units.

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Rangers Sub I, LLC (Page 47)

Rangers Sub I, LLC
3 Bethesda Metro Center
Suite 1000
Bethesda, MD 20814
(301) 280-7777

REIT Merger Sub, a wholly-owned subsidiary of the Operating Partnership, is a Maryland limited liability company that was formed on April 20, 2017 solely for the purposes of effecting the REIT Merger. Upon closing under the Merger Agreement, the REIT Merger will be consummated whereby FelCor will be merged with and into REIT Merger Sub, with REIT Merger Sub surviving as a wholly-owned subsidiary of the Operating Partnership. REIT Merger Sub has not conducted any activities to date, except for activities incidental to its formation and activities undertaken in connection with the transactions contemplated by the Merger Agreement.

Rangers Sub II, LP (Page 48)

Rangers Sub II, LP
3 Bethesda Metro Center
Suite 1000
Bethesda, MD 20814
(301) 280-7777

Partnership Merger Sub, a Delaware limited partnership, was formed on April 20, 2017 solely for the purposes of facilitating RLJ's acquisition of FelCor. Upon closing under the Merger Agreement, the Partnership Merger will be consummated whereby Partnership Merger Sub will merge with and into FelCor LP, with FelCor LP surviving as the wholly-owned subsidiary of the Operating Partnership. Partnership Merger Sub has not carried on any activities to date, except for activities incidental to its formation and activities undertaken in connection with the transactions contemplated by the Merger Agreement.

FelCor Lodging Trust Incorporated (Page 48)

FelCor Lodging Trust Incorporated
125 E. John Carpenter Freeway, Suite 1600
Irving, TX 75062
(972) 444-4900

FelCor, a Maryland corporation, is a REIT traded on the NYSE under the symbol "FCH" that owns a diversified portfolio of primarily upper-upscale full-service hotels that are located in major urban and resort markets throughout the U.S. FelCor partners with leading hotel companies who operate its properties under globally renowned names and as premier independent hotels.

FelCor's only material asset is its ownership interest in FelCor LP, a Delaware limited partnership with no publicly-traded equity. FelCor is the sole general partner and the owner of a greater than 99.5% partnership interest in FelCor LP. Through FelCor LP, FelCor held ownership interests in 39 hotels with 11,500 rooms as of March 31, 2017.

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FelCor Lodging Limited Partnership (Page 48)

FelCor Lodging Limited Partnership
125 E. John Carpenter Freeway, Suite 1600
Irving, TX 75062
(972) 444-4900

FelCor LP, a Delaware limited partnership, is a partnership with no publicly-traded equity. FelCor is the sole general partner of, and the owner of a greater than 99.5% partnership interest in, FelCor LP. Through FelCor LP, FelCor held ownership interests in 39 hotels with 11,500 rooms as of March 31, 2017. As the sole partner of FelCor LP, FelCor has exclusive and complete control of FelCor LP's day-to-day management. The holders of non-controlling interests in FelCor LP are unaffiliated with FelCor and, in aggregate, hold less than 1% of the FelCor LP Common Units.

The Combined Company (Page 48)

The Combined Company will retain the name "RLJ Lodging Trust" and will continue to be a Maryland REIT, which has elected to be taxed as a REIT under the Code. The Combined Company will be a publicly traded, lodging REIT focused on the acquisition and ownership of premium-branded, focused service and compact full-service hotels. The Combined Company is expected to have a pro forma equity market capitalization of approximately \$3.5 billion and a total capitalization of approximately \$6.4 billion based on RLJ's closing price of \$19.67 per share on July 6, 2017. Immediately after the Mergers, the Combined Company's asset base will consist primarily of interests in a portfolio of 161 hotels operating in 26 states and the District of Columbia with an aggregate of approximately 31,600 rooms.

The business of the Combined Company will be operated through the Operating Partnership and its subsidiaries, which will include FelCor LP and its subsidiaries. On a pro forma basis giving effect to the Mergers, the Combined Company will own an approximately 99.3% partnership interest in the Operating Partnership and the Combined Company will have the full, exclusive and complete responsibility for and discretion in the day-to-day management and control of the Operating Partnership.

The common shares of the Combined Company will continue to be listed on the NYSE, trading under the symbol "RLJ."

The Combined Company's principal executive offices will be located at 3 Bethesda Metro Center, Suite 1000, Bethesda, MD 20814, and its telephone number will be (301) 280-7777.

The Mergers

The Merger Agreement (Page 113)

RLJ, the Operating Partnership, REIT Merger Sub, Partnership Merger Sub, FelCor and FelCor LP have entered into the Merger Agreement attached as Annex A to this joint proxy statement/prospectus, which is incorporated herein by reference. RLJ and FelCor encourage you to carefully read the Merger Agreement in its entirety because it is the principal document governing the Mergers and the other transactions contemplated by the Merger Agreement.

The Mergers (Page 113)

Subject to the terms and conditions of the Merger Agreement, the REIT Merger will be consummated whereby FelCor will merge with and into REIT Merger Sub, with REIT Merger Sub surviving as a wholly-owned subsidiary of the Operating Partnership. The Merger Agreement also provides for the Partnership Merger in which, immediately prior to the REIT Merger, Partnership

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Merger Sub will merge with and into FelCor LP, with FelCor LP surviving as a wholly-owned subsidiary of the Operating Partnership.

Upon completion of the Mergers, the continuing RLJ shareholders are expected to own approximately 71% of the Combined Company's fully diluted equity, and the former FelCor common stockholders are expected to own the remaining 29%. Once the Mergers are consummated, the Combined Company will retain the name "RLJ Lodging Trust" and will continue to be listed on the NYSE, trading under the symbol "RLJ."

Consideration for the Mergers (Page 114)

At the effective time of the REIT Merger, each outstanding share of FelCor Common Stock will be converted into the right to receive 0.362 shares of newly issued RLJ Common Shares (the Common Exchange Ratio) in a taxable transaction. Each outstanding share of FelCor Series A Preferred Stock will be converted into the right to receive one share of newly created RLJ Series A Preferred Shares in a taxable transaction. At the effective time of the Partnership Merger, which will occur immediately prior to the REIT Merger, each outstanding FelCor LP Common Unit held by a limited partner (other than FelCor and its controlled affiliates) will be converted into the right to receive 0.362 Operating Partnership Common Units; provided that in lieu of receiving such Operating Partnership Common Units, each such limited partner of FelCor LP will have the right to elect to receive, for each outstanding FelCor LP Common Unit, 0.362 RLJ Common Shares.

The Common Exchange Ratio is fixed and will not be adjusted for changes in the market value of RLJ Common Shares or FelCor Common Stock. Because the Common Exchange Ratio is fixed, the implied value of the consideration to be received by FelCor common stockholders in the REIT Merger will fluctuate between now and the completion of the Mergers. No fractional shares or units of RLJ Common Shares or Operating Partnership Common Units will be issued in the Mergers, and the value of any fractional interests to which a holder would otherwise be entitled will be paid in cash.

Recommendation of the RLJ Board and Its Reasons for the Mergers (Page 77)

On April 23, 2017, following careful consideration, the RLJ Board unanimously determined and declared that the Merger Agreement, the Mergers and the other transactions contemplated by the Merger Agreement, including the issuance of RLJ Common Shares and RLJ Series A Preferred Shares in the REIT Merger, are advisable and in the best interests of RLJ and its shareholders and unanimously authorized, adopted, approved and declared advisable the Merger Agreement, the Mergers and the other transactions contemplated by the Merger Agreement. Certain factors considered by the RLJ Board in reaching its decision to authorize, approve and adopt the Merger Agreement, the Mergers and the other transactions contemplated by the Merger Agreement can be found in the section entitled "The REIT Merger Recommendation of the RLJ Board and Its Reasons for the Mergers" beginning on page 77.

The RLJ Board unanimously recommends that RLJ's shareholders vote "**FOR**" the RLJ Share Issuance Proposal and "**FOR**" the RLJ Adjournment Proposal.

Recommendation of the FelCor Board and Its Reasons for the Mergers (Page 80)

On April 23, 2017, after careful consideration, the FelCor Board unanimously determined that the Merger Agreement, the Mergers and the other transactions contemplated by the Merger Agreement, are fair and reasonable and in the best interests of FelCor and its stockholders (including the holders of FelCor Series A Preferred Stock), and that the REIT Merger is advisable, and unanimously approved the Merger Agreement, the Mergers and the other transactions contemplated by the Merger Agreement. Certain factors considered by the FelCor Board in reaching its decision to approve the Merger Agreement, the Mergers and the other transactions contemplated by the Merger Agreement

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can be found in the section entitled "The REIT Merger Recommendation of the FelCor Board and Its Reasons for the Mergers" beginning on page 80.

The FelCor Board unanimously recommends that FelCor's stockholders vote "**FOR**" the REIT Merger Proposal, "**FOR**" the FelCor Compensation Proposal and "**FOR**" the FelCor Adjournment Proposal.

Summary of Risk Factors Related to the Mergers (Page 35)

You should carefully consider the following important risks, together with all of the other information included in this joint proxy statement/prospectus and the risks related to the Mergers and the related transactions described under the section "Risk Factors" beginning on page 35, before deciding how to vote:

The Mergers are subject to a number of conditions which, if not satisfied or waived in a timely manner, would delay the Mergers or adversely impact RLJ's and FelCor's ability to complete the transactions.

Failure to consummate the Mergers as currently contemplated or at all could adversely affect the price of RLJ Common Shares or FelCor Common Stock and the future business and financial results of RLJ and FelCor.

If the Mergers do not occur, one of the companies may incur payment obligations to the other.

The Combined Company is expected to incur substantial expenses related and unrelated to the Mergers.

The pendency of the Mergers could adversely affect RLJ's and FelCor's business and operations.

Following the Mergers, the Combined Company may be unable to integrate RLJ's business and FelCor's business successfully and realize the anticipated synergies and other expected benefits of the Mergers on the anticipated timeframe or at all.

Because the number of RLJ Common Shares exchanged per share of FelCor Common Stock is fixed and will not be adjusted in the event of any change in RLJ's share price or FelCor's stock price, the value of RLJ Common Shares issued by RLJ and received by FelCor's stockholders may be higher or lower at the closing of the Mergers than when the Merger Agreement was executed.

The REIT Merger and related transactions are subject to RLJ Shareholder Approval and FelCor Stockholder Approval.

RLJ's shareholders and FelCor's stockholders will be diluted by the REIT Merger.

If the Mergers are not consummated by December 28, 2017 (unless extended under certain circumstances), RLJ or FelCor may terminate the Merger Agreement.

The market price of RLJ Common Shares may decline as a result of the Mergers and the market price of RLJ Common Shares after the consummation of the Mergers may be affected by factors different from those affecting the price of RLJ Common Shares or the FelCor Common Stock before the Mergers.

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An adverse judgment in any litigation challenging the Mergers may prevent the Mergers from becoming effective or from becoming effective within the expected timeframe.

Following the REIT Merger, the Combined Company may not pay dividends at or above the rate currently paid by RLJ or FelCor.

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The Combined Company will have a significant amount of indebtedness and may need to incur more in the future.

The historical and unaudited pro forma condensed combined financial information included elsewhere in this joint proxy statement/prospectus may not be representative of the Combined Company's results after the Mergers, and accordingly, you have limited financial information on which to evaluate the Combined Company following the Mergers.

The Mergers should be taxable to FelCor stockholders; however, FelCor stockholders will not receive cash with which to pay any tax.

RLJ would incur adverse tax consequences if it or FelCor failed to qualify as a REIT for United States federal income tax purposes.

Some of FelCor's properties will be subject to property tax reappraisal.

RLJ might lose its REIT status and incur significant tax liabilities.

RLJ may pay taxes even if it continues to qualify as a REIT.

RLJ's REIT distribution requirements are complex and may create tax difficulties.

FelCor's taxable REIT subsidiaries will be limited in using certain tax benefits.

The RLJ Special Meeting (Page 50)

Date, Time and Place. The special meeting of RLJ's shareholders will be held at RLJ's corporate headquarters at 3 Bethesda Metro Center, Suite 1000, Bethesda MD 20814 on August 15, at 1:00 p.m., Eastern Time.

Purpose. At the RLJ special meeting, RLJ's shareholders will be asked to approve the RLJ Share Issuance Proposal and the RLJ Adjournment Proposal.

Record Date; Voting Rights. RLJ's shareholders of record at the close of business on July 6, 2017 are entitled to receive this notice and vote at the RLJ special meeting and any adjournments thereof. Each holder of RLJ Common Shares on the record date is entitled to one vote per share.

Quorum. The holders of a majority of the outstanding RLJ Common Shares entitled to vote at the RLJ special meeting and present in person or represented by proxy, will constitute a quorum at the special meeting.

Required Vote. Approval of the RLJ Share Issuance Proposal requires that the number of votes cast for the RLJ Share Issuance Proposal exceeds the number of votes cast against the RLJ Share Issuance Proposal from holders of RLJ Common Shares represented in person or by proxy and entitled to vote at the RLJ special meeting, assuming a quorum is present. Approval of the RLJ Adjournment Proposal also requires that the number of votes cast for the RLJ Adjournment Proposal exceeds the number of votes cast against the RLJ Adjournment Proposal from holders of RLJ Common Shares represented in person or by proxy and entitled to vote at the RLJ special meeting, assuming a quorum is present.

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As of the close of business on the record date for the RLJ special meeting, the trustees and executive officers of RLJ owned 1.4% of the outstanding RLJ Common Shares entitled to vote at the RLJ special meeting. The RLJ Executives have entered into voting agreements that obligate them to vote "**FOR**" the RLJ Share Issuance Proposal and "**FOR**" the RLJ Adjournment Proposal. Additionally, RLJ currently expects that the other RLJ trustees and executive officers will vote their RLJ Common Shares in favor of the RLJ Share Issuance Proposal as well as the other proposals to be considered at the RLJ special meeting, although none of them is obligated to do so.

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Your vote as an RLJ shareholder is very important. Accordingly, please sign and return the enclosed proxy card whether or not you plan to attend the RLJ special meeting in person.

The FelCor Special Meeting (Page 55)

Date, Time and Place. The special meeting of FelCor's stockholders will be held at FelCor's corporate headquarters at 125 E. John Carpenter Freeway, Suite 1600, Irving, Texas 75062, on August 15, 2017 at 5:00 p.m., Central Time.

Purpose. At the FelCor special meeting, the FelCor common stockholders will be asked to approve the REIT Merger Proposal, the FelCor Compensation Proposal and the FelCor Adjournment Proposal.

Record Date; Voting Rights. FelCor stockholders of record at the close of business on July 6, 2017 are entitled to receive this notice and FelCor common stockholders are entitled to vote at the FelCor special meeting and any adjournments thereof. Each holder of record of FelCor Common Stock on the record date is entitled to one vote per share.

Quorum. The holders of a majority of the outstanding shares of FelCor Common Stock entitled to vote at the FelCor special meeting and present in person or represented by proxy, will constitute a quorum at the FelCor special meeting.

Required Vote. Approval of the REIT Merger Proposal requires the affirmative vote of the holders of a majority of the outstanding shares of FelCor Common Stock. Approval of the FelCor Compensation Proposal requires, provided a quorum is present, that the majority of votes cast are cast in favor of the FelCor Compensation Proposal. Approval of the FelCor Adjournment Proposal requires the affirmative vote of holders of a majority of the shares of FelCor Common Stock entitled to vote at the meeting and present in person or represented by proxy, whether or not a quorum is present.

As of the close of business on the record date for the FelCor special meeting, the directors and executive officers of FelCor owned approximately 1.5% of the outstanding FelCor Common Stock entitled to vote at the FelCor special meeting. The FelCor Executives have entered into voting agreements that obligate them to vote "FOR" the REIT Merger Proposal, "FOR" the FelCor Compensation Proposal and "FOR" the FelCor Adjournment Proposal. FelCor currently expects that the other FelCor directors and officers will vote their shares of FelCor Common Stock in favor of the REIT Merger Proposal, although none of them is obligated to do so, except for the FelCor Executives, as described below in "Voting Agreements."

Opinion of RLJ's Financial Advisor (Page 83)

RLJ engaged Barclays Capital Inc. ("Barclays") to act as financial advisor to RLJ in connection with a potential acquisition of FelCor. At the RLJ Board meeting on April 23, 2017, Barclays rendered its oral opinion (which was subsequently confirmed in writing) to the RLJ Board that, as of such date and based upon and subject to the qualifications, limitations and assumptions set forth in the written opinion, the Common Exchange Ratio to be paid by RLJ pursuant to the Merger Agreement was fair from a financial point of view to RLJ.

The full text of Barclays' written opinion, dated as of April 23, 2017, is attached to this joint proxy statement/prospectus as Annex B. Barclays' written opinion sets forth, among other things, the assumptions made, procedures followed, factors considered and limitations upon the review undertaken by Barclays in rendering its opinion. You are encouraged to read the opinion carefully in its entirety. The summary of Barclays' opinion set forth in this document is qualified in its entirety by reference to the full text of the opinion. Barclays' opinion is addressed to the RLJ Board, addresses only the fairness, from a financial point of view, of the Common Exchange Ratio to be offered

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pursuant to the Merger Agreement and does not constitute a recommendation to any shareholder of RLJ as to how such shareholder should vote with respect to the RLJ Share Issuance or any other matter.

For more information, see "The REIT Merger Opinion of RLJ's Financial Advisor" beginning on page 83 and Annex B.

Opinion of FelCor's Financial Advisor (Page 90)

In connection with the REIT Merger, Merrill Lynch, Pierce, Fenner & Smith Incorporated ("BofA Merrill Lynch"), FelCor's financial advisor, delivered to the FelCor Board a written opinion, dated April 23, 2017, as to the fairness, from a financial point of view and as of the date of the opinion, of the Common Exchange Ratio to the holders of FelCor Common Stock provided for in the REIT Merger. The full text of the written opinion, dated April 23, 2017, of BofA Merrill Lynch, which describes, among other things, the assumptions made, procedures followed, factors considered and limitations on the review undertaken, is attached as Annex C to this document and is incorporated by reference herein in its entirety.

BofA Merrill Lynch provided its opinion to the FelCor Board (in its capacity as such) for the benefit and use of the FelCor Board in connection with and for purposes of its evaluation of the Common Exchange Ratio provided for in the REIT Merger from a financial point of view. No opinion or view was expressed as to the relative merits of the REIT Merger in comparison to other strategies or transactions that might be available to FelCor or in which FelCor might engage (including with respect to proposals received from Ashford Hospitality Trust, Inc. ("AHT")) relating to a possible acquisition of FelCor) or as to the underlying business decision of FelCor to proceed with or effect the REIT Merger. BofA Merrill Lynch's opinion does not address any other aspect of the REIT Merger and does not constitute a recommendation to any stockholder as to how to vote or act in connection with the proposed REIT Merger or any related matter.

For more information, see "The REIT Merger Opinion of FelCor's Financial Advisor" beginning on page 90 and Annex C.

Trustees and Management of RLJ After the Mergers (Page 107)

Following the consummation of the Mergers, the number of trustees on the RLJ Board will be increased to eight, with one existing FelCor director mutually acceptable to FelCor and RLJ being appointed to the RLJ Board. Each of the executive officers of RLJ immediately prior to the effective time of the Mergers will continue as an executive officer of the Combined Company following the effective time of the Mergers.

Interests of RLJ's Trustees and Executive Officers in the Mergers (Page 107)

In considering the recommendation of the RLJ Board to approve the RLJ Share Issuance, RLJ's shareholders should be aware that trustees and executive officers of RLJ have certain interests in the Mergers that may be different from, or in addition to, the interests of RLJ's shareholders generally and that may present actual or potential conflicts of interests. The RLJ Board was aware of these interests and considered them, among other matters, in reaching its decision to approve the Merger Agreement and the transactions contemplated thereby. For additional information, see "The REIT Merger Interests of RLJ's Trustees and Executive Officers in the Mergers" beginning on page 107.

Interests of FelCor's Directors and Executive Officers in the Mergers (Page 107)

In considering the recommendation of the FelCor Board to approve the REIT Merger Proposal and the FelCor Compensation Proposal, FelCor's stockholders should be aware that directors and

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executive officers of FelCor have interests in the Mergers that may be different from, or in addition to, the interests of FelCor's stockholders generally and that may present actual or potential conflicts of interests. These interests include:

each share of FelCor restricted stock held by FelCor's executive officers will automatically become fully vested, and at the effective time of the REIT Merger, such shares (less the shares of FelCor Common Stock withheld to satisfy applicable withholding tax obligations) will be converted into the right to receive RLJ Common Shares based on the Common Exchange Ratio;

each FelCor RSU held by FelCor's executive officers will automatically become vested in the number of shares of FelCor Common Stock determined as set forth in the agreement or other FelCor benefit plan governing such FelCor RSU, and at the effective time of the REIT Merger, such shares (less the shares of FelCor Common Stock withheld to satisfy applicable withholding tax obligations) will be converted into the right to receive RLJ Common Shares based on the Common Exchange Ratio, and each dividend equivalent right related to such vesting FelCor RSU will become fully vested and converted into the right to receive cash; and

continued indemnification and insurance coverage for the directors and executive officers of FelCor (so long as annual premiums do not exceed 250% of FelCor's current annual premiums) in accordance with the Merger Agreement.

In addition, the Chairman of the FelCor Board and each FelCor executive officer is party to a change in control and severance agreement with FelCor, which provides for (i) single trigger accelerated vesting of outstanding equity incentive awards upon the occurrence of a change in control, as defined in the agreement, and (ii) payments and other benefits if the individual's employment terminates for a qualifying event or circumstance, such as being terminated without "cause" or leaving employment for "good reason," as these terms are defined in the agreement, following a change in control, such as the REIT Merger. Upon the termination of such individual's employment by FelCor or the Combined Company other than for "cause," retirement or disability, or by such individual for "good reason," the individual would be eligible to receive, among other benefits, (i) a lump sum severance payment equal to 2.99 (or 2.50 in the case of Mr. Goldman) multiplied by the sum of that individual's then-current base salary, plus the greater of (A) his average cash bonus (annualized for partial years of service) paid over the preceding three years of employment (or a shorter period, if employed less than three years) or (B) his target cash bonus for the current year, and (ii) certain benefit continuation rights for up to 24 months (or up to 36 months, in the case of Mr. Goldman) following termination. In addition, under the agreement, such individuals (other than Mr. Goldman and Mr. Hendrick) are eligible to receive a "gross-up" payment, if applicable, related to any excise taxes imposed under Section 4999 of the Code.

The FelCor Board was aware of these interests and considered them, among other matters, in approving the Merger Agreement and the transactions contemplated thereby. For additional information, see "The REIT Merger Interests of FelCor's Directors and Executive Officers in the Mergers" beginning on page 107.

Treatment of Restricted Stock and FelCor RSUs (Page 114)

Pursuant to the Merger Agreement, as of the business day immediately preceding the effective time of the REIT Merger, each outstanding share of FelCor restricted stock will automatically become fully vested, and at the effective time of the REIT Merger, such shares (less the shares of FelCor Common Stock withheld to satisfy applicable withholding tax obligations) will be converted into the right to receive RLJ Common Shares based on the Common Exchange Ratio. Pursuant to the Merger Agreement, as of the business day immediately preceding the effective time of the REIT Merger, each outstanding FelCor RSU will automatically become vested in the number of shares of FelCor Common Stock determined as set forth in the agreement or other FelCor benefit plan governing such FelCor

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RSU, and at the effective time of the REIT Merger, such shares (less the shares of FelCor Common Stock withheld to satisfy applicable withholding tax obligations) will be converted into the right to receive RLJ Common Shares based on the Common Exchange Ratio. Any dividend equivalent rights related to a vesting FelCor RSU will become fully vested and converted into the right to receive cash.

Notwithstanding the Merger Agreement, FelCor restricted stock and FelCor RSUs (including related dividend equivalent rights) held by an individual who is party to a change in control and severance agreement with FelCor will become vested, as set forth in such agreement, as of a change in control, including the approval of the REIT Merger by the FelCor common stockholders at the FelCor special meeting, which may occur prior to the business day immediately preceding the effective time of the REIT Merger.

Voting Agreements (Page 135)

In connection with the execution of the Merger Agreement, RLJ has entered into a voting agreement with each of the FelCor Executives. Collectively, the FelCor Executives beneficially own approximately 1.0% of the outstanding shares of FelCor Common Stock. These voting agreements generally require, subject to certain exceptions, the FelCor Executives vote all of the shares of FelCor Common Stock beneficially owned by them and capable of being voted in favor of approval of the REIT Merger Proposal and against any alternative acquisition proposals of third parties, actions or agreements that would reasonably be expected to result in the failure of a closing condition set forth in the Merger Agreement, and any actions that would reasonably be expected to materially delay, materially postpone or materially adversely affect the consummation of the transactions contemplated by the Merger Agreement. These voting agreements also restrict the FelCor Executives from, subject to certain permitted exceptions, transferring any subject securities or depositing any subject securities into a voting trust or other arrangement or granting any proxy or power of attorney.

In connection with the execution of the Merger Agreement, FelCor has entered into a voting agreement with each of the RLJ Executives. Collectively, the RLJ Executives beneficially own approximately 1.4% of the outstanding RLJ Common Shares. These voting agreements generally require, subject to certain exceptions, the RLJ Executives to vote all of the RLJ Common Shares beneficially owned by them and capable of being voted in favor of approval of the RLJ Share Issuance Proposal and against any alternative acquisition proposals of third parties, actions or agreements that would reasonably be expected to result in the failure of a closing condition set forth in the Merger Agreement, and any actions that would reasonably be expected to materially delay, materially postpone or materially adversely affect the consummation of the transactions contemplated by the Merger Agreement. These voting agreements also restrict the RLJ Executives from, subject to certain permitted exceptions, transferring any subject securities or depositing any subject securities into a voting trust or other arrangement or granting any proxy or power of attorney.

Conditions to Complete the Mergers (Page 129)

A number of conditions must be satisfied or, to the extent permitted by law, waived before the Mergers can be consummated. These include, among others:

the approval of the REIT Merger Proposal by FelCor's stockholders;

the approval of the RLJ Share Issuance Proposal by RLJ's shareholders;

effectiveness of the registration statement on Form S-4, of which this joint proxy statement/prospectus constitutes a part, and no stop order suspending the effectiveness of the Form S-4 having been initiated or threatened by the SEC;

no injunction or law prohibiting the Mergers;

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approval for listing on the NYSE of the RLJ Common Shares to be issued in the Mergers or reserved therefor, subject to official notice of issuance;

accuracy of each party's representations, subject in most cases to materiality or material adverse effect qualifications;

the absence of a material adverse effect on either RLJ or FelCor;

material performance and compliance with each party's covenants; and

the receipt of tax opinions relating to the REIT status of RLJ and FelCor.

Regulatory Approvals Required for the Mergers (Page 110)

RLJ and FelCor are not aware of any material federal or state regulatory requirements that must be complied with, or approvals that must be obtained, in connection with the Mergers or the other transactions contemplated by the Merger Agreement.

Listing of RLJ Common Shares and Deregistration of FelCor Common Stock (Page 112)

It is a condition to the completion of the Mergers that the RLJ Common Shares issuable in connection with the Mergers be approved for listing on the NYSE, subject to official notice of issuance. After the Mergers are completed, the FelCor Common Stock will no longer be listed on the NYSE and will be deregistered under the Exchange Act.

Accounting Treatment (Page 110)

Each of RLJ and FelCor prepare their financial statements in accordance with GAAP. The Mergers will be accounted for by applying the acquisition method of accounting, with RLJ treated as the acquirer. For more information, see "Accounting Treatment" beginning on page 110.

Comparison of Rights of RLJ Shareholders and FelCor Stockholders (Page 190)

Holders of FelCor Common Stock will have different rights following the effective time of the REIT Merger because they will hold RLJ Common Shares instead of FelCor Common Stock, and there are differences between the governing documents of RLJ and FelCor. For more information regarding the differences in rights of RLJ shareholders and FelCor stockholders, see "Comparison of Rights of RLJ Shareholders and FelCor Stockholders" beginning on page 190.

Appraisal Rights (Page 111)

Neither holders of RLJ Common Shares nor holders of FelCor Common Stock will be entitled to appraisal rights.

No Solicitation; Change in Recommendations (Page 125)

Pursuant to the Merger Agreement, prior to the earlier of the termination of the Merger Agreement or consummation of the Mergers contemplated thereby, RLJ and FelCor have agreed, among other things, that they will not and will cause their respective subsidiaries not to, and will not authorize or permit any of their respective representatives to solicit, initiate, knowingly encourage or knowingly facilitate any Acquisition Proposal (as defined in "The Merger Agreement Acquisition Proposal; Change in Recommendation") or enter into, continue or participate in any discussions or negotiations with any third party, or furnish to any third party any non-public information in furtherance of such inquiries or to obtain an Acquisition Proposal. In addition, RLJ and FelCor have agreed that they will not enter into any letter of intent, memorandum of understanding, acquisition agreement, merger agreement, share purchase agreement or other similar definitive agreement (an

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"Alternative Acquisition Agreement"). However, prior to receipt of the FelCor common stockholder approval of the REIT Merger Proposal (the "FelCor Stockholder Approval") or the RLJ shareholder approval of the RLJ Share Issuance Proposal (the "RLJ Shareholder Approval"), with respect to certain written, bona fide Acquisition Proposals by a third party received after the date of the Merger Agreement, RLJ and FelCor may furnish non-public information to such third party and engage in negotiations regarding such Acquisition Proposal, if the respective board determines in good faith, after consultation with its financial and legal advisors, that such Acquisition Proposal constitutes or could reasonably be expected to lead to a Superior Proposal (as defined in "The Merger Agreement Acquisition Proposal; Change in Recommendation") and that failure to take such action would be reasonably likely to be inconsistent with the duties of its directors under applicable law.

Prior to receipt of the RLJ Shareholder Approval or FelCor Stockholder Approval, as applicable, the RLJ Board or the FelCor Board, respectively, may terminate the Merger Agreement and enter into an Alternative Acquisition Agreement with respect to a Superior Proposal if it determines in good faith after consultation with its financial and legal advisors that such Acquisition Proposal constitutes a Superior Proposal and that failure to take such action would be inconsistent with the directors' duties under applicable law. In addition, the RLJ Board and the FelCor Board may effect an adverse recommendation change if, after the date of the Merger Agreement, RLJ or FelCor, as the case may be, receives an unsolicited bona fide written Acquisition Proposal by a third party and in good faith after consultation with its financial and legal advisors, that such Acquisition Proposal constitutes or could reasonably be expected to lead to a Superior Proposal and that failure to take such action would be inconsistent with the directors' duties under applicable law. Prior to making an adverse recommendation change or terminating the Merger Agreement, RLJ and FelCor must offer the other party written notice of the Superior Proposal and in good faith negotiate the terms and conditions of the Merger Agreement in response to the applicable circumstances leading to such board's intention to make a change in recommendation.

Termination of the Merger Agreement (Page 131)

The Merger Agreement may be terminated under certain circumstances, including by either party (i) if the Mergers have not been consummated on or before December 28, 2017 (the "Outside Date"); (ii) upon entry of a final and non-appealable order prohibiting the transaction; (iii) upon a failure of either party to obtain the requisite approval of its shareholders or stockholders; (iv) upon such party entering into an Alternative Acquisition Agreement with respect to a Superior Proposal and such party paying its applicable termination fee; (v) upon the other party's board changing its recommendation with respect to the transaction or such other party entering into an Alternative Acquisition Agreement; or (vi) upon a material uncured breach by the other party that would cause the closing conditions not to be satisfied.

For more information regarding termination of the Merger Agreement, see "The Merger Agreement Termination of the Merger Agreement" beginning on page 131.

Termination Fees and Expenses (Page 132)

In connection with the termination of the Merger Agreement under specified circumstances, RLJ may be required to pay to FelCor a termination fee of \$95 million or an expense amount equal to \$20 million, or FelCor may be required to pay to RLJ a termination fee of \$39 million or an expense amount equal to \$20 million. Circumstances requiring the payment of a termination fee or an expense amount include the following: (i) if a party terminates to enter into a Superior Proposal, the terminating party pays the applicable termination fee; (ii) if an acquisition proposal is pending and the Merger Agreement is terminated for a failed shareholder or stockholder vote, a breach or if the Mergers have not been consummated by the Outside Date, and within 12 months a party consummates an acquisition proposal, such party pays the applicable termination fee; (iii) if either party makes a

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change in recommendation or enters into an Alternative Acquisition Agreement (with respect to an acquisition proposal or Superior Proposal), such party pays the applicable termination fee; (iv) if either party makes a change in recommendation and that party's shareholders fail to approve the transaction, the failing party pays the applicable termination fee; (v) if either party terminates the Merger Agreement due only to a failed shareholder vote of the other party, the failing party pays the expense amount; and (vi) if either party terminates the Merger Agreement due only to the other party's breach, the breaching party pays the expense amount. If either party pays the expense amount and subsequently becomes obligated to pay the termination fee, the termination fee is reduced by the expense amount previously paid. For purposes of these termination provisions only, the term "acquisition proposal" means a proposal for more than 50% of the applicable company.

For more information regarding the termination fee and expense amount, see "The Merger Agreement Termination Fees and Expenses" beginning on page 132.

Litigation Relating to the Mergers (Page 112)

Three putative class actions have been filed by purported stockholders of FelCor challenging the Mergers. The first suit, styled as *George Assad v. FelCor Lodging Trust Inc., et al.*, No. 1:17-cv-01744-ELH, was filed in the United States District Court for the District of Maryland on June 26, 2017 and is against FelCor, its directors (including Steven R. Goldman, who is also an officer), FelCor LP, RLJ, the REIT Merger Sub, and the Partnership Merger Sub (the "Assad Lawsuit"). The second suit, styled as *Martin Johnson v. FelCor Lodging Trust Inc., et al.*, No. 1:17-cv-01786-ELH, was filed in the United States District Court for the District of Maryland on June 28, 2017, and is against FelCor and its directors (including Steven R. Goldman, who is also an officer) (the "Johnson Lawsuit"). The third suit, styled as *Sachs Investment Group v. FelCor Lodging Trust Inc., et al.*, No. 1:17-cv-01933-ELH, was filed in the United States District Court for the District of Maryland on July 11, 2017, and is against FelCor and its directors (including Steven R. Goldman, who is also an officer) (the "Sachs Lawsuit" and, with the Assad Lawsuit and Johnson Lawsuit, the "Lawsuits").

The Lawsuits allege that FelCor and its directors violated Section 14(a) of the Exchange Act and Rule 14a-9 promulgated thereunder by disseminating a false and misleading Form S-4 containing a joint proxy statement/prospectus. The Lawsuits further allege that FelCor's directors violated Section 20(a) of the Exchange Act by failing to exercise proper control over the person(s) who violated Section 14(a) of the Exchange Act. The Assad Lawsuit further alleges that RLJ violated Section 20(a) of the Exchange Act.

The Lawsuits seek, among other things, injunctive relief preventing the parties from consummating the Mergers, rescission of the transactions contemplated by the Merger Agreement should they be consummated, and litigation costs, including attorneys' fees. The Johnson Lawsuit and Sachs Lawsuit also seek damages to be awarded to the plaintiff and any class in the event the transactions contemplated by the Merger Agreement are consummated. The Assad Lawsuit also seeks injunctive relief directing the defendants to disseminate a true and complete joint proxy statement/prospectus and declaratory relief that defendants violated Sections 14(a) and/or 20(a) of the Exchange Act and Rule 14a-9 promulgated thereunder.

FelCor and RLJ intend to defend vigorously against the Lawsuits.

For more information, see "Litigation Relating to the Mergers" on page 112.

Material U.S. Federal Income Tax Consequences (Page 137)

Assuming that the Mergers are completed as currently contemplated, RLJ and FelCor expect that the receipt of the merger consideration by FelCor common stockholders in exchange for their FelCor Common Stock pursuant to the REIT Merger will be a taxable transaction for federal income tax

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purposes. Generally, for U.S. federal income tax purposes, FelCor common stockholders will recognize gain or loss as a result of the REIT Merger measured by the difference, if any, between the fair market value of RLJ Common Shares and the amount of any cash received in the REIT Merger and the holder's adjusted tax basis in the FelCor Common Stock exchanged. Because the merger consideration to be given to holders of FelCor Common Stock consists solely of RLJ Common Shares (other than cash received in the REIT Merger in lieu of fractional shares), holders of FelCor Common Stock may need to sell shares of RLJ Common Shares received in the REIT Merger, or raise cash from other sources, to pay any tax obligations resulting from the REIT Merger. RLJ and FelCor anticipate that the REIT Merger will have no material U.S. federal income tax consequences to RLJ shareholders who do not own any FelCor stock.

The tax consequences to you of the Mergers will depend on your own situation. You should consult your own tax advisor for a full understanding of the tax consequences to you of the Mergers. For more information regarding the tax consequences of the Mergers to FelCor common stockholders, please see "Material U.S. Federal Income Tax Consequences" beginning on page 137.

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Selected Historical Financial Information of RLJ

The following selected historical financial information for each of the years during the five-year period ended December 31, 2016 and the selected balance sheet data as of December 31 for each of the years in the five-year period ended December 31, 2016, have been derived from RLJ's audited consolidated financial statements.

The selected historical financial information as of March 31, 2017 and for the three months ended March 31, 2017 and 2016 have been derived from RLJ's unaudited interim consolidated financial statements included in RLJ's Quarterly Report on Form 10-Q for the quarter ended March 31, 2017, which is incorporated herein by reference. The following selected historical financial information as of March 31, 2016 has been derived from RLJ's unaudited interim consolidated financial statements not included or incorporated herein by reference.

You should read the selected historical financial information presented below together with the consolidated financial statements and the related notes thereto and management's discussion and analysis of financial condition and results of operations of RLJ included in RLJ's Annual Report on Form 10-K for the year ended December 31, 2016 and its Quarterly Report on Form 10-Q for the quarter ended March 31, 2017, which are incorporated herein by reference. See also "Where You Can Find More Information and Incorporation by Reference" on page 210.

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(in thousands, except per share data)

	For the three months ended March 31,		For the year ended December 31,				
	2017	2016	2016	2015	2014	2013	2012
Statement of Operations Data:							
Revenue							
Room revenue	\$ 224,965	\$ 239,512	\$ 1,010,637	\$ 985,361	\$ 969,402	\$ 844,741	\$ 738,207
Other property revenue	35,267	35,659	149,358	150,979	139,795	125,639	111,478
Total revenue	260,232	275,171	1,159,995	1,136,340	1,109,197	970,380	849,685
Expense							
Room expense	51,922	55,028	228,656	220,101	213,071	186,667	162,039
Other property expense	104,033	108,339	439,453	437,545	433,274	388,440	346,898
Total property operating expense	155,955	163,367	668,109	657,646	646,345	575,107	508,937
Depreciation and amortization	38,665	40,730	162,500	156,226	144,294	127,231	126,340
Impairment loss				1,003	9,200		
Property tax, insurance and other	19,158	20,155	77,281	76,682	71,443	63,627	52,745
General and administrative	9,123	9,649	31,516	37,810	41,671	35,466	31,086
Transaction and pursuit costs	625	79	192	3,058	4,850	4,410	3,520
Total operating expense	223,526	233,980	939,598	932,425	917,803	805,841	722,628
Operating income	36,706	41,191	220,397	203,915	191,394	164,539	127,057
Interest and other income	625	699	1,998	3,161	2,688	7,431	1,463
Interest expense	(14,328)	(14,892)	(58,820)	(54,788)	(56,810)	(64,348)	(83,689)
Income from continuing operations before income tax (expense) benefit	23,003	26,998	163,575	152,288	137,272	107,622	44,831
Income tax (expense) benefit	(1,166)	(1,476)	(8,190)	39,126	(1,145)	(879)	(1,369)
(Loss) gain on sale of hotel properties	(60)	(172)	45,929	28,398	353		
Net income from continuing operations, including gain on sale	21,777	25,350	201,314	219,812	136,480	106,743	43,462
Net income (loss) attributable to noncontrolling interests	(19)	(52)	(962)	(1,591)	(1,039)	(1,258)	(39)
Net income from continuing operations available to common shareholders	\$ 21,758	\$ 25,298	\$ 200,352	\$ 218,221	\$ 135,441	\$ 105,485	\$ 43,423

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	As of March 31,		As of December 31,				
	2017	2016	2016	2015	2014	2013	2012
Balance Sheet Data:							
Investment in hotel properties, net	\$ 3,341,219	\$ 3,643,206	\$ 3,368,674	\$ 3,674,999	\$ 3,518,803	\$ 3,241,163	\$ 3,073,483
Cash and cash equivalents	\$ 451,010	\$ 126,004	\$ 456,672	\$ 134,192	\$ 262,458	\$ 332,248	\$ 115,861
Total assets(1)	\$ 3,992,764	\$ 3,940,338	\$ 4,023,393	\$ 3,972,942	\$ 4,118,727	\$ 3,709,074	\$ 3,338,872
Total debt(1)	\$ 1,582,432	\$ 1,585,386	\$ 1,582,715	\$ 1,575,486	\$ 1,548,095	\$ 1,400,765	\$ 1,406,138
Total liabilities(1)	\$ 1,769,794	\$ 1,785,656	\$ 1,788,116	\$ 1,772,418	\$ 1,740,243	\$ 1,562,740	\$ 1,530,961
Total equity	\$ 2,222,970	\$ 2,154,682	\$ 2,235,277	\$ 2,200,524	\$ 2,378,484	\$ 2,146,334	\$ 1,807,911
Per Share Data:							
Basic income from continuing operations per share	\$ 0.17	\$ 0.20	\$ 1.61	\$ 1.69	\$ 1.06	\$ 0.89	\$ 0.40
Diluted income from continuing operations per share(2)	\$ 0.17	\$ 0.20	\$ 1.61	\$ 1.68	\$ 1.05	\$ 0.88	\$ 0.40
Weighted-average shares outstanding basic	123,734,173	123,739,823	123,651,003	128,444,469	127,360,669	117,950,066	105,423,604
Weighted-average shares outstanding diluted(2)	123,841,400	124,141,824	123,879,007	128,967,754	128,293,843	118,738,626	105,748,686
Dividends declared per share	\$ 0.33	\$ 0.33	\$ 1.32	\$ 1.32	\$ 1.04	\$ 0.86	\$ 0.70

(1) RLJ adopted both Accounting Standards Update ("ASU") 2015-03 and ASU 2015-15 on January 1, 2016. The adoption of this guidance changed the balance sheet classification of the RLJ's deferred financing costs. Upon adoption of the new guidance, RLJ retrospectively reclassified deferred financing costs of \$7.3 million, \$9.7 million, \$8.9 million, and \$7.5 million in the consolidated balance sheets as of December 31, 2015, 2014, 2013, and 2012, respectively. The carrying amount of debt is presented net of those deferred financing cost amounts for each of the respective periods.

(2) Income allocated to the noncontrolling interest in the Operating Partnership has been excluded from the numerator, and the Operating Partnership Common Units have been omitted from the denominator, since the effect of including these amounts in the numerator and denominator would have no impact.

Table of Contents**Selected Historical Financial Information of FelCor**

The following selected historical financial information for each of the years during the five-year period ended December 31, 2016 and the selected balance sheet data as of December 31 for each of the years in the five-year period ended December 31, 2016, as amended, have been derived from FelCor's audited consolidated financial statements. The selected historical financial information for the three months ended March 31, 2017 and the selected balance sheet data as of March 31, 2017 have been derived from FelCor's unaudited interim consolidated financial statements.

You should read the selected historical financial information presented below together with the consolidated financial statements and the related notes thereto and management's discussion and analysis of financial condition and results of operations of FelCor included in FelCor's Annual Report on Form 10-K for the year ended December 31, 2016, as amended, and its Quarterly Report on Form 10-Q for the quarter ended March 31, 2017, which are incorporated herein by reference. See also "Where You Can Find More Information and Incorporation by Reference" on page 210.

FELCOR SELECTED FINANCIAL DATA
(in millions, except per share data)

	Quarter Ended March 31,		Year Ended December 31,				
	2017	2016	2016	2015	2014	2013	2012
Statement of Operations Data:(a)							
Total revenues	\$ 188	\$ 210	\$ 867	\$ 886	\$ 922	\$ 893	\$ 862
Income (loss) from continuing operations	(35)	(4)	1	(24)	28	(84)	(187)
Diluted earnings per share:							
FelCor income (loss) from continuing operations	\$ (0.31)	\$ (0.08)	\$ (0.13)	\$ (0.33)	\$ 0.43	\$ (0.95)	\$ (1.81)
Other Data:							
Cash flows provided by operating activities	\$ 26	\$ 20	\$ 135	\$ 147	\$ 108	\$ 69	\$ 48
Cash distributions declared per common share	0.06	0.06	0.24	0.18	0.10	0.02	
Balance Sheet Data (at end of period):							
Total assets(b)	\$ 1,680	\$ 1,858	\$ 1,707	\$ 1,866	\$ 2,082	\$ 2,119	\$ 2,174
Total debt, net of unamortized debt issuance costs and discount(b)	\$ 1,354	\$ 1,441	\$ 1,338	\$ 1,410	\$ 1,563	\$ 1,638	\$ 1,602
FelCor's redeemable noncontrolling interests in FelCor LP, at redemption value	5	5	5	4	7	5	3

(a) Hotels that were designated as held for sale at December 31, 2013 or disposed of prior to that date are included in discontinued operations.

(b) Since the adoption of ASU 2015-03, Simplifying the Presentation of Debt Issuance Costs, in 2016, FelCor classifies deferred financing costs within the debt on FelCor's consolidated balance sheets. FelCor previously classified deferred financing costs as an asset on FelCor's consolidated balance sheets. All periods presented have been adjusted to conform with the presentation required under ASU 2015-03. Deferred financing costs associated with FelCor's line of credit continue to be classified as an asset.

Table of Contents**Selected Unaudited Pro Forma Condensed Combined Financial Statements**

The following table shows summary unaudited pro forma condensed combined financial information about the combined financial condition and operating results of RLJ and FelCor after giving effect to the Mergers. The unaudited pro forma financial information assumes that the Mergers are accounted for by applying the acquisition method with RLJ as the acquiring entity. The unaudited pro forma condensed combined balance sheet data gives effect to the Mergers as if they had occurred on March 31, 2017. The unaudited pro forma condensed combined statements of operations data gives effect to the Mergers as if they had occurred on January 1, 2016. The summary unaudited pro forma condensed combined financial information listed below has been derived from and should be read in conjunction with (1) the more detailed unaudited pro forma condensed combined financial statements, including the notes thereto, appearing elsewhere in this joint proxy statement/prospectus and (2) the historical consolidated financial statements and related notes of both RLJ and FelCor, incorporated herein by reference. See "Unaudited Pro Forma Condensed Combined Financial Statements" beginning on page 213 and "Where You Can Find More Information and Incorporation by Reference" beginning on page 210.

	For the Three Months Ended March 31, 2017					
	RLJ Historical	FelCor Historical	FelCor Adjustments(1)	FelCor Adjusted	Pro Forma Adjustments	RLJ Pro Forma
Statement of Operations Data:						
Total revenue	\$ 260,232	\$ 188,104	\$ (1,720)	\$ 186,384	\$	\$ 446,616
Total property operating expense	155,955	128,838	(2,069)	126,769		282,724
Depreciation and amortization	38,665	27,838	(503)	27,335	3,626	69,626
Interest expense	(14,328)	(19,319)		(19,319)	2,889	(30,758)
Net income (loss) attributable to common shareholders	21,758	(42,190)	1,446	(40,744)	(236)	(19,222)
Per Share Data:						
Net income (loss) attributable to common shareholders basic	\$ 0.17	\$ (0.31)	\$ 0.01	\$ (0.30)	\$ 0.01	\$ (0.11)
Net income (loss) attributable to common shareholders diluted	\$ 0.17	\$ (0.31)	\$ 0.01	\$ (0.30)	\$ 0.02	\$ (0.11)
Weighted-average shares basic	123,734	137,778	137,778	137,778	(87,110)	174,402
Weighted-average shares diluted	123,841	137,778	137,778	137,778	(87,110)	174,509
Balance Sheet Data:						
Investment in hotel properties, net	\$ 3,341,219	\$ 1,535,718	\$ (34,113)	\$ 1,501,605	\$ 1,290,717	\$ 6,133,541
Cash and cash equivalents	451,010	50,235	30,568	80,803		531,813
Total assets	3,992,764	1,680,165	(3,545)	1,676,620	1,306,425	6,975,809
Total debt	1,582,432	1,354,187		1,354,187	65,575	3,002,194
Total liabilities	1,769,794	1,492,545		1,492,545	168,030	3,430,369
Total equity	2,222,970	183,037	(3,545)	179,492	1,138,395	3,540,857

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	For the Year Ended December 31, 2016					
	RLJ Historical	FelCor Historical	FelCor Adjustments(1)	FelCor Adjusted	Pro Forma Adjustments	RLJ Pro Forma
Statement of Operations Data:						
Total revenue	\$ 1,159,995	\$ 866,954	\$ (10,411)	\$ 856,543	\$	\$ 2,016,538
Total property operating expense	668,109	551,165	(8,736)	542,429		1,210,538
Depreciation and amortization	162,500	114,054	(2,415)	111,639	12,205	286,344
Interest expense	(58,820)	(78,244)		(78,244)	11,344	(125,720)
Net income (loss) attributable to common shareholders	200,352	(21,617)	22,652	1,035	(13,468)	187,919
Per Share Data:						
Net income (loss) attributable to common shareholders basic	\$ 1.61	\$ (0.16)	\$ 0.17	\$ 0.01	\$ (0.55)	\$ 1.07
Net income (loss) attributable to common shareholders diluted	\$ 1.61	\$ (0.16)	\$ 0.17	\$ 0.01	\$ (0.55)	\$ 1.07
Weighted-average shares basic	123,651	138,128	138,128	138,128	(87,460)	174,319
Weighted-average shares diluted	123,879	138,128	138,128	138,128	(87,460)	174,547

(1)

The FelCor historical financial information has been adjusted to reflect a probable significant disposition as if it occurred on January 1, 2016 and March 31, 2017 for the statement of operations data and balance sheet data, respectively.

Unaudited Comparative Per Share Information (Page 173)

The following table sets forth for the year ended December 31, 2016 and the three months ended March 31, 2017, selected per share information for RLJ Common Shares on a historical and pro forma combined basis and for the FelCor Common Stock on a historical and pro forma equivalent basis. Except for the historical information as of and for the year ended December 31, 2016, the information in the table is unaudited. You should read the table below together with the historical consolidated financial statements and related notes thereto of RLJ and FelCor contained in RLJ's Annual Report on Form 10-K for the year ended December 31, 2016, FelCor's Annual Report on Form 10-K for the year ended December 31, 2016, as amended, and each of RLJ's and FelCor's respective Quarterly Reports on Form 10-Q for the quarter ended March 31, 2017, which are incorporated herein by reference into this joint proxy statement/prospectus. See "Where You Can Find More Information and Incorporation by Reference" beginning on page 210.

The RLJ pro forma combined amounts were calculated using the methodology as described above under the heading "Unaudited Pro Forma Condensed Combined Financial Statements," and are subject to all the assumptions, adjustments and limitations described thereunder. The unaudited pro forma condensed combined balance sheet data gives effect to the Mergers as if they occurred on March 31, 2017. The unaudited pro forma condensed combined statements of operations data gives effect to the Mergers as if it occurred on January 1, 2016. The unaudited pro forma condensed combined financial statements are not necessarily indicative of what the actual financial position and operating results would have been had the Mergers occurred on March 31, 2017 or January 1, 2016, respectively, nor do they purport to represent RLJ's future financial position or operating results. The

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FelCor pro forma equivalent amounts were calculated by multiplying the RLJ pro forma combined amounts by the Common Exchange Ratio.

	RLJ		FelCor	
	Historical	Pro Forma Combined	Historical(1)	Pro Forma Equivalent(2)
For the year ended December 31, 2016				
Net income per common share, basic and diluted	\$ 1.61	\$ 1.07	\$ 0.01	\$ 0.39
Dividends declared per share	\$ 1.32	N/A(3)	\$ 0.24	N/A(3)
For the quarter ended March 31, 2017				
Net income (loss) per common share, basic and diluted	\$ 0.17	\$ (0.11)	\$ (0.30)	\$ (0.04)
Dividends declared per share	\$ 0.33	N/A(3)	\$ 0.06	N/A(3)
As of March 31, 2017				
Net book value per common share	\$ 17.73	\$ 19.84	\$ 0.93	\$ 7.18

(1) The FelCor historical per share information has been adjusted to reflect a probable significant disposition as if it occurred on January 1, 2016 and March 31, 2017 for the operating results and financial position, respectively.

(2) Represents FelCor per common share results based on equivalent RLJ Common Shares to be issued under the Merger Agreement as of June 26, 2017 and based on RLJ's closing price on June 26, 2017.

(3) Pro forma dividends per common share is not presented as the dividend policy for the Combined Company will be determined by the RLJ board following the completion of the Mergers. It is anticipated that the initial per share dividend will be \$1.32 annually paid on a quarterly basis.

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RISK FACTORS

In addition to other information included elsewhere in this joint proxy statement/prospectus and in the annexes to this joint proxy statement/prospectus, including the matters addressed in the section entitled "Cautionary Statement Regarding Forward-Looking Statements" beginning on page 45, you should carefully consider the following risk factors in deciding whether to vote for the RLJ Share Issuance Proposal or the REIT Merger Proposal. In addition, you should read and consider the risks associated with the businesses of each of RLJ and FelCor. These risks can be found in the Annual Report on Form 10-K for the year ended December 31, 2016, as amended, and Quarterly Report on Form 10-Q for the quarter ended March 31, 2017 of FelCor and the Annual Report on Form 10-K for the year ended December 31, 2016 and Quarterly Report on Form 10-Q for the quarter ended March 31, 2017 of RLJ, which reports are incorporated by reference into this joint proxy statement/prospectus. You should also read and consider the other information in this joint proxy statement/prospectus and the other documents incorporated by reference into this joint proxy statement/prospectus. Please also see "Where You Can Find More Information and Incorporation by Reference" on page 210.

Risks Related to the Mergers

The Mergers are subject to a number of conditions which, if not satisfied or waived in a timely manner, would delay the Mergers or adversely impact RLJ's and FelCor's ability to complete the transactions.

The completion of the Mergers is subject to the satisfaction or waiver of a number of conditions. In addition, under circumstances specified in the Merger Agreement, RLJ or FelCor may terminate the Merger Agreement. In particular, completion of the Mergers requires (i) the approval of the REIT Merger by the FelCor common stockholders, or the REIT Merger Proposal, and (ii) the approval of the proposed issuance of RLJ Common Shares in connection with the REIT Merger by the RLJ shareholders, or the RLJ Share Issuance Proposal. While it is currently anticipated that the Mergers will be completed shortly after the FelCor stockholder meeting to approve the REIT Merger Proposal and the RLJ shareholder meeting to approve the RLJ Share Issuance Proposal, there can be no assurance that the conditions to closing will be satisfied in a timely manner or at all, or that an effect, event, circumstance, occurrence, development or change will not transpire that could delay or prevent these conditions from being satisfied. Accordingly, RLJ and FelCor cannot provide any assurances with respect to the timing of the closing of the Mergers, whether the Mergers will be completed at all and when the FelCor stockholders would receive the consideration for the Mergers, if at all.

Failure to consummate the Mergers as currently contemplated or at all could adversely affect the price of RLJ Common Shares or FelCor Common Stock and the future business and financial results of RLJ and FelCor.

Completion of the Mergers is subject to the satisfaction or waiver of a number of conditions, including approval by the RLJ shareholders of the RLJ Share Issuance Proposal and approval by the FelCor stockholders of the REIT Merger Proposal. RLJ and FelCor cannot guarantee when or if these conditions will be satisfied or that the Mergers will be successfully completed. The consummation of the Mergers may be delayed, the Mergers may be consummated on terms different than those contemplated by the Merger Agreement, or the Mergers may not be consummated at all. If the Mergers are not completed, or are completed on different terms than as contemplated by the Merger Agreement, RLJ and FelCor could be adversely affected and subject to a variety of risks associated

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with the failure to complete the Mergers, or to complete the Mergers as contemplated by the Merger Agreement, including the following:

The RLJ shareholders and the FelCor stockholders may be prevented from realizing the anticipated benefits of the Mergers;

the market price of RLJ Common Shares or FelCor Common Stock could decline significantly;

reputational harm due to the adverse perception of any failure to successfully complete the Mergers;

RLJ and FelCor being required, under certain circumstances, to pay to the other party a termination fee or expense amount;

incurrence of substantial costs relating to the proposed Mergers, such as legal, accounting, financial advisor, filing, printing and mailing fees; and

the attention of RLJ's and FelCor's management and employees may be diverted from their day-to-day business and operational matters and RLJ's and FelCor's relationships with their hotel properties may be disrupted as a result of efforts relating to attempting to consummate the Mergers.

Any delay in the consummation of the Mergers or any uncertainty about the consummation of the Mergers on terms other than those contemplated by the Merger Agreement, or if the Mergers are not completed, could materially adversely affect the business, financial results and share price of RLJ and FelCor.

If the Mergers do not occur, one of the companies may incur payment obligations to the other.

Under the terms of the Merger Agreement, FelCor may be required to pay to RLJ a termination fee of \$39 million or an expense amount equal to \$20 million if the Merger Agreement is terminated under certain circumstances and RLJ may be required to pay to FelCor a termination fee of \$95 million or an expense amount equal to \$20 million if the Merger Agreement is terminated under certain other circumstances. Circumstances that may require the payment by a party of the termination fee include the following: (i) if such party terminates to enter into an Alternative Acquisition Agreement with respect to a superior proposal; (ii) if an acquisition proposal to such party is pending and the Merger Agreement is terminated due to (a) failure to obtain the RLJ Shareholder Approval or FelCor Stockholder Approval, as applicable or (b) a material uncured breach of the Merger Agreement, and, with respect to each of clauses (a) and (b), within 12 months such party consummates a transaction regarding or enters into an Alternative Acquisition Agreement with respect to any acquisition proposal; or (iii) if such party's board changes its recommendation regarding the REIT Merger Proposal or the RLJ Share Issuance Proposal, as applicable, in a manner adverse to the other party or such party enters into an Alternative Acquisition Agreement (with respect to an acquisition proposal or superior proposal). Circumstances that may require the payment by a party of the expense amount include the following: (i) if such party's shareholders or stockholder do not approve the REIT Merger Proposal or Share Issuance Proposal, as applicable, and the other party terminates the Merger Agreement and (ii) if such party has a material uncured breach of the Merger Agreement and the other party terminates the Merger Agreement due only to such breach. If a party pays the expense amount and subsequently becomes obligated to pay the termination fee, the termination fee will be reduced by the amount of the previously paid expense amount. For purposes of these termination provisions, the term "acquisition proposal" means a proposal for more than 50% of FelCor or RLJ, as applicable, and the term "superior proposal" means a proposal for more than 50% of FelCor or RLJ, as applicable, that its respective board determines in good faith is more favorable to the company and its stockholders or shareholders, as applicable, from a financial point of view than the transactions contemplated by the Merger Agreement.

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These provisions could discourage a potential competing acquirer that might have an interest in acquiring all or a significant part of RLJ or FelCor from considering or proposing a competing acquisition, even if the potential competing acquirer was prepared to pay consideration with a higher per share cash value than that market value proposed to be received or realized in the Mergers, or might result in a potential competing acquirer proposing to pay a lower price than it might otherwise have proposed to pay because of the added expense of the termination fee or expense amount that may become payable in certain circumstances under the Merger Agreement.

The Combined Company is expected to incur substantial expenses related and unrelated to the Mergers.

RLJ and FelCor have incurred substantial legal, accounting, financial advisory and other costs, and the management teams of RLJ and FelCor have devoted considerable time and effort in connection with the Mergers. RLJ and FelCor may incur significant additional costs in connection with the completion of the Mergers or in connection with any delay in completing the Mergers or termination of the Merger Agreement, in addition to the other costs already incurred. If the Mergers are not completed, RLJ and FelCor will separately bear certain fees and expenses associated with the Mergers without realizing the benefits of the Mergers. If the Mergers are completed, the Combined Company expects to incur substantial expenses in connection with integrating the business, operations, network, systems, technologies, policies and procedures of the two companies. The fees and expenses may be significant and could have an adverse impact on the Combined Company's results of operations.

Although RLJ and FelCor have assumed that a certain level of transaction and integration expenses would be incurred, there are a number of factors beyond the control of either RLJ or FelCor that could affect the total amount or the timing of the integration expenses. Many of the expenses that will be incurred, by their nature, are difficult to estimate accurately at the present time. As a result, the transaction and integration expenses associated with the Mergers could, particularly in the near term, exceed the savings that the Combined Company expects to achieve from the elimination of duplicative expenses and the realization of economies of scale and cost savings related to the integration of the businesses following the completion of the Mergers.

The pendency of the Mergers could adversely affect RLJ's and FelCor's business and operations.

In connection with the pending Mergers, some of RLJ's or FelCor's current or prospective hotel management companies or lenders may delay or defer decisions, which could negatively impact RLJ's or FelCor's revenues, earnings, cash flows and expenses, regardless of whether the Mergers are completed. In addition, under the Merger Agreement, RLJ and FelCor are each subject to certain restrictions on the conduct of its respective business prior to completing the Mergers. These restrictions may prevent RLJ or FelCor from pursuing certain strategic transactions, acquiring and disposing assets, undertaking certain capital projects, undertaking certain financing transactions and otherwise pursuing other actions that are not in the ordinary course of business, even if such actions could prove beneficial. These restrictions may impede RLJ's or FelCor's growth which could negatively impact its respective revenue, earnings and cash flows. Additionally, the pendency of the Mergers may make it more difficult for RLJ or FelCor to effectively retain and incentivize key personnel.

Following the Mergers, the Combined Company may be unable to integrate RLJ's business and FelCor's business successfully and realize the anticipated synergies and other expected benefits of the Mergers on the anticipated timeframe or at all.

The Mergers involve the combination of two companies that currently operate as independent public companies. The Combined Company expects to benefit from the elimination of duplicative costs associated with supporting a public company platform and the resulting economies of scale. These savings are not expected to be realized upon full integration, which is not expected to occur until 2018. The Combined Company will be required to devote significant management attention and resources to

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the integration of RLJ's and FelCor's business practices and operations. The potential difficulties the Combined Company may encounter in the integration process include the following:

the inability to successfully combine RLJ's and FelCor's business in a manner that permits the Combined Company to achieve the cost savings anticipated to result from the Mergers, which would result in the anticipated benefits of the Mergers not being realized in the timeframe currently anticipated or at all;

the complexities associated with integrating personnel from the two companies;

the complexities of combining two companies with different histories, cultures, geographic footprints and hotel properties;

potential unknown liabilities and unforeseen increased expenses, delays or conditions associated with the Mergers; and

performance shortfalls as a result of the diversion of management's attention caused by completing the Mergers and integrating the companies' operations.

For all these reasons, you should be aware that it is possible that the integration process could result in the distraction of the Combined Company's management, the disruption of the Combined Company's ongoing business or inconsistencies in its operations, services, standards, controls, policies and procedures, any of which could adversely affect the Combined Company's ability to deliver exceptional service to its hotel guests, to maintain relationships with its guests, vendors and employees, to achieve the anticipated benefits of the Mergers, or could otherwise materially and adversely affect its business and financial results.

Because the number of RLJ Common Shares exchanged per share of FelCor Common Stock is fixed and will not be adjusted in the event of any change in RLJ's share price or FelCor's stock price, the value of RLJ Common Shares issued by RLJ and received by FelCor's stockholders may be higher or lower at the closing of the Mergers than when the Merger Agreement was executed.

Upon the consummation of the REIT Merger, each share of FelCor Common Stock (other than shares, if any, held by RLJ, any of RLJ's subsidiaries or any wholly-owned subsidiaries of FelCor) will be converted into 0.362 RLJ Common Shares (the Common Exchange Ratio) and each share of FelCor Series A Preferred Stock will be converted into one RLJ Series A Preferred Share (the Preferred Exchange Ratio). The Exchange Ratios are fixed in the Merger Agreement and will not be adjusted for changes in the market price of either RLJ Common Shares or FelCor Common Stock. Changes in the market price of RLJ Common Shares prior to the REIT Merger will affect the market value of the consideration that FelCor's stockholders will receive on the Closing date of the Mergers. Stock price changes may result from a variety of factors (many of which are beyond the control of either RLJ or FelCor), including the following factors:

market reaction to the announcement of the Mergers;

changes in RLJ's or FelCor's respective businesses, operations, assets, liabilities and prospects;

changes in market assessments of the business, operations, financial position and prospects of either RLJ or FelCor or the Combined Company;

market assessments of the likelihood that the Mergers will be completed;

interest rates, general market and economic conditions and other factor generally affecting the market prices of RLJ Common Shares and the FelCor Common Stock;

the actual or perceived impact of U.S. monetary policy;

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federal, state and local legislation, governmental regulation and legal developments in the businesses in which RLJ and FelCor operate; and

other factors beyond the control of either RLJ or FelCor, including those described or referred to elsewhere in this "Risk Factors" section.

The market price of RLJ Common Shares at the closing of the REIT Merger may vary from its price on the date the Merger Agreement was executed, on the date of this joint proxy statement/prospectus and on the dates of RLJ's and FelCor's special meetings. As a result, the market value of the consideration for the REIT Merger represented by the Common Exchange Ratio also will vary.

Therefore, while the number of RLJ Common Shares to be issued per share of FelCor Common Stock is fixed, (i) RLJ's shareholders cannot be sure of the market value of the consideration that will be paid to FelCor's stockholders upon completion of the Mergers and (ii) FelCor's stockholders cannot be sure of the market value of the consideration they will receive upon completion of the Mergers. Neither RLJ nor FelCor has the right to terminate the Merger Agreement based on an increase or decrease in the market price of RLJ Common Shares.

The REIT Merger and related transactions are subject to RLJ Shareholder Approval and FelCor Stockholder Approval.

The REIT Merger cannot be completed unless (i) FelCor's common stockholders approve the REIT Merger Proposal by the affirmative vote of the holders of at least a majority of all outstanding shares of FelCor Common Stock and (ii) RLJ's shareholders approve the RLJ Share Issuance Proposal by the affirmative vote of a majority of the votes cast. If shareholder approval is not obtained by FelCor's stockholders or RLJ's shareholders, the REIT Merger and related transactions cannot be completed.

RLJ's shareholders and FelCor's stockholders will be diluted by the REIT Merger.

The REIT Merger will dilute the ownership position of RLJ's shareholders and result in FelCor's stockholders having an ownership stake in the Combined Company that is smaller than their current stake in FelCor. Following the RLJ Share Issuance, RLJ and FelCor estimate that RLJ's shareholders will own approximately 71% of outstanding RLJ Common Shares, and FelCor's stockholders will own approximately 29% of outstanding RLJ Common Shares immediately after the Mergers. Consequently, RLJ's shareholders and FelCor's stockholders, as a general matter, will have less influence over the Combined Company's management and policies after the effective time of the REIT Merger than they currently exercise over the management and policies of RLJ and FelCor, respectively.

If the Mergers are not consummated by December 28, 2017, RLJ or FelCor may terminate the Merger Agreement.

Either RLJ or FelCor may terminate the Merger Agreement under certain circumstances, including if the Mergers have not been consummated by December 28, 2017. However, this termination right will not be available to a party if that party failed to fulfill its obligations under the Merger Agreement and that failure was the cause of, or resulted in, the failure to consummate the Mergers.

The market price of RLJ Common Shares may decline as a result of the Mergers and the market price of RLJ Common Shares after the consummation of the Mergers may be affected by factors different from those affecting the price of RLJ Common Shares or the FelCor Common Stock before the Mergers.

The market price of RLJ Common Shares may decline as a result of the Mergers if the Combined Company does not achieve the perceived benefits of the Mergers or the effect of the Mergers on the

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Combined Company's financial results is not consistent with the expectations of financial or industry analysts.

In addition, upon consummation of the Mergers, RLJ's shareholders and FelCor's stockholders will own interests in the Combined Company operating an expanded business with a different mix of properties, risks and liabilities. RLJ's current shareholders and FelCor's current stockholders may not wish to continue to invest in the Combined Company, or for other reasons may wish to dispose of some or all of their RLJ Common Shares. If, following the effective time of the Mergers, large amounts of RLJ Common Shares are sold, the price of RLJ Common Shares could decline.

Further, the Combined Company's results of operations, as well as the market price of RLJ Common Shares after the Mergers may be affected by factors in addition to those currently affecting RLJ's or FelCor's results of operations and the market prices of RLJ Common Shares and the FelCor Common Stock, particularly the increase in the Combined Company's leverage compared to that in place for RLJ and FelCor today, and other differences in assets and capitalization. Accordingly, RLJ's and FelCor's historical market prices and financial results may not be indicative of these matters for the Combined Company after the Mergers.

An adverse judgment in any litigation challenging the Mergers may prevent the Mergers from becoming effective or from becoming effective within the expected timeframe.

Three putative class actions have been filed by purported stockholders of FelCor challenging the Mergers. For more information regarding the three putative class actions, see "Litigation Relating to the Mergers" beginning on page 26. It is possible that shareholders of either party may file additional lawsuits challenging the Mergers or the other transactions contemplated by the Merger Agreement, which may name FelCor, RLJ and/or their respective boards as defendants. The outcome of such lawsuits cannot be assured, including the amount of costs associated with defending these claims or any other liabilities that may be incurred in connection with the litigation of these claims. If plaintiffs are successful in obtaining an injunction prohibiting the parties from completing the Mergers on the agreed-upon terms, such an injunction may delay the consummation of the Mergers in the expected timeframe, or may prevent the Mergers from being consummated altogether. Whether or not any plaintiff's claim is successful, this type of litigation may result in significant costs and divert management's attention and resources, which could adversely affect the operation of FelCor's business.

Risks Related to the Combined Company Following the Mergers

Following the REIT Merger, the Combined Company may not pay dividends at or above the rate currently paid by RLJ or FelCor.

Following the REIT Merger, the Combined Company's shareholders may not receive dividends at the same rate that they did as RLJ's shareholders or FelCor's stockholders prior to the REIT Merger for various reasons, including the following:

the Combined Company may not have enough cash to pay such dividends due to changes in its cash requirements, capital spending plans, cash flow or financial position;

decisions on whether, when and in what amounts to make any future dividends will remain at all times entirely at the discretion of the Combined Company's board of trustees, which reserves the right to change its dividend practices at any time and for any reason; and

the amount of dividends that the Combined Company's subsidiaries may distribute to the Combined Company may be subject to restrictions imposed by state law and restrictions imposed by the terms of any current or future indebtedness that these subsidiaries may incur.

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The Combined Company's shareholders will have no contractual or other legal right to dividends that have not been declared by its board of trustees.

The Combined Company will have a significant amount of indebtedness and may need to incur more in the future.

The Combined Company will have substantial indebtedness following completion of the Mergers. In addition, in connection with executing its business strategies following the Mergers, the Combined Company expects to evaluate the possibility of acquiring additional properties and making strategic investments, and it may elect to finance these endeavors by incurring additional indebtedness. The amount of such indebtedness could have material adverse consequences for the Combined Company, including:

hindering its ability to adjust to changing market, industry or economic conditions;

limiting its ability to access the capital markets to raise additional equity or refinance maturing debt on favorable terms or to fund acquisitions or emerging businesses;

limiting the amount of free cash flow available for future operations, acquisitions, dividends, stock repurchases or other uses;

making it more vulnerable to economic or industry downturns, including interest rate increases; and

placing it at a competitive disadvantage compared to less leveraged competitors.

Moreover, to respond to competitive challenges, the Combined Company may be required to raise substantial additional capital to execute its business strategy. The Combined Company's ability to arrange additional financing will depend on, among other factors, its financial position and performance, as well as prevailing market conditions and other factors beyond its control. If the Combined Company is able to obtain additional financing, its credit ratings could be further adversely affected, which could further raise its borrowing costs and further limit its future access to capital and its ability to satisfy its obligations under its indebtedness.

The historical and unaudited pro forma condensed combined financial information included elsewhere in this joint proxy statement/prospectus may not be representative of the Combined Company's results after the Mergers, and accordingly, you have limited financial information on which to evaluate the Combined Company following the Mergers.

The unaudited pro forma condensed combined financial information included elsewhere in this joint proxy statement/prospectus has been presented for informational purposes only and is not necessarily indicative of the financial position or results of operations that actually would have occurred had the Mergers been completed as of the dates indicated, nor is it indicative of the future operating results or financial position of the Combined Company following the Mergers. The unaudited pro forma condensed combined financial information does not reflect future events that may occur after the Mergers. The unaudited pro forma condensed combined financial information presented elsewhere in this joint proxy statement/prospectus is based in part on certain assumptions regarding the Mergers that RLJ and FelCor believe are reasonable under the circumstances. Neither RLJ nor FelCor can assure you that the assumptions will prove to be accurate over time.

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Risks Related to Taxes and the Mergers

The Mergers should be taxable to FelCor common stockholders; however, FelCor common stockholders will not receive cash with which to pay any tax.

The Mergers should be treated as a taxable sale by FelCor of all of its assets followed by a liquidating distribution to the FelCor common stockholders. FelCor common stockholders will not receive cash with which to pay any tax. The FelCor common stockholders effectively should be treated as selling their FelCor Common Stock in exchange for the RLJ Common Shares and the amount of any cash received in the REIT Merger. As a result, FelCor common stockholders should recognize gain or loss equal to the difference, if any, between the fair market value of RLJ Common Shares and the amount of any cash received in the REIT Merger and the holder's adjusted tax basis in the FelCor Common Stock exchanged. Generally, any gain or loss recognized should be capital gain or loss and will constitute long-term capital gain or loss if the FelCor common stockholder held the FelCor Common Stock for more than one year as of the effective time of the Mergers. Because the merger consideration consists solely of RLJ Common Shares (other than cash received in the REIT Merger for fractional shares), holders of FelCor Common Stock may need to sell RLJ Common Shares received in the Mergers, or raise cash from other sources, to pay any tax obligations resulting from the Mergers.

RLJ would incur adverse tax consequences if it or FelCor failed to qualify as a REIT for United States federal income tax purposes.

RLJ has assumed, based on public filings, that FelCor has qualified and will continue to qualify as a REIT for United States federal income tax purposes prior to the Mergers and that RLJ will be able to continue to qualify as a REIT following the Mergers. However, if FelCor has failed or fails to qualify as a REIT, RLJ and REIT Merger Sub generally would succeed to or incur significant tax liabilities (including the significant tax liability that would result from the deemed sale of assets by FelCor pursuant to the Mergers), and RLJ could possibly lose its REIT status should disqualifying activities continue after the acquisition.

REITs are subject to a range of complex organizational and operational requirements. As a REIT, RLJ must distribute with respect to each year at least 90% of its REIT taxable income to its shareholders. Other restrictions apply to its income and assets. RLJ's REIT status is also dependent upon the ongoing qualification of subsidiary entities as REITs, as a result of its substantial ownership interest in those entities.

For any taxable year that RLJ fails to qualify as a REIT and is unable to avail itself of certain savings provisions set forth in the Code, it would be subject to federal income tax at the regular corporate rates on all of its taxable income, whether or not it makes any distributions to its shareholders. Those taxes would reduce the amount of cash available for distribution to its shareholders or for reinvestment and would adversely affect RLJ's earnings. As a result, RLJ's failure to qualify as a REIT during any taxable year could have a material adverse effect upon RLJ and its shareholders. Furthermore, unless certain relief provisions apply, RLJ would not be eligible to elect REIT status again until the fifth taxable year that begins after the first year for which it failed to qualify.

Some of FelCor's hotels will be subject to property tax reappraisal.

As a result of the Mergers, some of FelCor's hotels will be subject to property tax reappraisal that could increase property tax expense and adversely affect RLJ's profitability. Ten of FelCor's hotel properties, or approximately 26%, are located in jurisdictions that may provide for property tax reappraisal upon a change of ownership and so may face such a reassessment. Further, an additional five of FelCor's hotel properties, or approximately 13%, are located in jurisdictions where the property tax value is subject to a ceiling that will no longer be applicable following the Mergers. The Mergers and the associated publicity together with the related transfers of property and property name changes

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that will occur in connection with the Mergers may cause other jurisdictions, in which the timing of the reappraisals is discretionary with the taxing authorities, to decide to reappraise FelCor's properties in those jurisdictions and may correspondingly increase the property tax expense to the combined company. Due to the significant uncertainties involved, the possible increases in property tax expense have not been quantified.

RLJ might lose its REIT status and incur significant tax liabilities.

RLJ has elected to be taxed as a REIT under the Code, commencing with its taxable year ended December 31, 2011. So long as RLJ meets the requirements under the Code for qualification as a REIT each year, RLJ can deduct dividends paid to its shareholders when calculating its taxable income. To qualify as a REIT, RLJ must meet detailed technical requirements, including income, asset, distribution and stock ownership tests, under several Code provisions that have not been extensively interpreted by judges or administrative officers. In addition, RLJ does not control the determination of all factual matters and circumstances that affect its ability to qualify as a REIT. New legislation, regulations, administrative interpretations or court decisions might significantly change the tax laws with respect to REIT qualification or the federal income tax consequences of such qualification. RLJ believes that it is organized so that it qualifies as a REIT under the Code and that RLJ has operated and will continue to operate so that it continues to qualify. However, RLJ cannot guarantee that it will qualify as a REIT in any given year because:

the rules governing REITs are highly complex;

RLJ does not control all factual determinations that affect REIT status; and

RLJ's circumstances may change in the future.

For any taxable year that RLJ fails to qualify as a REIT, it would not be entitled to deduct dividends paid to its shareholders from its taxable income. Consequently, RLJ's net assets and distributions to shareholders would be substantially reduced because of its increased tax liability. If RLJ made distributions in anticipation of its qualification as a REIT, it might be required to borrow additional funds or to liquidate some of its investments in order to pay the applicable tax. If RLJ's qualification as a REIT terminates, it may not be able to elect to be treated as a REIT for the four taxable years following the year it lost the qualification.

RLJ may pay taxes even if it continues to qualify as a REIT.

Even if RLJ continues to qualify as a REIT, it is required to pay some federal, state, local and foreign taxes on its income and property. For example, certain of RLJ's (and FelCor's) subsidiaries have elected to be treated as taxable REIT subsidiaries. RLJ will be subject to a 100% penalty tax on payments it receives from these subsidiaries if the economic arrangements between the REIT and the taxable subsidiaries are not comparable to similar arrangements between unrelated third parties. RLJ also could be subject to tax in the event it, among other things:

sells property that is considered to be held for sale to customers in the ordinary course of its trade or business (for example, inventory) for federal income tax purposes; or

fails to satisfy certain distribution rules, as described below.

RLJ's REIT distribution requirements are complex and may create tax difficulties.

To maintain RLJ's status as a REIT for federal income tax purposes, RLJ generally must distribute to its shareholders at least 90% of its taxable income each year. In addition, RLJ is subject to a

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4% nondeductible excise tax on the amount by which its distributions for a calendar year are less than the sum of:

85% of its ordinary income for the calendar year;

95% of its capital gain net income for the calendar year; and

any amount of its income that it did not distribute in prior years.

For tax purposes, RLJ may be required to treat interest, rent and other items as earned even though RLJ has not yet received these amounts. In addition, RLJ may not be able to deduct currently as expenses for tax purposes some items that it has actually paid. RLJ could also realize income, such as income from cancellation of indebtedness that is not accompanied by cash proceeds. If one or more of these events happened, RLJ could have taxable income in excess of cash available for distribution. In such circumstances, RLJ might have to borrow money or sell investments on unfavorable terms in order to meet the distribution requirements applicable to a REIT.

FelCor's taxable REIT subsidiaries will be limited in using certain tax net operating loss carryovers.

If a corporation undergoes an "ownership change" within the meaning of Section 382 of the Code and the Treasury Regulations thereunder, such corporation's ability to use net operating losses ("NOLs"), generated prior to the time of that ownership change may be limited. To the extent the affected corporation's ability to use NOLs is limited, such corporation's taxable income may increase. As of December 31, 2016, FelCor's taxable REIT subsidiaries ("TRSs") had approximately \$336 million of NOLs which will begin to expire in 2023 for federal tax purposes and during the period from 2019 to 2033 for state tax purposes if not utilized. An ownership change within the meaning of Section 382 of the Code with respect to FelCor's TRSs will occur in connection with the Mergers. Accordingly, FelCor's TRSs' ability to use NOLs incurred prior to the ownership change in such future years will be limited, and FelCor's TRSs will have greater taxable income as a result of such limitation.

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This joint proxy statement/prospectus and the annexes to this joint proxy statement/prospectus contain 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, and Section 21E of the Securities Exchange Act of 1934, as amended.

These forward-looking statements are predictions and generally can be identified by use of statements that include phrases such as "may," "believe," "expect," "anticipate," "intend," "estimate," "project," "target," "goal," "plan," "should," "will," "predict," "potential," "likely," or other words, phrases or expressions of similar import, or the negative or other words or expressions of similar meaning, and statements regarding the benefits of the Mergers or the other transactions contemplated by the Merger Agreement or the future financial condition, results of operations and business of RLJ, FelCor or the Combined Company. Without limiting the generality of the preceding sentence, certain information contained in the sections "The REIT Merger Background of the Mergers," "The REIT Merger Recommendation of the RLJ Board and Its Reasons for the Merger," "The REIT Merger Recommendation of the FelCor Board and Its Reasons for the Merger," "The REIT Merger Certain RLJ Unaudited Prospective Financial Information," and "The REIT Merger Certain FelCor Unaudited Prospective Financial Information" constitute forward-looking statements.

RLJ and FelCor base these forward-looking statements on particular assumptions that they have made in light of their industry experience, as well as their perception of historical trends, current conditions, expected future developments and other factors that they believe are appropriate under the circumstances. The forward-looking statements are necessarily estimates reflecting the judgment of RLJ's and FelCor's respective management and involve a number of known and unknown risks, uncertainties and other factors which may cause actual results, performance, or achievements of RLJ, FelCor or the Combined Company to be materially different from those expressed or implied by the forward-looking statements. In addition to other factors and matters contained in this joint proxy statement/prospectus, including those disclosed under "Risk Factors" beginning on page 35, these forward-looking statements are subject to risks, uncertainties and other factors, including, among others:

the ability of the RLJ and FelCor to obtain the required shareholder or stockholder, as applicable, approvals to consummate the Mergers;

the satisfaction or waiver of other conditions in the Merger Agreement;

the risk that the Mergers or the other transactions contemplated by the Merger Agreement may not be completed in the time frame expected by the parties or at all;

the occurrence of any event, change or other circumstances that could give rise to the termination of the Merger Agreement and that a termination under certain circumstances could require RLJ to pay FelCor or FelCor to pay RLJ a termination fee or expense amount, as described under "The Merger Agreement Termination Fees and Expenses" beginning on page 132;

the ability of RLJ to effectively acquire and dispose of properties, including properties to be acquired in the Mergers;

the ability of RLJ to successfully integrate pending transactions and implement its operating strategy, including the Mergers;

changes in general political, economic and competitive conditions and specific market conditions;

adverse changes in the real estate and real estate capital markets;

financing risks;

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the outcome of current and future litigation, including any legal proceedings that may be instituted against RLJ, FelCor or others related to the Merger Agreement;

regulatory proceedings or inquiries;

changes in laws or regulations or interpretations of current laws and regulations that impact RLJ's or FelCor's business, assets or classification as a REIT; and

other risks detailed in filings made by each of RLJ and FelCor with the SEC, including the Annual Report on Form 10-K for the year ended December 31, 2016 and the Quarterly Report on Form 10-Q for the quarter ended March 31, 2017 filed by RLJ with the SEC and incorporated herein by reference and the Annual Report on Form 10-K for the year ended December 31, 2016, as amended, and the Quarterly Report on Form 10-Q for the quarter ended March 31, 2017 filed by FelCor and incorporated herein by reference. See also "Where You Can Find More Information and Incorporation by Reference" on page 210 of this joint proxy statement/prospectus.

Although RLJ and FelCor believe that the assumptions underlying the forward-looking statements contained herein are reasonable, any of the assumptions could be inaccurate, and therefore there can be no assurance that such statements included in this joint proxy statement/prospectus will prove to be accurate. As you read and consider the information in this joint proxy statement/prospectus, you are cautioned to not place undue reliance on these forward-looking statements. These statements are not guarantees of performance or results and speak only as of the date of this joint proxy statement/prospectus, in the case of forward-looking statements contained in this joint proxy statement/prospectus, or the dates of the documents incorporated by reference or attached as annexes to this joint proxy statement/prospectus, in the case of forward-looking statements made in those documents. Neither RLJ nor FelCor undertakes any obligation to update or revise any forward-looking statements, whether as a result of new information or developments, future events, or otherwise, except as required by law.

In light of the significant uncertainties inherent in the forward-looking statements included herein, the inclusion of such information should not be regarded as a representation by RLJ, FelCor or any other person that the results or conditions described in such statements or the objectives and plans of RLJ or FelCor will be achieved. In addition, RLJ's and FelCor's qualification as a REIT involves the application of highly technical and complex provisions of the Code.

All forward-looking statements, expressed or implied, included in this joint proxy statement/prospectus are expressly qualified in their entirety by this cautionary statement. This cautionary statement should also be considered in connection with any subsequent written or oral forward-looking statements that RLJ, FelCor or persons acting on their behalf may issue.

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THE COMPANIES

RLJ Lodging Trust

RLJ Lodging Trust
3 Bethesda Metro Center
Suite 1000
Bethesda, MD 20814
(301) 280-7777

RLJ is a Maryland REIT that has elected to be taxed as a REIT under the Code. RLJ acquires primarily premium-branded, focused-service and compact full-service hotels, and is one of the largest U.S. publicly-traded lodging REITs in terms of both number of hotels and number of rooms. As of March 31, 2017, RLJ owned 122 hotels with approximately 20,100 rooms, located in 21 states and the District of Columbia, and an interest in one mortgage loan secured by a hotel. RLJ owns, through wholly-owned subsidiaries, 100% of the interests in all hotel properties, with the exception of one hotel property in which RLJ owns a 98.3% controlling interest in a joint venture.

RLJ Common Shares are listed on the NYSE, trading under the symbol "RLJ."

RLJ's principal executive offices are located at 3 Bethesda Metro Center, Suite 1000, Bethesda, Maryland 20814, and its telephone number is (301) 280-7777. RLJ had 57 employees as of March 31, 2017.

RLJ Lodging Trust, L.P.

RLJ Lodging Trust, L.P.
3 Bethesda Metro Center
Suite 1000
Bethesda, MD 20814
(301) 280-7777

The Operating Partnership, a Delaware limited partnership, and its subsidiaries conduct all of RLJ's business, hold substantially all of RLJ's assets and liabilities and generate substantially all of RLJ's revenues. RLJ is the sole general partner of the Operating Partnership and, as of March 31, 2017, owned approximately 99.6% of the outstanding Operating Partnership Common Units.

Rangers Sub I, LLC

Rangers Sub I, LLC
3 Bethesda Metro Center
Suite 1000
Bethesda, MD 20814
(301) 280-7777

REIT Merger Sub, a wholly-owned subsidiary of the Operating Partnership, is a Maryland limited liability company that was formed on April 20, 2017 solely for the purposes of effecting the REIT Merger. Upon closing under the Merger Agreement, the REIT Merger will be consummated whereby FelCor will be merged with and into REIT Merger Sub, with REIT Merger Sub surviving as a wholly-owned subsidiary of the Operating Partnership. REIT Merger Sub has not conducted any activities to date, except for activities incidental to its formation and activities undertaken in connection with the transactions contemplated by the Merger Agreement.

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Rangers Sub II, LP

Rangers Sub II, LP
3 Bethesda Metro Center
Suite 1000
Bethesda, MD 20814
(301) 280-7777

Partnership Merger Sub, a Delaware limited partnership, was formed on April 20, 2017 solely for the purposes of facilitating RLJ's acquisition of FelCor. Upon closing under the Merger Agreement, the Partnership Merger will be consummated whereby Partnership Merger Sub will merge with and into FelCor LP, with FelCor LP surviving as the wholly-owned subsidiary of the Operating Partnership. Partnership Merger Sub has not carried on any activities to date, except for activities incidental to its formation and activities undertaken in connection with the transactions contemplated by the Merger Agreement.

FelCor Lodging Trust Incorporated

FelCor Lodging Trust Incorporated
125 E. John Carpenter Freeway, Suite 1600
Irving, TX 75062
(972) 444-4900

FelCor, a Maryland corporation, is a REIT traded on the NYSE under the symbol "FCH" that owns a diversified portfolio of primarily upper-upscale full-service hotels that are located in major urban and resort markets throughout the U.S. FelCor partners with leading hotel companies who operate its properties under globally renowned names and as premier independent hotels.

FelCor's only material asset is its ownership interest in FelCor LP, a Delaware limited partnership with no publicly-traded equity. FelCor is the sole general partner and the owner of a greater than 99.5% partnership interest in FelCor LP. Through FelCor LP, FelCor held ownership interests in 39 hotels with 11,500 rooms as of March 31, 2017.

FelCor Lodging Limited Partnership

FelCor Lodging Limited Partnership
125 E. John Carpenter Freeway, Suite 1600
Irving, TX 75062
(972) 444-4900

FelCor LP, a Delaware limited partnership, is a partnership with no publicly-traded equity. FelCor is the sole general partner of, and the owner of a greater than 99.5% partnership interest in, FelCor LP. Through FelCor LP, FelCor held ownership interests in 39 hotels with 11,500 rooms as of March 31, 2017. As the sole partner of FelCor LP, FelCor has exclusive and complete control of FelCor LP's day-to-day management. The holders of non-controlling interests in FelCor LP are unaffiliated with FelCor and, in aggregate, hold less than 1% of the FelCor LP Common Units.

The Combined Company

The Combined Company will retain the name "RLJ Lodging Trust" and will continue to be a Maryland REIT, which has elected to be taxed as a REIT under the Code. The Combined Company will be a publicly traded, lodging REIT focused on the acquisition and ownership of premium-branded, focused service and compact full-service hotels. The Combined Company is expected to have a pro forma equity market capitalization of approximately \$3.5 billion and a total capitalization of approximately \$6.4 billion based on RLJ's closing price of \$19.67 per share on July 6, 2017.

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Immediately after the Mergers, the Combined Company's asset base will consist primarily of interests in a portfolio of 161 hotels operating in 26 states and the District of Columbia with an aggregate of approximately 31,600 rooms.

The business of the Combined Company will be operated through the Operating Partnership and its subsidiaries, which will include FelCor LP and its subsidiaries. On a pro forma basis giving effect to the Mergers, the Combined Company will own an approximately 99.3% partnership interest in the Operating Partnership and the Combined Company will have the full, exclusive and complete responsibility for and discretion in the day-to-day management and control of the Operating Partnership.

The common shares of the Combined Company will continue to be listed on the NYSE, trading under the symbol "RLJ."

The Combined Company's principal executive offices will be located at 3 Bethesda Metro Center, Suite 1000, Bethesda, MD 20814, and its telephone number is (301) 280-7777.

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THE RLJ SPECIAL MEETING

This joint proxy statement/prospectus is being furnished in connection with the solicitation of proxies from RLJ's shareholders for use at the RLJ special meeting. This joint proxy statement/prospectus and accompanying form of proxy are first being mailed to RLJ's shareholders on or about July 18, 2017.

Purpose of the RLJ Special Meeting

A special meeting of RLJ's shareholders will be held at RLJ's corporate headquarters at 3 Bethesda Metro Center, Suite 1000, Bethesda MD 20814, on August 15, 2017, at 1:00 p.m., Eastern Time, for the following purposes:

to consider and vote on the RLJ Share Issuance Proposal, the proposal to approve (i) the issuance of RLJ Common Shares to the FelCor common stockholders and (ii) the issuance of RLJ Series A Preferred Shares to holders of FelCor Series A Preferred Stock pursuant to the Merger Agreement; and

to consider and vote on the RLJ Adjournment Proposal, the proposal to adjourn the RLJ special meeting, if necessary or appropriate, including to solicit additional proxies if there are not sufficient votes to approve the RLJ Share Issuance Proposal.

Only business within the purposes described in the Notice of Special Meeting of RLJ's shareholders may be conducted at the RLJ special meeting. Any action may be taken on the items of business described above at the RLJ special meeting on the date specified above, or on any date or dates to which the special meeting may be postponed or to which, by original or later adjournment, the special meeting may be adjourned.

This joint proxy statement/prospectus also contains information regarding the FelCor special meeting, including the items of business for that special meeting. RLJ's shareholders are not voting on the proposals to be voted on at the FelCor special meeting.

Record Date; Voting Rights; Proxies

RLJ has fixed the close of business on July 6, 2017 as the record date for determining holders of RLJ Common Shares entitled to notice of, and to vote at, the RLJ special meeting. Only holders of RLJ Common Shares at the close of business on the record date will be entitled to notice of, and to vote at, the RLJ special meeting, unless a new record date is set in connection with any adjournment or postponement of the RLJ special meeting. As of the record date, there were 124,639,939 issued and outstanding RLJ Common Shares. Each holder of record of RLJ Common Shares on the record date is entitled to one vote per share. Votes may be cast either in person or by properly executed proxy at the RLJ special meeting. As of the record date, the issued and outstanding RLJ Common Shares were held by approximately 16,781 beneficial owners.

You may submit your proxy either by telephone, through the Internet or by mailing the enclosed proxy card, or you may vote in person at the RLJ special meeting.

To submit your proxy by telephone, dial 1-866-883-3382 using a touch-tone phone and follow the recorded instructions. You will be asked to provide the company number and control number from the enclosed proxy card. To submit your proxy through the Internet, visit www.proxypush.com/rlj. You will be asked to provide the company number and control number from the enclosed proxy card. Proxies submitted by telephone or through the Internet must be received by 11:59 p.m., Central Time, on August 14, 2017.

To submit your proxy by mail, complete, date and sign each proxy card you receive and return it as promptly as practicable in the enclosed prepaid envelope. If you sign and return your proxy

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card, but do not mark the boxes showing how you wish to vote, your shares will be voted "**FOR**" the RLJ Share Issuance Proposal and "**FOR**" the RLJ Adjournment Proposal.

If you intend to vote in person, please bring proper identification, together with proof that you are a record owner of RLJ Common Shares. If your RLJ Common Shares are held in "street name," please bring acceptable proof of ownership, such as a letter from your broker or an account statement showing that you beneficially own such shares on the applicable record date.

If you hold your RLJ Common Shares in "street name," please read the question and answer referencing "street name" shares above.

All RLJ Common Shares that are entitled to vote and are represented at the RLJ special meeting by properly executed proxies received before or at the RLJ special meeting and not revoked, will be voted at such special meeting in accordance with the instructions indicated on the proxies. If no instructions are given on a timely and properly executed proxy card, your shares will be voted:

"**FOR**" the RLJ Share Issuance Proposal; and

"**FOR**" the RLJ Adjournment Proposal.

Votes cast by proxy or in person at the RLJ special meeting will be tabulated by the inspector of elections appointed for the RLJ special meeting who will determine whether or not a quorum is present.

Any proxy given by a shareholder pursuant to this solicitation may be revoked at any time before the vote is taken at the special meeting in any of the following ways:

submitting a later proxy by telephone or through the Internet prior to 11:59 p.m., Central Time, on August 14, 2017;

filing with the Secretary of RLJ, before the taking of the vote at the RLJ special meeting, a written notice of revocation bearing a later date than the proxy card;

duly executing a later dated proxy card relating to the same shares and delivering it to the Secretary of RLJ before the taking of the vote at the RLJ special meeting; or

voting in person at the RLJ special meeting, although attendance at the special meeting will not by itself constitute a revocation of a proxy.

Any written notice of revocation or subsequent proxy card should be sent to RLJ Lodging Trust, 3 Bethesda Metro Center, Suite 1000, Bethesda, Maryland, Attention: Secretary, or hand delivered to the Secretary of RLJ before the taking of the vote at the RLJ special meeting.

Solicitation of Proxies

RLJ is soliciting proxies on behalf of the RLJ Board. RLJ will bear the costs of soliciting proxies. Brokerage houses, fiduciaries, nominees and others will be reimbursed for their out-of-pocket expenses in forwarding proxy materials to owners of RLJ Common Shares held in their names. In addition to the solicitation of proxies by use of the mails, proxies may be solicited from RLJ's shareholders by trustees, officers and employees of RLJ in person or by telephone, by facsimile, on the Internet or other appropriate means of communications. No additional compensation, except for reimbursement of reasonable out-of-pocket expenses, will be paid to trustees, officers and employees of RLJ in connection with this solicitation. RLJ has retained D.F. King to solicit, and for advice and assistance in connection with the solicitation of, proxies for the RLJ special meeting at a cost of \$15,000, plus out-of-pocket expenses. No portion of the amount that RLJ has agreed to pay to D.F. King is contingent upon the closing of the Mergers. Any questions or requests for assistance regarding this

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joint proxy statement/prospectus and related proxy materials may be directed to D.F. King by telephone at (800) 317-8033.

Quorum; Abstentions and Broker Non-Votes

The holders of a majority of the outstanding RLJ Common Shares entitled to vote at the RLJ special meeting and present in person or represented by proxy, will constitute a quorum at the special meeting. For purposes of the RLJ Share Issuance Proposal, the failure to return your proxy card and other shares not voted (whether by broker non-vote or otherwise) will not be considered present for the purpose of determining the presence of a quorum and will have no effect on the RLJ Share Issuance Proposal. Under NYSE rules, abstentions will be considered as votes cast and, accordingly, will have the same effect as votes "AGAINST" the RLJ Share Issuance Proposal. Because approval of the RLJ Adjournment Proposal requires that the number of votes cast for the RLJ Adjournment Proposal exceeds the number of votes cast against the RLJ Adjournment Proposal from holders of RLJ Common Shares represented in person or by proxy and entitled to vote at the RLJ special meeting, abstentions and the failure to return a proxy card will have no effect on the outcome of the RLJ Adjournment Proposal provided a quorum is otherwise present at the special meeting.

Banks, brokers and other nominees that hold their customers' shares in street name may not vote their customers' shares on "non-routine" matters without instructions from their customers. As each of the proposals to be voted upon at the RLJ special meeting is considered "non-routine," such organizations do not have discretion to vote on any of the proposals. As a result, if you fail to provide your broker, bank or other nominee with any instructions regarding how to vote your RLJ Common Shares, your RLJ Common Shares will not be considered present at the RLJ special meeting and will not be voted on any of the proposals.

Required Vote

The approval of the RLJ Share Issuance Proposal will require that the number of votes cast for the RLJ Share Issuance Proposal exceeds the number of votes cast against the RLJ Share Issuance Proposal from holders of RLJ Common Shares represented in person or by proxy and entitled to vote at the RLJ special meeting, assuming a quorum is present.

The approval of the RLJ Adjournment Proposal will require that the number of votes cast for the RLJ Adjournment Proposal exceeds the number of votes cast against the RLJ Adjournment Proposal from holders of RLJ Common Shares represented in person or by proxy and entitled to vote at the RLJ special meeting, assuming a quorum is present.

Regardless of the number of RLJ Common Shares you own, your vote is important. Please complete, sign, date and promptly return the enclosed proxy card today or vote by phone or internet.

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PROPOSALS SUBMITTED TO THE RLJ SHAREHOLDERS

RLJ Share Issuance Proposal

(Proposal 1 on the RLJ Proxy Card)

RLJ's shareholders are being asked to approve the issuance of RLJ Common Shares to the FelCor common stockholders and the issuance of RLJ Series A Preferred Shares to holders of FelCor Series A Preferred Stock pursuant to the Merger Agreement. For a summary and detailed information regarding this proposal, see the information about the Mergers and the Merger Agreement throughout this joint proxy statement/prospectus, including the information set forth in sections entitled "The REIT Merger" beginning on page 62 and "The Merger Agreement" beginning on page 113. A copy of the Merger Agreement is attached as Annex A to this joint proxy statement/prospectus.

Pursuant to the Merger Agreement, approval of the RLJ Share Issuance is a condition to the consummation of the Mergers. If the RLJ Share Issuance Proposal is not approved, the Mergers will not be completed.

Approval of the RLJ Share Issuance Proposal requires that the number of votes cast for this proposal exceeds the number of votes cast against this proposal from holders of RLJ Common Shares represented in person or by proxy and entitled to vote at the RLJ special meeting, assuming a quorum is present.

Recommendation of the RLJ Board

The RLJ Board recommends that RLJ's shareholders vote "FOR" the RLJ Share Issuance Proposal to issue RLJ Common Shares to FelCor common stockholders and to issue RLJ Series A Preferred Shares to holders of FelCor Series A Preferred Stock in the REIT Merger pursuant to the Merger Agreement.

RLJ Adjournment Proposal

(Proposal 2 on the RLJ Proxy Card)

The RLJ special meeting may be adjourned to another time or place, if necessary or appropriate in the view of the RLJ Board, to permit, among other things, further solicitation of proxies, if necessary or appropriate in the view of the RLJ Board, in favor of the RLJ Share Issuance Proposal if there are not sufficient votes at the time of such adjournment to approve such proposal.

RLJ is asking RLJ's shareholders to approve the adjournment of the RLJ special meeting, if necessary or appropriate, to solicit additional proxies in favor of the RLJ Share Issuance Proposal if there are not sufficient votes at the time of such adjournment to approve such proposal.

Approval of the RLJ Adjournment Proposal requires that the number of votes cast for this proposal exceeds the number of votes cast against this proposal from holders of RLJ Common Shares represented in person or by proxy and entitled to vote at the RLJ special meeting, assuming a quorum is present.

RLJ does not intend to call a vote on the RLJ Adjournment Proposal if the RLJ Share Issuance Proposal considered at the RLJ special meeting has been approved at the RLJ special meeting.

Recommendation of the RLJ Board

The RLJ Board recommends that RLJ's shareholders vote "FOR" the RLJ Adjournment Proposal to adjourn the RLJ special meeting, if necessary or appropriate, including to solicit additional proxies if there are not sufficient votes to approve the RLJ Share Issuance Proposal.

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Other Business

At this time, RLJ does not intend to bring any other matters before the RLJ special meeting, and RLJ does not know of any matters to be brought before the RLJ special meeting by others. If, however, any other matters properly come before the RLJ special meeting, the persons named in the enclosed proxy, or their duly constituted substitutes, acting at the RLJ special meeting or any adjournment or postponement thereof will be deemed authorized to vote RLJ Common Shares represented thereby in accordance with the judgment of management on any such matter.

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THE FELCOR SPECIAL MEETING

This joint proxy statement/prospectus is being furnished in connection with the solicitation of proxies from FelCor common stockholders for use at the FelCor special meeting. This joint proxy statement/prospectus and accompanying form of proxy are first being mailed to FelCor common stockholders on or about July 18, 2017.

Purpose of the FelCor Special Meeting

A special meeting of FelCor's common stockholders will be held at FelCor's corporate headquarters at 125 E. John Carpenter Freeway, Suite 1600, Irving, Texas 75062, on August 15, 2017 at 5:00 p.m., Central Time, for the following purposes:

to consider and vote on the REIT Merger Proposal;

to consider and vote on the FelCor Compensation Proposal; and

to consider and vote on the FelCor Adjournment Proposal.

Only business within the purposes described in the Notice of Special Meeting of FelCor may be conducted at the FelCor special meeting. Any action may be taken on the items of business described above at the FelCor special meeting on the date specified above, or on any date or dates to which the FelCor special meeting may be postponed or to which, by original or later adjournment, the special meeting may be adjourned.

This joint proxy statement/prospectus also contains information regarding the RLJ special meeting, including the items of business for that special meeting. FelCor stockholders are not voting on the proposals to be voted on at the RLJ special meeting.

Record Date; Voting Rights; Proxies

FelCor has fixed the close of business on July 6, 2017 as the record date for determining holders of FelCor Common Stock entitled to notice of, and to vote at, the FelCor special meeting. Holders of FelCor Common Stock and FelCor Series A Preferred Stock at the close of business on the record date will be entitled to notice of the FelCor special meeting, unless a new record date is set in connection with any adjournment or postponement of the special meeting. Only holders of FelCor Common Stock at the close of business on the record date will be entitled to vote at the FelCor special meeting, unless a new record date is set in connection with any adjournment or postponement of the special meeting. As of the record date, there were 138,421,753 issued and outstanding shares of FelCor Common Stock. Each holder of record of FelCor Common Stock on the record date is entitled to one vote per share. Votes may be cast either in person or by properly executed proxy at the FelCor special meeting. As of the record date, the issued and outstanding FelCor Common Stock was held by approximately 7,601 beneficial owners.

You may submit your proxy either by telephone, through the Internet or by mailing the enclosed proxy card, or you may vote in person at the FelCor special meeting.

To submit your proxy by telephone, dial the toll free telephone number set forth on the proxy card you received using a touch-tone phone and follow the recorded instructions. You will be asked to provide the control number from the enclosed proxy card. To submit your proxy through the Internet, visit the website set forth on the proxy card you received. You will be asked to provide the control number from the enclosed proxy card. Proxies submitted by telephone or through the Internet must be received by 11:59 p.m., Eastern Time, on August 14, 2017.

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To submit your proxy by mail, complete, date and sign each proxy card you receive and return it as promptly as practicable in the enclosed prepaid envelope. If you sign and return your proxy card, but do not mark the boxes showing how you wish to vote, your shares will be voted "**FOR**" the REIT Merger Proposal, "**FOR**" the FelCor Compensation Proposal and "**FOR**" the FelCor Adjournment Proposal.

If you intend to vote in person, please bring proper identification, together with proof that you are a record owner of the shares. If your shares are held in "street name," please bring acceptable proof of ownership, such as a letter from your broker or an account statement showing that you beneficially own such shares on the applicable record date.

If you hold your shares in "street name," please read the question and answer referencing shares held in "street name" above.

All shares of FelCor Common Stock that are entitled to vote and are represented at the FelCor special meeting by properly executed proxies received before or at the special meeting and not revoked, will be voted at such special meeting in accordance with the instructions indicated on the proxies. If no instructions are given on a timely and properly executed proxy card, your shares will be voted:

"**FOR**" the REIT Merger Proposal.

"**FOR**" the FelCor Compensation Proposal.

"**FOR**" the FelCor Adjournment Proposal.

Votes cast by proxy or in person at the FelCor special meeting will be tabulated by one or more inspectors appointed by the FelCor Board for the special meeting who will determine whether or not a quorum is present.

Any proxy given by a stockholder pursuant to this solicitation may be revoked at any time before the vote is taken at the special meeting in any of the following ways:

submitting a later proxy by telephone or through the Internet prior to 11:59 p.m., Eastern Time, on August 14, 2017;

filing with the Secretary of FelCor, before the taking of the vote at the FelCor special meeting, a written notice of revocation bearing a later date than the proxy card;

duly executing a later dated proxy card relating to the same shares and delivering it to the Secretary of FelCor before the taking of the vote at the FelCor special meeting; or

voting in person at the FelCor special meeting, although attendance at the special meeting will not by itself constitute a revocation of a proxy.

Any written notice of revocation or subsequent proxy card should be sent to 125 E. John Carpenter Freeway, Suite 1600, Irving, Texas 75062, Attention: Secretary, or hand delivered to the Secretary of FelCor before the taking of the vote at the FelCor special meeting.

Solicitation of Proxies

FelCor is soliciting proxies on behalf of the FelCor Board. FelCor will bear the costs of soliciting proxies. Brokerage houses, fiduciaries, nominees and others will be reimbursed for their out-of-pocket expenses in forwarding proxy materials to owners of FelCor Common Stock held in their names. In addition to the solicitation of proxies by use of the mails, proxies may be solicited from FelCor common stockholders by

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directors, officers and employees of FelCor in person or by telephone, by facsimile, on the Internet or other appropriate means of communications. No additional compensation, except for reimbursement of reasonable out-of-pocket expenses, will be paid to directors, officers and employees of FelCor in connection with this solicitation. FelCor has retained D.F. King to solicit, and

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for advice and assistance in connection with the solicitation of, proxies for the FelCor special meeting at a cost of \$25,000, plus out-of-pocket expenses. No portion of the amount that FelCor has agreed to pay to D.F. King is contingent upon the closing of the Mergers. FelCor has agreed to indemnify D.F. King against any loss, damage, expense, liability or claim arising out of such services. Any questions or requests for assistance regarding this joint proxy statement/prospectus and related proxy materials may be directed to D.F. King by telephone at (877) 732-3614.

Quorum; Abstentions and Broker Non-Votes

The holders of a majority of the outstanding shares of FelCor Common Stock entitled to vote at the FelCor special meeting and present in person or represented by proxy, will constitute a quorum at the special meeting. Shares that abstain from voting will be treated as shares that are present and entitled to vote at the FelCor special meeting for purposes of determining whether a quorum exists. Because approval of the REIT Merger Proposal requires the affirmative vote of holders of a majority of the outstanding shares of FelCor Common Stock, abstentions and the failure to vote will have the same effect as votes "AGAINST" approval of the REIT Merger Proposal. For the FelCor Compensation Proposal, a failure to vote, a failure to instruct your bank, broker or nominee to vote or an abstention from voting will have no effect. Approval of the FelCor Adjournment Proposal requires the affirmative vote of holders of a majority of the outstanding shares of FelCor Common Stock entitled to vote at the FelCor special meeting and present in person or represented by proxy, whether or not a quorum is present; therefore, abstentions will have the same effect as votes "AGAINST" approval of the FelCor Adjournment Proposal.

Banks, brokers and other nominees that hold their customers' shares in street name may not vote their customers' shares on "non-routine" matters without instructions from their customers. As each of the proposals to be voted upon at the FelCor special meeting is considered "non-routine," such organizations do not have discretion to vote on any of the proposals. As a result, if you hold your shares in "street name" and you fail to provide your broker, bank or other nominee with any instructions regarding how to vote your shares of FelCor Common Stock your shares of FelCor Common Stock will not be considered present at the FelCor special meeting and will not be voted on any of the proposals.

Required Vote

Approval of the REIT Merger Proposal requires the affirmative vote of the holders of a majority of the outstanding shares of FelCor Common Stock.

Approval of the FelCor Compensation Proposal requires, provided a quorum is present, that the majority of votes cast are cast in favor of the FelCor Compensation Proposal.

Approval of the FelCor Adjournment Proposal requires the affirmative vote of holders of a majority of the outstanding shares of FelCor Common Stock entitled to vote at the FelCor special meeting and present in person or represented by proxy, whether or not a quorum is present.

Regardless of the number of shares of FelCor Common Stock you own, your vote is important. Please complete, sign, date and promptly return the enclosed proxy card today or vote by phone or internet.

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PROPOSALS SUBMITTED TO THE FELCOR COMMON STOCKHOLDERS

REIT Merger Proposal

(Proposal 1 on the FelCor Proxy Card)

FelCor common stockholders are asked to approve the REIT Merger Proposal as contemplated by the Merger Agreement. For a summary and detailed information regarding the REIT Merger Proposal, see the information about the Mergers and the Merger Agreement throughout this joint proxy statement/prospectus, including the information set forth in sections entitled "The REIT Merger" beginning on page 62 and "The Merger Agreement" beginning on page 113. A copy of the Merger Agreement is attached as Annex A to this joint proxy statement/prospectus.

Pursuant to the Merger Agreement, approval of the REIT Merger Proposal is a condition to the consummation of the Mergers. If the REIT Merger Proposal is not approved, the Mergers will not be completed.

Approval of the REIT Merger Proposal requires the affirmative vote of the holders of a majority of the outstanding shares of FelCor Common Stock.

Recommendation of the FelCor Board

The FelCor Board recommends that FelCor common stockholders vote "FOR" the REIT Merger Proposal.

FelCor Compensation Proposal

(Proposal 2 on the FelCor Proxy Card)

This section sets forth the information required by Item 402(t) of Regulation S-K regarding the compensation for certain executive officers of FelCor that is based on or otherwise relates to the Mergers. This compensation is referred to as "golden parachute" compensation by the applicable SEC disclosure rules, and in this section such term is used to describe the compensation payable to certain FelCor executive officers related to the Mergers. The "golden parachute" compensation payable to certain FelCor executive officers is subject to a non-binding advisory vote of FelCor common stockholders. The amounts set forth below have been calculated assuming (1) that the Mergers are completed on August 31, 2017 and, where applicable, that each executive officer experiences a qualifying termination of employment as of August 31, 2017, and (2) a per share price of FelCor Common Stock of \$7.98, the average closing price per share of FelCor's Common Stock over the first five business days following the announcement of the Merger Agreement. For further information regarding the consideration to be received in settlement of equity-based awards, see "The REIT Merger Interests of FelCor's Directors and Executive Officers in the Mergers."

The amounts indicated below are estimates of amounts that would be payable to the executive officers, and such estimates are based on multiple assumptions that may or may not actually occur, including assumptions described in this joint proxy statement/prospectus. Some of the assumptions are based on information not currently available and, as a result, the actual amounts, if any, to be received

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by any named executive officer may differ in material respects from the amounts set forth below. All dollar amounts set forth below have been rounded to the nearest whole number.

Name	Cash \$(1)	Equity \$(2)	Benefits and Perquisites \$(3)	Tax Reimbursement \$(4)	Other \$(5)	Total \$(6)
Steven R. Goldman	4,078,125	798,128(7)	144,156		14,002	5,034,411
Troy A. Pentecost	2,925,715	3,539,900	96,104	1,875,162	148,720	8,585,601
Thomas C. Hendrick	2,342,954	1,810,582	45,453		48,698	4,247,687
Michael C. Hughes	2,342,954	2,455,278	96,104	1,855,149	115,091	6,864,576
Jonathan H. Yellen	2,342,954	2,514,588	96,104		119,997	5,073,643
Richard A. Smith(8)						

- (1) Represents "double trigger" cash severance payable to the executive officers named above upon a qualifying termination. Pursuant to the applicable executive officer's change in control and severance agreement, upon a qualifying termination, each of Messrs. Goldman, Pentecost, Hendrick, Hughes and Yellen is entitled to a lump sum severance payment equal to 2.99 (or 2.50, in the case of Mr. Goldman) multiplied by the sum of that executive's then-current base salary, plus the greater of (i) his average cash bonus (annualized for partial years of service) paid over the preceding three years of employment (or a shorter period, if employed less than three years) or (ii) his target cash bonus for the current year.

The following table quantifies each such executive officer's (i) current base salary, which is included in the aggregate total reported in the "Cash" column above and (ii) average cash bonus (annualized for partial years of service) paid over the preceding three years of employment (or a shorter period, if employed less than three years) and target cash bonus for the current year, the greater of which is included in the aggregate total reported in the "Cash" column above:

Name	Base Salary Component (\$)	Bonus Component	
		Average Annualized Cash Bonus (\$)	2017 Target Cash Bonus (\$)
Steven R. Goldman	725,000		906,250
Troy A. Pentecost	515,000	359,549	463,500
Thomas C. Hendrick	447,770	256,316	335,827
Michael C. Hughes	447,770	245,398	335,827
Jonathan H. Yellen	447,770	316,777	335,827

- (2) Represents the value of the unvested shares of FelCor restricted stock and FelCor RSUs held by each executive officer named above that, as a result of the REIT Merger, will, in the case of FelCor restricted stock, become fully vested and, in the case of FelCor RSUs, become vested in the number of shares of FelCor Common Stock determined as set forth in the agreement governing such FelCor RSU, and at the effective time of the REIT Merger, all such shares (less the shares of FelCor Common Stock withheld to satisfy applicable withholding tax obligations) will be converted into the right to receive RLJ Common Shares based on the Common Exchange Ratio. The estimated dollar value of such shares of FelCor restricted stock and FelCor RSUs assumes a price per share of \$7.98 for each share of FelCor Common Stock, which represents the average of the closing price of FelCor Common Stock for the first five business days following the first public announcement of the Mergers on April 24, 2017. Accordingly, the actual value received by the named executive officers may be greater or less than those provided above. See "The REIT Merger Interests of FelCor's Directors and Executive Officers in the Mergers Restricted Stock and FelCor RSUs" below for additional details regarding FelCor's restricted stock and FelCor RSUs. All such amounts are "single trigger" pursuant to the change in control provisions of the

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agreements governing the award of the shares of FelCor restricted stock and FelCor RSUs and the applicable executive officer's change in control and severance agreement.

- (3) Benefits and perquisites include, for a period of 24 months (or 36 months, in the case of Mr. Goldman) following a qualifying termination, health and dental insurance coverage for the individual and his family; group term life insurance equal to annual base salary; disability insurance; and supplemental health insurance coverage. The amounts included in this column are "double trigger" payments which become payable only in connection with a qualifying termination.
- (4) Represents an estimate of the excise tax triggered under Section 4999 of the Code that the executive officer will be reimbursed for (i.e., "grossed-up") in connection with the executive officer's change in control payments. Neither Mr. Goldman nor Mr. Hendrick has a provision in his change in control and severance agreement that would entitle him to a gross-up of excise taxes, if any; the change in control and severance agreements of FelCor's other executive officers do contain such a provision.
- (5) Represents dividend equivalent right payments pursuant to the terms of each FelCor RSU award agreement entitling the applicable executive officer to a cash payment in an amount equal to the aggregate amount of dividends that would have been distributed in the period between the date of the award and the vesting date had the shares attributable to such FelCor RSU been issued and outstanding throughout such period. All such amounts are "single trigger" pursuant to the change in control provisions of the applicable executive officer's change in control and severance agreements.
- (6) For Mr. Goldman and Mr. Hendrick, these amounts are subject to reduction to the extent payments would be considered "parachute payments" within the meaning of Section 280G of the Code if such reduction would give the executive officer a better after-tax result than if he received the payments in full. Based on current estimates and assumptions, FelCor anticipates that (i) Mr. Goldman will not be subject to any excise tax and (ii) Mr. Hendrick will be subject to excise tax and will achieve a better after-tax result by receiving his payments in full.
- (7) Pursuant to the terms of Mr. Goldman's employment agreement, the accelerated vesting of Mr. Goldman's outstanding equity awards upon a change in control is prorated over an 18-month period by applying a fraction, the numerator of which is the number of days in the period commencing on the date of Mr. Goldman's employment agreement (February 10, 2017) and ending on the date of such change in control, and the denominator of which is 548. The amount set forth in the table above assumes the change in control date is August 15, 2017. Mr. Goldman's employment agreement also contemplates the possibility of certain further adjustments to the acceleration of Mr. Goldman's outstanding equity awards based on FelCor's total stockholder return, but no such adjustments would be required based on the assumptions used for purposes of this table.
- (8) Richard A. Smith retired as FelCor's President and Chief Executive Officer effective September 16, 2016. There are no agreements or understandings, whether written or unwritten, between Mr. Smith and either FelCor or RLJ concerning any type of compensation, whether present, deferred or contingent, that is based on or otherwise relates to the Mergers.

Pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 and Rule 14a-21(c) of the Exchange Act, FelCor is seeking stockholder approval of a non-binding advisory proposal to approve the compensation of certain FelCor executive officers that is based on or otherwise relates to the Mergers as disclosed above in this section. The non-binding advisory proposal gives FelCor common stockholders the opportunity to express their views on the compensation of certain

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FelCor executive officers related to the Mergers. Accordingly, FelCor is requesting stockholders to approve the following resolution, on a non-binding advisory basis:

"RESOLVED, that the compensation that may be paid or become payable to FelCor's named executive officers, in connection with the Merger Agreement, the Mergers and the transactions contemplated thereby and the agreements or understandings pursuant to which such compensation may be paid or become payable, in each case as disclosed pursuant to Item 402(t) of Regulation S-K in "Proposal 2: FelCor Compensation Proposal," are hereby APPROVED."

Approval of the non-binding advisory proposal to approve certain compensation arrangements for certain FelCor executive officers in connection with the transactions contemplated by the Merger Agreement requires that the majority of votes cast are cast in favor of the FelCor Compensation Proposal, provided a quorum is present. For purposes of the FelCor Compensation Proposal, a failure to vote, a failure to instruct your bank, broker or nominee to vote or an abstention from voting will have no effect.

Recommendation of the FelCor Board

The FelCor Board recommends that FelCor common stockholders vote "FOR" the FelCor Compensation Proposal.

FelCor Adjournment Proposal

(Proposal 3 on the FelCor Proxy Card)

The FelCor common stockholders are being asked to approve a proposal that will give the FelCor Board the authority to adjourn the FelCor special meeting, if necessary or appropriate, for the purpose of soliciting additional votes for the approval of the REIT Merger Proposal if there are not sufficient votes at the time of the FelCor special meeting to approve the REIT Merger Proposal. If, at the FelCor special meeting, the number of shares of FelCor Common Stock, present or represented by proxy and voting for the approval of the REIT Merger Proposal is insufficient to approve such proposal, FelCor intends to move to adjourn the FelCor special meeting to another place, date or time in order to enable the FelCor Board to solicit additional proxies for approval of the proposal. Holders of a majority of the shares of FelCor Common Stock entitled to vote at the FelCor special meeting and present in person or represented by proxy, whether or not a quorum is present, may adjourn the special meeting to another place, date or time. FelCor does not intend to call a vote on the FelCor Adjournment Proposal if the REIT Merger Proposal considered at the FelCor special meeting has been approved at the FelCor special meeting. If the FelCor special meeting is adjourned for the purpose of soliciting additional proxies, FelCor common stockholders who have already submitted their proxies will be able to revoke them at any time prior to their use.

Recommendation of the FelCor Board

The FelCor Board recommends that FelCor common stockholders vote "FOR" the FelCor Adjournment Proposal.

Other Business

No other matters will be transacted at the FelCor special meeting.

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THE REIT MERGER

The following is a summary of the material terms of the REIT Merger. This summary does not purport to be complete and may not contain all of the information about the REIT Merger that is important to you. The summary of the material terms of the REIT Merger below and elsewhere in this joint proxy statement/prospectus is qualified in its entirety by reference to the Merger Agreement, copies of which are attached to this joint proxy statement/prospectus as Annex A, and are incorporated by reference into this joint proxy statement/prospectus. You are urged to read this joint proxy statement/prospectus, including the Merger Agreement, carefully and in its entirety for a more complete understanding of the REIT Merger.

General

Each of the RLJ Board and the FelCor Board has unanimously approved the Merger Agreement, the Mergers and the other transactions contemplated by the Merger Agreement. Subject to the terms and conditions of the Merger Agreement, FelCor will merge with and into REIT Merger Sub, with REIT Merger Sub surviving as a wholly-owned subsidiary of the Operating Partnership. The Merger Agreement also provides for the Partnership Merger in which, immediately prior to the REIT Merger, Partnership Merger Sub will merge with and into FelCor LP, with FelCor LP surviving as a wholly-owned subsidiary of the Operating Partnership. FelCor stockholders will receive the merger consideration described below under "The Merger Agreement Consideration for the Mergers" beginning on page 114.

Background of the Mergers

The boards and management teams of RLJ and FelCor periodically and in the ordinary course have, from time to time, evaluated and considered a variety of financial and strategic opportunities as part of their respective long-term strategies to enhance value for their shareholders and stockholders, including potential divestitures, business combinations and other transactions.

On September 19, 2016, FelCor issued a press release announcing the retirement of Richard A. Smith, FelCor's President and Chief Executive Officer. In connection with Mr. Smith's retirement, the FelCor Board had begun a review of the long-term strategic direction of the company, and, as a result of the aforementioned press release, FelCor received a number of unsolicited inquiries from parties who were interested in potential divestitures, business combinations and other transactions involving FelCor. As described in more detail below, from the date of the press release announcing Mr. Smith's retirement until the signing of the Merger Agreement with RLJ, at the direction of the FelCor Board, BofA Merrill Lynch had discussions with more than 20 possible strategic and financial counterparties, consisting mostly of private companies, to determine whether they would be interested in a potential transaction involving FelCor.

On September 19, 2016, Thomas J. Corcoran, Jr., Chairman of the Board of Directors of FelCor, was asked by Montgomery J. Bennett, then Chairman of the Board and Chief Executive Officer of Ashford Hospitality Trust ("AHT"), as well as its external advisor, Ashford Inc. ("AINC"), for a lunch meeting.

On September 20, 2016, Mr. Corcoran met with Mr. Bennett. Mr. Bennett said that FelCor and AHT should consider merging. Mr. Bennett stated his view that companies with larger capitalizations trade better than companies with smaller capitalizations, and he provided limited materials that he claimed supported his view. Mr. Corcoran suggested setting up a meeting with Christopher J. Hartung, FelCor's lead independent director, to discuss a potential transaction. That meeting was subsequently scheduled for October 25, 2016.

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On September 21, 2016, W. Michael Murphy, a director of Ashford Hospitality Prime, Inc., called Mr. Corcoran to highlight the benefits of a combination of FelCor and AHT.

On October 25, 2016, Mr. Hartung met with Mr. Bennett, during which meeting Mr. Bennett again proposed that FelCor engage with AHT on a potential transaction.

On October 27, 2016, at FelCor's quarterly board meeting, the FelCor Board discussed potential transaction partners and potential investor views with management and representatives of BofA Merrill Lynch. Following such discussions, the FelCor Board determined to approach a limited number of potential strategic counterparties to assess their interest in a transaction with FelCor. Representatives of FelCor thereafter contacted several such parties, three of which (including RLJ) indicated a willingness to engage in further discussion with FelCor. One of these parties participated in several conversations with Mr. Corcoran, but declined to proceed further. Another party also participated in several conversations with Mr. Corcoran and BofA Merrill Lynch, but ultimately did not submit any proposal.

On November 10, 2016, Mr. Bennett called Mr. Hartung asking about FelCor's reaction to a potential transaction with AHT. Mr. Hartung responded that it was under review, but that for a stock deal the strength of the resultant company was most important. Mr. Hartung pointed out that FelCor and AHT have different philosophies regarding external management, leverage, conflicts of interest, governance and other matters.

On November 11, 2016, Mr. Corcoran called Ross H. Bierkan, President, Chief Executive Officer and Chief Investment Officer of RLJ, to arrange a meeting.

On November 13, 2016, Mr. Corcoran met with Mr. Bierkan to determine whether RLJ might have an interest in a transaction with FelCor. Mr. Bierkan said that RLJ may have an interest, and he would discuss the opportunity with Robert L. Johnson, the chairman of the RLJ Board, to confirm.

On November 14, 2016, Mr. Bierkan confirmed with Mr. Johnson that RLJ would be interested in exploring a potential transaction with FelCor, and following that conversation, Mr. Bierkan informed Mr. Corcoran, who indicated that he would further consult with the FelCor Board.

On November 14, 2016, Patricia L. Gibson, a FelCor independent director, met with Douglas A. Kessler, then President of AHT. Ms. Gibson explained that the FelCor Board was focused on governance and was concerned about AHT's external management structure and litigation history. Ms. Gibson noted that Mr. Hartung and others would be meeting with Mr. Bennett at the National Association of Real Estate Investment Trusts conference ("NAREIT").

On November 16, 2016, Mr. Hartung and Mark D. Rozells, an independent director of FelCor, met with Messrs. Bennett and Kessler at NAREIT to discuss a potential transaction. During the meeting, AHT delivered a presentation to Mr. Hartung and Mr. Rozells proposing \$8.00 per share for FelCor Common Stock in a fixed ratio, all-stock transaction. This presentation was subsequently sent to Mr. Corcoran by Mr. Bennett on November 17, 2016.

On November 17, 2016, Mr. Hartung and Mr. Rozells met with Mr. Bierkan to discuss RLJ's level of interest in exploring a potential transaction, RLJ's familiarity with the FelCor portfolio and the strategic alignment and fit of the two companies. Following this discussion, Mr. Hartung and Mr. Rozells informed Mr. Bierkan that they would get back in touch with RLJ after they conferred with other members of the FelCor Board.

On November 22, 2016, the FelCor Board had a telephonic meeting to discuss potential interest from AHT and RLJ. The FelCor Board determined that FelCor should continue the evaluation of its stand-alone strategy before engaging in substantive negotiations with third parties.

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On November 26, 2016, Mr. Corcoran met with Mr. Bennett, at which meeting Mr. Corcoran expressed concerns regarding a variety of issues concerning AHT and its management, including corporate governance, conflicts of interest, capital structure and strategy.

On November 28, 2016, Mr. Hartung contacted Mr. Bierkan to follow-up on RLJ's interest in exploring a potential transaction with FelCor. Mr. Hartung informed Mr. Bierkan that the FelCor Board was still discussing the possibility of pursuing a transaction.

On November 30, 2016, Mr. Bennett sent to Mr. Corcoran a presentation entitled "Project Fish Combination Overview" responding to issues previously raised by Mr. Corcoran. Mr. Corcoran forwarded the presentation to other members of the FelCor Board. Dinesh P. Chandiramani, a director of AINC, visited FelCor's offices that same day to encourage Mr. Corcoran to support a merger of FelCor and AHT.

On December 2, 2016, the FelCor Board met and discussed a potential transaction with either AHT or RLJ. Representatives of BofA Merrill Lynch gave a presentation regarding both AHT and RLJ. The FelCor Board determined that the best course of action at that point in time was to continue to defer any substantive discussions on a transaction with either AHT or RLJ, continue the search for a replacement CEO and focus on executing asset sales. The FelCor Board also determined that AHT's proposal would not be in the best interests of FelCor's stockholders in light of concerns regarding the uncertain and volatile value of AHT's shares offered as consideration, leverage, external management, governance, the dilutive earnings per share impact to the combined company and the value transfer to AINC without proper compensation to FelCor stockholders.

On December 5, 2016, Mr. Hartung contacted Mr. Bennett and stated that FelCor was not interested in advancing discussions with AHT at that time.

On December 13, 2016, Dr. Benjamin Ansell, the lead independent director of AHT, sent a letter to Mr. Hartung regarding AHT's proposal to engage in a transaction with FelCor. The letter set forth certain purported benefits of the potential transaction and included an indicative merger consideration of \$9.31 per share payable in AHT shares.

On December 17, 2016, Mr. Corcoran met with Mr. Bennett. Mr. Corcoran reiterated his concerns with AHT's proposal, including the uncertain and volatile value of AHT's shares offered as consideration, leverage, governance and external management.

On December 18, 2016, the FelCor Board met telephonically, with representatives from management, Polsinelli PC ("Polsinelli"), Sidley Austin LLP ("Sidley"), Jones Day, and BofA Merrill Lynch also present. BofA Merrill Lynch reviewed with the FelCor Board the terms of AHT's revised proposal as compared to AHT's earlier proposal. Following a discussion, the FelCor Board determined to continue consideration of a potential sale or merger transaction, and authorized Mr. Hartung to engage in continuing discussions with Dr. Ansell and with RLJ, and to contact again other likely interested parties regarding their potential interest in a transaction with FelCor. The FelCor Board further authorized the creation of a transaction committee comprised of three independent directors, namely Mr. Hartung, Glenn A. Carlin and Charles A. Ledsinger, Jr., chaired by Mr. Ledsinger (the "FelCor Transaction Committee"). The FelCor Transaction Committee was formed to respond to the AHT letter from Dr. Ansell as well as interest from other parties, including RLJ. The FelCor Transaction Committee would also evaluate and respond to any later solicitations from other parties interested in merging with or acquiring FelCor.

On December 19, 2016, Mr. Hartung sent a letter to Dr. Ansell. Mr. Hartung stated that while the FelCor Board was carefully considering AHT's proposal, the FelCor Board had identified several basic issues that needed to be resolved at the outset for discussions to advance, including AHT's high leverage and its external management structure and related conflicts of interests.

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On December 19, 2016, Mr. Hartung called Mr. Bierkan to inform him that FelCor had decided to provide a draft nondisclosure agreement to RLJ and expressed FelCor's desire for RLJ and FelCor to use the holiday period to negotiate the nondisclosure agreement so that each party may start preliminary diligence on the other at the start of the New Year.

On December 20, 2016, FelCor provided a draft nondisclosure agreement to RLJ.

On December 21, 2016, Mr. Corcoran spoke with Mr. Bennett regarding the process for evaluating the proposed transaction. On behalf of FelCor, Sidley delivered a draft confidentiality agreement, which included a customary standstill provision, to AHT's counsel. AHT's counsel responded that AHT would not agree to a standstill that restricted its ability to present its proposal directly to FelCor's stockholders.

On December 23, 2016, Mr. Hartung sent a letter to Dr. Ansell acknowledging receipt of AHT's December 13 letter and summarizing certain concerns regarding AHT's proposal. The letter expressed the view of the FelCor Board that the proposed merger consideration would provide insufficient value to FelCor's stockholders, and reiterated that the financial, structural and governance concerns previously expressed by Mr. Corcoran needed to be addressed before FelCor would be willing to engage in substantive discussions with AHT regarding a potential transaction.

On December 26, 2016, at the request of AHT and FelCor, representatives from UBS Securities LLC ("UBS"), financial advisor to AHT, contacted representatives from BofA Merrill Lynch to discuss AHT's offer, AHT's management structure and post-transaction leverage.

On December 27, 2016, the independent directors of FelCor met telephonically, with representatives of Polsinelli and Jones Day in attendance. At the meeting, Mr. Hartung reported on the status of discussions with AHT and RLJ, as well as related issues.

On December 28, 2016, after discussion and negotiations regarding the terms of the nondisclosure agreement, FelCor and RLJ entered into a nondisclosure agreement that included a customary standstill provision applicable to both parties.

On December 29, 2016, Dr. Ansell called Mr. Hartung. They discussed AHT's proposal, entering into a nondisclosure agreement with a customary standstill provision and extending the deadline for nominating directors for election to the FelCor Board. During this call, Dr. Ansell informed Mr. Hartung that AHT had acquired a position in FelCor's shares.

On January 5, 2017, the FelCor Transaction Committee met telephonically, with FelCor management and representatives of Sidley, Polsinelli, and BofA Merrill Lynch also present. Representatives of BofA Merrill Lynch reported on its discussions with UBS. Mr. Hartung reported on his discussions with Dr. Ansell, including plans for a meeting on January 6, and related matters. Discussions also ensued about potential further discussion with RLJ.

On January 6, 2017, Dr. Ansell, Mr. Kessler and Alan Tallis, an independent director of AHT, accompanied by representatives from UBS, met with Messrs. Hartung and Rozells in San Francisco to discuss AHT's proposal. Mr. Ledsinger and Mr. Carlin, as well as representatives from BofA Merrill Lynch, also attended the meeting telephonically. At this meeting, the representatives of FelCor delivered a draft nondisclosure agreement prepared by Sidley, which contained a limited standstill restriction.

Over the course of the following week, representatives from Sidley and Cadwalader, Wickersham & Taft LLP ("Cadwalader") negotiated the nondisclosure agreement. On January 11, 2017, AHT, AINC and FelCor entered into the nondisclosure agreement, which included a limited standstill expiring on February 9, 2017.

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On January 10, 2017, FelCor provided RLJ and Barclays with access to FelCor's virtual data room and due diligence material. From this point, RLJ commenced preliminary diligence on FelCor and its assets and representatives of RLJ had various telephonic discussions with, and submitted diligence questions to, representatives of FelCor and the FelCor management team.

On January 16, 2017, Dr. Ansell sent a letter to Mr. Hartung that reiterated AHT's desire to pursue a potential transaction on a friendly basis.

On January 17, 2017, at the direction of the FelCor Board, representatives of BofA Merrill Lynch discussed AHT's diligence requests with UBS.

On January 20, 2017, the FelCor Board met telephonically, with FelCor management and representatives of Sidley, Polsinelli, BofA Merrill Lynch, and Sard Verbinnen also present. The representatives of FelCor's management and advisors provided updates on the status of their discussions and related issues. At this meeting, the FelCor Board also authorized moving forward with a nondisclosure agreement with an entity referred to herein as Party X. Party X had indicated to FelCor that it was interested in contributing some of its hotels to FelCor in exchange for equity in FelCor.

On January 20, 2017, representatives from Sidley asked Cadwalader whether AHT would be willing to internalize its external manager, AINC, indicating that internalization would address some of FelCor's fundamental structural concerns.

On January 21, 2017, representatives from Cadwalader advised on behalf of AHT that an internalization of AINC was not under consideration by AHT at that time.

On January 23, 2017, Dr. Ansell sent a letter to Mr. Hartung requesting that FelCor provide certain due diligence materials, including detailed historical property level financial data.

On January 24, 2017, Mr. Hartung sent a letter to Dr. Ansell stating that while the FelCor Board was still considering the merits of the potential transaction, the FelCor Board had concluded that AHT's current proposal was not in the best interest of FelCor stockholders, noting FelCor's previously expressed concerns with the proposal.

On January 27, 2017, FelCor entered into a nondisclosure agreement with Party X.

On January 30, 2017, Mr. Hartung contacted Mr. Bierkan to discuss the process for RLJ and FelCor to continue more detailed diligence, including establishing pricing, the mechanics involved in exchanging additional diligence materials, and related timing.

On January 31, 2017, the FelCor Transaction Committee met telephonically, with FelCor management and representatives of Sidley, Polsinelli, Sard Verbinnen, and BofA Merrill Lynch also present. BofA Merrill Lynch reported on the status of discussions with AHT, RLJ and Party X, and related issues.

On January 31, 2017, at the direction of RLJ, representatives from Barclays contacted representatives from BofA Merrill Lynch to convey that RLJ, based on information available to it at the time, was prepared to pursue a transaction with FelCor at an implied share value of FelCor Common Stock in the low \$8.00 range. BofA Merrill Lynch advised Barclays that this price range would likely be insufficient to warrant exploration by the FelCor Board.

On February 1, 2017, Mr. Corcoran met with Mr. Bennett. Mr. Bennett said that AHT would respond in writing to Mr. Hartung's January 24 letter. Mr. Bennett also said that AHT would propose seven candidates for election to the FelCor Board.

On February 1, 2017, FelCor and its representatives indicated to RLJ and its representatives that RLJ's proposed merger consideration of FelCor Common Stock in the low \$8.00 per share range would

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need to be increased significantly in order for the FelCor Board to explore a potential transaction with RLJ.

On February 2, 2017, Dr. Ansell sent a letter to Mr. Hartung that reiterated AHT's belief that FelCor's stockholders would benefit from a potential transaction. Dr. Ansell then presented a revised proposal for the acquisition of FelCor.

On February 3, 2017, the FelCor Transaction Committee met telephonically, with FelCor management and representatives of Sidley, Polsinelli, Sard Verbinen, and BofA Merrill Lynch also in attendance. BofA Merrill Lynch provided updates regarding the various discussions in progress, including the revised proposal from AHT and the asset contribution transaction proposed by Party X. BofA Merrill Lynch presented preliminary financial analyses with respect to FelCor and certain of the proposed transactions. There was substantial discussion, following which the FelCor Transaction Committee determined that FelCor should continue to engage RLJ in discussions.

On February 6, 2017, the FelCor Board met telephonically with FelCor management and representatives of Sidley, Polsinelli, Sard Verbinen, and BofA Merrill Lynch also in attendance. Mr. Hartung reported on the various strategic matters being considered by the FelCor Board, including the ongoing transaction discussions with various parties, interactions with RLJ and its advisors and the revised proposal received from AHT. The FelCor Board observed that the revised AHT proposal did not reflect any increase in value or provide for greater transaction certainty.

On February 6, 2017, Mr. Bierkan informed Mr. Hartung that following RLJ's initial business and financial due diligence review of FelCor, and subject to confirmatory due diligence and final approval by the RLJ Board, RLJ remained interested in a potential transaction.

On February 7, Mr. Hartung called Mr. Bierkan to inform him that the FelCor Board remained interested in a potential transaction.

On February 8, 2017, Mr. Hartung sent a letter to Dr. Ansell indicating that FelCor was not prepared to engage in transaction discussions with AHT based on Dr. Ansell's February 2 letter. Mr. Hartung noted that AHT's proposal failed to address fundamental issues previously identified by FelCor, including the value and certainty of AHT's offer, the combined company's high leverage, external management, conflicts of interest and governance issues.

On February 9, 2017, RLJ and its representatives verbally communicated to FelCor and its representatives, based on the preliminary due diligence review through that date, RLJ was prepared to explore a stock-for-stock merger in which FelCor shareholders would receive 0.363 RLJ Common Shares for each share of FelCor Common Stock. Based on the \$23.15 closing price of RLJ's Common Shares on February 8, 2017, RLJ's proposal had a value of approximately \$8.40 per share of FelCor Common Stock.

On February 10, 2017, FelCor entered into an employment agreement with Mr. Goldman, pursuant to which Mr. Goldman was appointed to serve as Chief Executive Officer of FelCor, effective as of March 1, 2017, but due to certain circumstances, he started his employment on February 27, 2017.

On February 10, 2017, representatives of BofA Merrill Lynch informed representatives of Barclays that FelCor was interested in the parties' furthering their mutual due diligence reviews in connection with a potential transaction.

On February 13, 2017, the FelCor Transaction Committee hosted a conference call with Mr. Bierkan, Leslie D. Hale, RLJ's Chief Operating Officer, Chief Financial Officer and Executive Vice President and representatives of Barclays and BofA Merrill Lynch. During this call, Mr. Bierkan presented the strategic and financial rationale for the proposed transaction to the FelCor Transaction Committee.

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On February 16 and 17, 2017, the FelCor Board held its regularly scheduled quarterly meeting. Representatives of BofA Merrill Lynch, Sidley and Palsinelli also participated. At the meeting, the FelCor Board elected Mr. Goldman as a director of FelCor. Mr. Carlin reviewed the presentation made by Mr. Bierkan to the FelCor Transaction Committee. BofA Merrill Lynch gave a presentation to the FelCor Board regarding the discussions with RLJ, AHT, Party X, and certain other parties. The FelCor Board had an extended discussion of strategic alternatives, corporate strategy and other matters. Representatives of BofA Merrill Lynch noted that Party X had recently engaged in the process and required additional information. Representatives of BofA Merrill Lynch presented a revised preliminary financial analysis concerning FelCor and certain of the prospective transactions under consideration. The FelCor Board determined that FelCor should provide additional information to Party X, and that Mr. Goldman should initiate and maintain an open dialogue with RLJ.

Later on February 17, 2017, Messrs. Corcoran and Goldman met with Mr. Bennett and J. Robison Hays, AHT's Chief Strategy Officer. Mr. Goldman asked Mr. Bennett that AHT not take a hostile public position prior to Mr. Goldman's official start of employment at FelCor in order to allow Mr. Goldman 30-45 days to understand the FelCor portfolio, the Ashford portfolio and to discuss with Mr. Bennett a potential combination of AHT and FelCor in a friendly and constructive manner. Mr. Goldman offered to extend the nomination date for new directors and assured Mr. Bennett that should AHT postpone its nomination of new directors, Mr. Goldman would instruct FelCor to share all necessary information with AHT to allow AHT to complete thorough due diligence of FelCor.

On February 17, 2017, Mr. Goldman sent an e-mail to Mr. Bierkan letting Mr. Bierkan know that the FelCor Board authorized Mr. Goldman to engage in conversations with Mr. Bierkan. Mr. Goldman and Mr. Bierkan spoke on February 18, 2017 and February 23, 2017, leading to an in-person meeting on February 28, 2017, as described below.

On February 17, 2017, the RLJ Board held its regularly scheduled quarterly meeting with representatives of RLJ's management, RLJ's counsel, Hogan Lovells US LLP ("Hogan Lovells"), and Barclays in attendance. At the meeting, representatives of RLJ and representatives of Barclays presented the RLJ Board with an overview of a potential transaction with FelCor, following which the RLJ Board discussed the strategic rationale for the potential transaction. Following this discussion, members of RLJ's management provided the RLJ Board with an analysis of the metrics for the potential transaction and the potential financial impact to RLJ following the transaction. Representatives from Barclays then provided the RLJ Board with a preliminary financial analysis of the proposed transaction. During the meeting, Mr. Bierkan provided an update on the status of discussions with FelCor regarding a potential transaction and noted that RLJ submitted an oral non-binding proposal to FelCor on February 9, 2017. The RLJ Board then discussed the merits of the potential transaction. Following this discussion, the RLJ Board authorized management to proceed with its preliminary discussions with FelCor.

On February 17, 2017, BofA Merrill Lynch delivered a memorandum to the FelCor Board disclosing certain relationships between BofA Merrill Lynch and its affiliates, on the one hand, and FelCor, RLJ and AHT and certain of their affiliates, on the other hand, during the prior two years.

On February 18, 2017, Mr. Goldman called Mr. Bennett and again offered to extend the deadline for director nominations and provide certain diligence materials that had previously been requested by AHT. Mr. Bennett told Mr. Goldman that he would discuss Mr. Goldman's proposal with AHT's board and call him back.

Later on February 18, 2017, Mr. Kessler called Mr. Goldman on behalf of Mr. Bennett to discuss Mr. Goldman's proposal to extend the deadline for director nominations and to provide requested diligence materials. Mr. Kessler proposed that (1) FelCor and AHT make a joint public announcement that they were working on a business combination, (2) FelCor grant AHT exclusivity for 30 days, (3) the director nomination period be extended for 30 days, (4) the parties sign a mutual standstill

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agreement, (5) the parties share due diligence information and (6) FelCor make an announcement on the positive aspects of AHT's high leverage and external management structure. After notifying the FelCor Board of Mr. Kessler's proposal, Mr. Goldman called Mr. Kessler and said FelCor was not able to agree to those requests and asked Mr. Kessler to consider a simple 30-day extension of the nomination period to allow the parties to work together in good faith without being under the public spotlight. Mr. Kessler called Mr. Goldman back later that afternoon and rejected that proposal.

On February 21, 2017, Mr. Kessler was appointed as the Chief Executive Officer of AHT. Mr. Bennett, AHT's previous Chief Executive Officer, remained Chairman of AHT's board. Mr. Kessler was previously President of AHT and remained an executive officer of AINC.

On February 21, 2017, Dr. Ansell sent a letter to Mr. Hartung regarding a potential transaction. The letter contained a proposal to acquire all of the outstanding FelCor shares for \$9.27 per share, based on the closing prices of AHT and AINC common stock as of February 17, 2017, comprised of a fixed exchange ratio of 1.192 shares of AHT, 0.003 shares of AINC (then owned by AHT) and 0.001 warrants to purchase AINC shares in exchange for each share of FelCor Common Stock. The letter also suggested a number of potential corporate governance enhancements that might be made in connection with a potential transaction. AHT made its letter publicly available and submitted a notice of nomination to FelCor for the nomination of seven candidates for election to the FelCor Board at the 2017 annual meeting of FelCor's stockholders.

On February 21, 2017, FelCor issued a press release confirming that it had received AHT's February 21 proposal, and stating that the proposal followed several months in which FelCor had engaged with AHT to explore the possibility of a mutually beneficial transaction.

On February 21, 2017, the RLJ Board held a telephonic meeting with representatives of RLJ's management, Hogan Lovells and Barclays in attendance. During the meeting, Mr. Bierkan provided an update on the status of discussions with FelCor regarding a potential transaction and updated the RLJ Board on the oral non-binding proposal that was submitted by RLJ to FelCor on February 9, 2017. Following this discussion, Mr. Bierkan recommended to the RLJ Board that term sheet negotiations and confirmatory due diligence proceed and the RLJ Board authorized management to continue to engage in discussions with FelCor regarding a potential transaction.

On February 24, 2017, FelCor issued a press release noting concerns regarding dilution to AHT shareholders affecting the value of AHT's proposal and creating uncertainty around the ability to obtain the approvals required from both AHT and FelCor stockholders, as well as the costs of external management and the resulting uncompensated value transfer to AINC, the extremely high leverage of the combined company and governance concerns relating to external management. AHT's stock price had declined dramatically since the public announcement of its acquisition proposal. Based on the closing prices for AHT and AINC common stock on February 24, 2017, the value of AHT's February 21 proposal had declined from \$9.27 to approximately \$7.81 per share of FelCor Common Stock.

On February 27, 2017, Mr. Goldman sent a letter to Mr. Bennett setting forth FelCor's concerns regarding both the inadequate value and uncertainty of AHT's all-stock, fixed exchange ratio proposal contained in AHT's February 21 letter, and stating that FelCor was prepared to engage with AHT if it were willing to consider making an all or substantially all-cash proposal. In addition, Mr. Goldman confirmed that FelCor was willing to provide additional information, including property level information, to AHT provided AHT also shared reciprocal property level information with FelCor. Mr. Goldman and Michael C. Hughes, Executive Vice President and Chief Financial Officer of FelCor, also spoke with Mr. Kessler by telephone. The parties agreed to share additional diligence materials and maintain open communication.

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On February 28, 2017, Mr. Kessler sent a letter to Mr. Goldman acknowledging FelCor's willingness to reengage and noting that restrictive covenants in FelCor's bonds limit the amount of debt that FelCor may incur and the amount of cash that may be distributed to FelCor stockholders, and continued to express a preference for an all-stock transaction. Mr. Kessler noted that AHT was willing to recommence its diligence review. AHT issued a press release with a copy of Mr. Kessler's letter.

On February 28, 2017, Mr. Goldman met with Mr. Bierkan to discuss the merits of a potential merger between RLJ and FelCor and agreed to share additional information that would assist each company in its evaluation of the other. Mr. Goldman then expressed to Mr. Bierkan that RLJ's February 9 proposal was not sufficiently attractive to warrant serious exploration by the FelCor Board, and indicated that RLJ would need to improve the exchange ratio in order to increase the likelihood that the FelCor Board would approve the transaction.

On March 3, 2017, Mr. Goldman and FelCor's representatives indicated to RLJ and its representatives that it would be necessary for RLJ to increase the proposed exchange ratio before Mr. Goldman could recommend the potential transaction to the FelCor Board.

On March 9, 2017, Messrs. Goldman and Hughes spoke with Messrs. Bennett and Kessler by telephone. They discussed process, due diligence and next steps. Messrs. Goldman and Hughes indicated that the next step would be for AHT to make a revised proposal with a large enough cash component so that the issues with AHT stock would be largely mitigated. Deric S. Eubanks, Chief Financial Officer of AHT, called Mr. Hughes to request detail regarding compliance calculations under FelCor's senior notes. Mr. Hughes provided the requested information shortly after the call. In addition, FelCor provided to AHT previously requested property level financial information.

On March 9, 2017, RLJ and its representatives proposed to FelCor and its representatives a best and final exchange ratio of 0.368 RLJ Common Shares for each share of FelCor Common Stock. Mr. Goldman responded that he would report this offer to the FelCor Transaction Committee and recommend that both sides work toward consummating a transaction and commencing confirmatory due diligence.

On March 13, 2017, the FelCor independent directors held a conference call with Mr. Goldman and representatives of Polsinelli. During this call, Mr. Goldman summarized his review of FelCor and his strategy for continuing as an independent company, and he reviewed his discussions relating to the potential transactions with AHT, RLJ and Party X. The independent directors and Mr. Goldman were in agreement that FelCor should continue to pursue a transaction with RLJ. As Party X had not submitted a formal proposal, the FelCor Board decided to cease discussions with Party X.

On March 13, 2017, Mr. Goldman informed Mr. Bierkan that the FelCor Board was in favor of pursuing a transaction with RLJ and approved the commencement of formal due diligence by RLJ in connection with a potential transaction, including providing RLJ with access to FelCor's properties.

During the week of March 13, 2017, Mr. Bierkan and other members of RLJ management toured FelCor hotels.

On March 14, 2017, the RLJ Board held a telephonic meeting with representatives of RLJ's management, Hogan Lovells and Barclays in attendance. At the meeting, the RLJ Board was updated on the status of discussions with FelCor regarding a potential transaction, noting the revised proposed exchange ratio, the implied price per share of FelCor Common Stock, the equity and enterprise value of the combined company and the pro forma ownership interests of the two companies' shareholders. Mr. Bierkan informed the RLJ Board that, during a telephone call with Mr. Goldman, Mr. Goldman had expressed continued interest in a transaction with RLJ and wanted to proceed with detailed due diligence and negotiation of a merger agreement. Mr. Bierkan also informed the RLJ Board of FelCor's request that the board of the combined company include three FelCor trustees if the combined company board consisted of nine trustees or, alternatively, two FelCor trustees if the

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combined company board consisted of seven trustees. The RLJ Board then discussed possible responses to this request. The Board and management then discussed the projected expenses of the transaction and representatives from Barclays briefed the RLJ Board on expected overall costs for the transaction. Following this presentation, Ms. Hale and representatives of Barclays and Hogan Lovells outlined the diligence completed to date on FelCor and provided an overview of the scope and timing of diligence to be completed prior to execution of a definitive agreement. Representatives of Hogan Lovells then provided information to the RLJ Board regarding the RLJ Board's fiduciary obligations in transactions of this nature. Following this discussion and the review of the proposed terms for a draft term sheet to be provided to FelCor, the RLJ Board authorized management to continue to engage in discussions with FelCor regarding a potential transaction.

Later that day, RLJ provided to FelCor a draft term sheet outlining terms for a business combination between the companies. The term sheet provided for a stock-for-stock merger at an exchange ratio of 0.368 RLJ Common Shares for each share of FelCor Common Stock. Based on the \$22.55 closing price of RLJ's Common Shares on March 14, RLJ's proposal had a value of approximately \$8.30 per share of FelCor Common Stock. The draft term sheet by its terms was non-binding, but included a binding 28-day exclusivity period and did not speak to the proposed constitution of the combined company board. Mr. Goldman responded to the term sheet in a telephone call with Mr. Bierkan. Mr. Goldman indicated that FelCor would not agree to exclusivity and that FelCor would expect representation on the board of the combined company. Specifically, Mr. Goldman requested either two FelCor directors on a seven-member RLJ board, or three FelCor directors on a nine-member RLJ board.

During the week of March 20, 2017, Mr. Goldman toured RLJ and FelCor hotels with Troy Pentecost, President and Chief Operating Officer of FelCor; Mr. Bierkan and other members of RLJ management toured FelCor hotels during this week.

On March 25, 2017, Mr. Kessler and Mr. Goldman telephonically discussed the potential transaction. During the call, Mr. Kessler discussed (i) the reasons why AHT believed that a business combination made sense for both sets of stockholders, (ii) the status of due diligence to date, (iii) AHT's efforts to accommodate the request of the FelCor Board for AHT to revise its offer to include a cash component and (iv) the terms of a revised proposal to acquire FelCor.

On March 25, 2017, Mr. Kessler sent a letter to Mr. Goldman that contained the revised proposal to acquire all outstanding FelCor shares. The proposal was restructured to include a cash component of up to approximately \$213 million, representing 21% of the total consideration based on the closing stock price of AHT and AINC common stock as of March 24, 2017. The revised total consideration per each share of FelCor Common Stock would be comprised of \$1.53 in cash, a fixed exchange ratio of 0.930 shares of AHT, 0.003 shares of AINC and 0.001 warrants to purchase AINC shares. Based on the closing prices of AHT and AINC common stock as of March 24, 2017, the last trading day before the revised proposal was made, the value of the revised AHT March 25 proposal would be approximately \$8.80 per share of FelCor Common Stock.

On March 27, 2017, Mr. Bierkan met with Mr. Goldman to discuss the proposed terms of the potential transaction and key open points, including FelCor's representation on the board of trustees of the combined company and estimated transaction expenses to be incurred in connection with the potential transaction. In addition Messrs. Bierkan and Goldman discussed the status of FelCor's marketing efforts with respect to the Morgans, Royalton and Knickerbocker hotels.

During the week of March 27, 2017, Mr. Goldman and Mr. Pentecost toured RLJ and FelCor hotels with Mr. Bierkan and other members of the RLJ executive team.

On April 4, 2017, the FelCor Transaction Committee met telephonically with Mr. Goldman. Mr. Hughes and representatives of BofA Merrill Lynch and Polsinelli also participated. Mr. Goldman

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noted that he had visited with senior management of RLJ and toured many of its assets. The FelCor Transaction Committee engaged in a discussion regarding RLJ, Mr. Goldman's impressions of Mr. Bierkan and the RLJ management team. Mr. Goldman met the prior week, the merits of RLJ's existing offer and related issues. Mr. Goldman also discussed three alternatives to a transaction with RLJ: (1) maintaining FelCor as an independent company following additional hotel sales and significant reduction in G&A expenses ("FelCor 2.0"); (2) combining FelCor with AHT on the terms set forth in its most recent proposal; and (3) a merger transaction with Party X. Representatives of BofA Merrill Lynch then reviewed with the FelCor Transaction Committee the financial metrics of combining FelCor with RLJ on the terms set forth in RLJ's most recent proposal as compared to the financial metrics of FelCor 2.0 and a combination with AHT pursuant to the terms of AHT's most recent offer. Following detailed discussion of these alternatives, BofA Merrill Lynch reported on the outbound calls that the FelCor Board had previously authorized BofA Merrill Lynch to make over the prior three weeks to more than 20 parties who had either previously expressed interest in FelCor or who could have an interest in merging with or acquiring FelCor. BofA Merrill Lynch noted that of the more than 20 potential counterparties with which FelCor and its advisors had discussions to gauge their interest in a potential transaction with FelCor, many of whom would incur a significant prepayment fee of approximately \$100 million associated with the refinancing of FelCor's senior notes, only RLJ and AHT had expressed a continuing interest in pursuing a transaction. BofA Merrill Lynch also noted that only RLJ could assume the senior notes without incurring a significant prepayment fee, giving RLJ a material competitive advantage over other bidders. Following discussion, the FelCor Transaction Committee determined to recommend that the FelCor Board authorize management to engage in substantive discussions with RLJ for the purpose of reaching an agreement to merge FelCor and RLJ. Following this meeting, Mr. Goldman contacted Mr. Bierkan and informed him that it had made this recommendation and asked that Mr. Bierkan speak with the RLJ Board to obtain the same approval.

On April 6, 2017, Mr. Kessler and Mr. Goldman met to discuss the March 25, 2017 letter and the revised proposal. At the meeting, Messrs. Kessler and Goldman discussed various aspects of the revised proposal. Messrs. Kessler and Goldman agreed to instruct UBS and BofA Merrill Lynch to continue to engage with each other in order to provide AHT with certain information necessary to modify its offer, with the understanding that AHT may at a later date publicly release its revised proposal.

On April 6, 2017, the RLJ Board held a telephonic meeting with representatives of RLJ's management, Hogan Lovells and Barclays in attendance. During the meeting, Mr. Bierkan updated the RLJ Board on the potential transaction with FelCor, noting that RLJ had provided a term sheet for the transaction to FelCor following the March 14 meeting of the RLJ Board and that RLJ had continued its due diligence review of FelCor, with members of management having toured a substantial majority of FelCor's hotels. Mr. Bierkan also noted that FelCor had continued its due diligence review of RLJ and that Mr. Goldman had toured more than half of RLJ's hotels. Mr. Bierkan also informed the RLJ Board that the FelCor Transaction Committee had met on April 4 and recommended that the FelCor Board authorize negotiation of the potential transaction. Mr. Bierkan then updated the RLJ Board on discussions with FelCor regarding composition of the combined company's board. Following Mr. Bierkan's update, Ms. Hale provided a report on the status of RLJ's due diligence review of FelCor. The RLJ Board authorized management to continue to engage in discussions with FelCor regarding a potential transaction, and authorized management to negotiate an engagement letter with Barclays to serve as financial advisor to RLJ in connection with the transaction.

On April 6, 2017, Barclays, on behalf of and at the direction of RLJ, sent a draft merger agreement to BofA Merrill Lynch. The draft provided for a stock-for-stock merger with an exchange ratio of 0.368 RLJ Common Shares for each share of FelCor Common Stock. The draft further provided that one FelCor director, mutually agreed to by FelCor and RLJ, would be appointed to the RLJ board. The draft also provided for fully mutual no-solicitation and fiduciary termination provisions, with RLJ and FelCor both having the same termination rights (including the right to terminate to accept a superior proposal), both parties having the same right to withdraw its recommendation if it were to receive a proposal that could reasonably be expected to lead to a superior proposal, and both parties paying the same dollar amount of termination fees (which fee was not yet proposed).

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On April 10, 2017, AHT filed a preliminary proxy statement seeking support for the election of seven candidates to the FelCor Board.

On April 11, 2017, Sidley sent comments on the draft RLJ merger agreement to Hogan Lovells, counsel to RLJ. After Sidley sent comments on the draft merger agreement, Sidley and Hogan Lovells from time to time discussed open issues in the merger agreement, including the scope of representations and warranties, interim operating covenants restricting the activities of both companies between signing and closing, rights of the respective boards to change recommendations, termination provisions, termination fee triggers, termination fee amounts, expense payment triggers and expense payment amounts.

On April 11, 2017, the FelCor Board met telephonically. Mr. Hughes and representatives of BofA Merrill Lynch and Polsinelli also participated. Mr. Goldman summarized events that had occurred since the last meeting, including the decision to not pursue a merger with Party X and the status of discussions with both RLJ and AHT. Open issues on the RLJ draft merger agreement and the status of due diligence were then discussed. Mr. Goldman also discussed with the FelCor Board the alternative of FelCor 2.0. Following discussion of the foregoing matters, representatives of BofA Merrill Lynch reviewed with the FelCor Board materials covering three scenarios: FelCor 2.0, combining FelCor with AHT on the terms set forth in its most recent proposal, and combining FelCor with RLJ on the terms set forth in its most recent proposal. BofA Merrill Lynch reported on further discussions with third parties, but noted that there had been no other formal offers or indications of substantive interest. BofA Merrill Lynch again noted that in the course of the process it had contacted more than 20 potential counterparties to gauge their interest in a potential transaction with FelCor, but that at present there were no discussions ongoing with any other party, and none had a continuing interest in pursuing a transaction. Following discussion and upon the recommendation of the FelCor Transaction Committee, the FelCor Board authorized management to engage in discussions with RLJ for the purpose of reaching an agreement to merge FelCor and RLJ based on the most recent offer from RLJ.

On April 17, 2017, following completion of significant diligence and the identification of certain matters that impacted valuation, Mr. Bierkan contacted Mr. Goldman and indicated that RLJ was revising its proposal. After a series of phone calls that afternoon, Mr. Goldman and Mr. Bierkan ultimately agreed to recommend to each of their respective boards an exchange ratio of 0.362 RLJ Common Shares for each share of FelCor Common Stock.

On April 18, 2017, Messrs. Goldman and Hughes spoke with Mr. Kessler by telephone to discuss the status of AHT's revised offer. Representatives from BofA Merrill Lynch and UBS also participated. The parties discussed how large a cash component AHT would be prepared to offer. UBS indicated that AHT could provide approximately \$4.90 per FelCor share in cash. Mr. Goldman reminded Mr. Kessler of FelCor's concerns with the resulting leverage of AHT's stock following a merger with FelCor, and suggested Mr. Kessler include as much cash as possible in any revised proposal. Mr. Goldman also reiterated to Mr. Kessler that AHT needed to make a "best and final" offer because FelCor had scheduled a board meeting for April 21, 2017, and at that time would make a decision regarding FelCor's strategic direction. Mr. Kessler agreed and committed that AHT's next offer would be delivered late in the day on April 20, 2017, and that it would be AHT's best and final offer.

On April 18, 2017, Barclays delivered a memorandum to the RLJ Board disclosing certain material relationships between Barclays and its affiliates, on the one hand, and FelCor and RLJ and certain of their affiliates, on the other hand, during the prior three years.

On April 19, 2017, the RLJ Board held a telephonic meeting with representatives of RLJ's management, Hogan Lovells and Barclays in attendance. During the meeting, RLJ's management presented the RLJ Board with the findings and progress of the business, financial, legal, tax and accounting due diligence review of FelCor. Following this presentation, the RLJ Board reviewed the

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memorandum from Barclays disclosing its material relationships with RLJ and FelCor. The RLJ Board then discussed the engagement of Barclays as financial advisor for the transaction.

On April 20, 2017, AHT delivered a letter proposing to acquire FelCor for total consideration with a purported value of \$8.25 per share, comprising \$4.13 in cash, 0.608 shares of AHT common stock, 0.003 shares of Ashford, Inc. common stock and 0.001 warrants to purchase AINC common stock with a strike price of \$100 per share. The proposal would have required financing in the form of \$1.842 billion in new commercial mortgage-backed securities. No financing commitments were provided. After submission of this letter, UBS contacted BofA Merrill Lynch and indicated, among other items, that although AHT was highly confident it could raise committed financing, UBS would not speak for 100% of the financing, and commitments from other banks would be required. In addition, UBS indicated to BofA Merrill Lynch that AHT would require approximately four weeks in order to complete its diligence, obtain fully committed financing and negotiate a merger agreement.

On the morning of April 21, 2017, Mr. Bennett called Mr. Hartung to say that AHT had made an offer with a value of \$8.25 per share, half of which would be in the form of cash consideration. Mr. Bennett also contacted Mr. Corcoran to encourage FelCor to accept AHT's offer.

On April 21, 2017, BofA Merrill Lynch delivered an updated memorandum to the FelCor Board disclosing certain relationships between BofA Merrill Lynch and its affiliates, on the one hand, and FelCor, RLJ and AHT and certain of their affiliates, on the other hand, during the prior two calendar years as well as the first quarter of 2017.

On April 21, 2017, the FelCor Board met to review the terms and conditions of the proposed transaction with RLJ, as well as the most recent proposal from AHT. FelCor's management and representatives of Sidley, Polsinelli, and BofA Merrill Lynch were also in attendance. At the meeting, representatives of BofA Merrill Lynch reviewed their presentation regarding certain financial aspects of RLJ's proposal, under which 0.362 RLJ Common Shares would be paid for each share of FelCor Common Stock. Representatives of BofA Merrill Lynch also reviewed the financial aspects of AHT's most recent offer comprising \$4.13 in cash, 0.608 shares of AHT common stock, 0.003 shares of AINC common stock and 0.001 warrants to purchase AINC common stock with a strike price of \$100 per share. In reviewing the AHT proposal, representatives of BofA Merrill Lynch noted that RLJ was prepared to enter into a merger agreement and did not require financing, while AHT would need to raise approximately \$1.8 billion in financing and require four additional weeks to obtain financing commitments and complete its due diligence. The FelCor Board and FelCor's advisors also discussed the view that the combined company resulting from a transaction with RLJ would be a stronger company with significantly less leverage compared to a combination with AHT and would create more opportunity to grow shareholder value over time with less financial risk. BofA Merrill Lynch also noted that the then current value of the RLJ proposal valued FelCor at a higher amount than the then current value of the AHT proposal, and there could be no certainty that AHT would maintain its current proposal after completing at least four weeks of additional diligence and negotiations to obtain committed financing. Mr. Goldman noted that the most recent AHT proposal was provided in response to his request that AHT submit its "best and final" offer. The FelCor Board determined that, after considering both proposals from RLJ and AHT, the AHT proposal would not be in the best interests of FelCor and its stockholders to pursue a potential transaction with AHT, and the RLJ proposal was superior both in terms of certainty of execution and combined company value. Representatives from Sidley then reviewed the proposed terms of the latest draft from RLJ of the merger agreement, which the representatives from Sidley noted were substantially final, subject to reaching agreement on the amounts of the termination fees and expense payments. The FelCor Board then discussed the terms of the merger agreement, including what amounts should be proposed to resolve the open issues regarding termination fees and expense payments.

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On April 21, 2017, the RLJ Board held a telephonic meeting with representatives of RLJ's management, Hogan Lovells and Barclays in attendance. During the meeting, RLJ's management and the RLJ Board further discussed the findings of the business, financial, legal, tax and accounting diligence review of FelCor. Following this discussion, representatives of Hogan Lovells provided the RLJ Board with an update on the status of the merger agreement negotiations, noting that the terms of the merger agreement were substantially final, with the exception of reaching agreement on the amounts of the termination fees and expense payments. The RLJ Board then discussed the terms of the merger agreement as well as proposals to resolve the open issues regarding termination fees and expense payments. Following this discussion, representatives of Barclays reviewed the financial analysis of the proposed transaction and its valuation of RLJ and FelCor and answered questions from the RLJ Board regarding that methodology. The RLJ Board also discussed and formally approved the proposed terms of the engagement letter with Barclays.

Between April 21, 2017 and April 23, 2017, the parties worked to finalize the various transaction agreements for approval by each company's respective boards.

During the evening of April 23, 2017, the FelCor Board met to review the terms and conditions of the proposed transaction with RLJ. FelCor's management and representatives of Sidley, Polsinelli, and BofA Merrill Lynch were also in attendance. At the meeting, representatives of BofA Merrill Lynch reviewed their presentation regarding the financial aspects of RLJ's offer of 0.362 RLJ Common Shares for each share of FelCor Common Stock, which had been revised to reflect closing stock prices from Friday, April 21, 2017. Representatives from Sidley reviewed the proposed terms of the latest draft of the merger agreement, which the representatives from Sidley noted were substantially final, subject to board approval. The FelCor Board then discussed the terms of the merger agreement, including the reasonableness of each party's termination fees and expense payments. Following additional discussion by the FelCor Board, representatives of BofA Merrill Lynch rendered to the FelCor Board its oral opinion, which was subsequently confirmed by delivery of a written opinion, dated April 23, 2017, to the effect that, as of April 23, 2017, and based upon and subject to the factors, assumptions, limitations, qualifications and conditions set forth in such opinion, the merger consideration to be received by holders of FelCor Common Stock was fair, from a financial point of view, to such holders, as more fully described below in the section entitled "Opinion of FelCor's Financial Advisor" beginning on page 90 of this joint proxy statement/prospectus. This opinion was addressed to, and for the use and benefit of, the FelCor Board in connection with its evaluation of the mergers and is not intended to be and does not constitute a recommendation as to how any holder of FelCor Common Stock should vote with respect to the REIT Merger. Such opinion is attached to this joint proxy statement/prospectus as Annex C and is incorporated herein by reference.

The FelCor Board, with the advice and assistance of its financial advisors and outside legal counsel and FelCor's management, evaluated and discussed the terms of the Merger Agreement and the transactions contemplated thereby, taking into consideration the AHT offer, and unanimously determined that the Merger Agreement, the Mergers and the transactions contemplated thereby, including the Mergers, are fair and reasonable, and in the best interests of FelCor and its stockholders (including the holders of FelCor Series A Preferred Stock), and that the REIT Merger is advisable, and unanimously approved the Merger Agreement, the Mergers and the transactions contemplated thereby.

During the evening of April 23, 2017, the RLJ Board held a telephonic meeting with representatives of RLJ's management, Hogan Lovells and Barclays in attendance. At the meeting, RLJ's management provided the RLJ Board with an update on the remaining items from RLJ's diligence review of FelCor. Following this discussion, representatives of Hogan Lovells reviewed with the RLJ Board the trustees' fiduciary duties under applicable law in connection with transactions of this type. Representatives from Hogan Lovells then summarized the final terms of the merger agreement, including the resolution of the remaining open points discussed at the last meeting. Representatives of Barclays summarized its financial analyses of RLJ and FelCor and the key financial highlights relating

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to the transaction with FelCor. Barclays then delivered to the RLJ Board its oral opinion, which was confirmed by delivery of a written opinion, dated April 23, 2017, to the effect that, as of April 23, 2017, and based on and subject to the assumptions and limitations set forth in the merger agreement, the exchange ratio of 0.362 RLJ Common Shares per share of FelCor Common Stock to be paid by RLJ in the transaction was fair from a financial point of view to RLJ, as more fully described below in the section entitled "Opinion of RLJ's Financial Advisor" beginning on page 83 of this joint proxy statement/prospectus. This opinion was addressed to, and for the use and benefit of, the RLJ Board in connection with and for purposes of its evaluation of the mergers and does not constitute a recommendation as to how any holder of RLJ Common Shares should vote with respect to the RLJ Share Issuance. Such opinion is attached to this joint proxy statement/ prospectus as Annex B and is incorporated herein by reference.

The RLJ Board, with the advice and assistance of its financial advisors and outside legal counsel and RLJ's management, evaluated and discussed the terms of the merger agreement and the transactions contemplated thereby, taking into consideration a variety of factors, including those described in "The Mergers Recommendation of the RLJ Board and its Reasons for the Mergers," and unanimously determined that the Mergers and the other transactions contemplated by the Merger Agreement are advisable and in the best interests of RLJ and its shareholders, and unanimously authorized, approved and adopted the Merger Agreement, the Mergers and the other transactions contemplated by the Merger Agreement.

The parties executed the Merger Agreement the night of April 23, 2017 and issued a joint press release announcing the transaction before the open of the U.S. financial markets on April 24, 2017.

On May 2, 2017, Mr. Kessler called Mr. Goldman and indicated that AHT would not be pursuing its proposed merger with FelCor. On May 3, 2017, AHT issued a press release announcing it was abandoning its efforts to merge with FelCor and also announced that it was withdrawing its preliminary proxy statement and proposed slate of directors for election to the FelCor Board.

On June 12, 2017, RLJ received an unsolicited, nonbinding proposal from a private equity investor, which we refer to as Party Y, to acquire all of the capital stock of RLJ at a price of \$24.00 per RLJ Common Share in an all-cash transaction. No additional dividends would be paid to shareholders after signing. According to the letter, the transaction would not be subject to any material conditions, other than termination of the Merger Agreement and customary closing conditions, including approval of RLJ's shareholders. The proposal was subject to completion of confirmatory due diligence and negotiation of a definitive merger agreement.

On June 15, 2017, the RLJ Board met to discuss the proposal received from Party Y. In the course of this meeting, the RLJ Board thoroughly reviewed and discussed the proposal, with input from its legal and financial advisors. After due deliberation, the RLJ Board concluded that the proposal did not constitute, and was not reasonably likely to lead to, a "Superior Proposal" as that term is defined in the Merger Agreement. The RLJ Board therefore determined to reject the proposal. Later that day, RLJ notified Party Y that the RLJ Board had rejected the proposal.

On June 20, 2017, RLJ received a second unsolicited, nonbinding proposal from Party Y, this time to acquire all of the capital stock of RLJ at a price of \$25.00 per RLJ Common Share in an all-cash transaction. Except for the price, the material terms of the proposal otherwise were identical to the prior proposal.

On June 21, 2017, the RLJ Board met to discuss the second proposal received from Party Y. In the course of this meeting, the RLJ Board thoroughly reviewed and discussed the proposal, with input from its legal and financial advisors. After due deliberation, the RLJ Board concluded that the proposal did not constitute, and was not reasonably likely to lead to, a "Superior Proposal" as that

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term is defined in the Merger Agreement. The RLJ Board therefore determined to reject the proposal. Later that day, RLJ notified Party Y that the RLJ Board had rejected the proposal.

On June 23, 2017, RLJ received a third unsolicited, nonbinding proposal from Party Y, this time to acquire all of the capital stock of RLJ at a price of \$25.50 per RLJ Common Share in an all-cash transaction. Except for the price, the material terms of the proposal otherwise were identical to the prior proposals.

On June 26, 2017 and again on June 27, 2017, the RLJ Board met to discuss the third proposal received from Party Y. In the course of these meetings, the RLJ Board thoroughly reviewed and discussed the proposal, with input from its legal and financial advisors. After due deliberation, on June 27, 2017 the RLJ Board determined that the proposal could reasonably be expected to lead to a "Superior Proposal" as that term is defined in the Merger Agreement, and authorized management to commence discussions and negotiations with Party Y regarding the potential transaction described in the June 23 letter.

On June 29, 2017, RLJ and Party Y entered into a confidentiality agreement, and thereafter Party Y commenced business and legal diligence with respect to RLJ and the preparation of a draft merger agreement, which it provided to RLJ on July 2, 2017. Between June 29, 2017 and July 6, 2017, representatives of Party Y and RLJ engaged in various discussions regarding the proposed transaction and RLJ's business. On July 6, 2017, Party Y submitted a revised nonbinding offer to acquire all of the capital stock of RLJ at a price of \$24.00 per RLJ Common Share.

On July 8, 2017, the RLJ Board met to discuss the revised proposal received from Party Y on July 6, 2017. In the course of this meeting, the RLJ Board thoroughly reviewed and discussed the revised proposal, with input from its legal and financial advisors. After due deliberation, the RLJ Board concluded that the revised proposal did not constitute, and was not reasonably likely to lead to, a "Superior Proposal" as that term is defined in the Merger Agreement. The RLJ Board therefore determined to reject the revised proposal. Later that day, RLJ notified Party Y that the RLJ Board had rejected the revised proposal.

Recommendation of the RLJ Board and Its Reasons for the Mergers

By vote at a meeting held on April 23, 2017, after careful consideration, the RLJ Board unanimously (i) determined that the terms of the Merger Agreement, the Mergers and the other transactions contemplated by the Merger Agreement are in the best interests of RLJ and its shareholders and authorized, approved, adopted and declared advisable the Merger Agreement, the Mergers and the other transactions contemplated by the Merger Agreement. The RLJ Board unanimously recommends that RLJ shareholders vote **FOR** the RLJ Share Issuance Proposal and **FOR** the RLJ Adjournment Proposal.

In reaching its determination, the RLJ Board consulted with RLJ's senior management and outside legal and financial advisors and carefully considered numerous factors that the RLJ Board viewed as supporting its decision, including the following material factors:

The RLJ Board expects that the Mergers will provide a number of significant potential strategic opportunities and benefits, including the following:

the transaction is expected to result in a diversified and high quality portfolio of high margin focused-service and compact full-service hotels with premium branded hotels in high barriers-to-entry markets with multiple demand generators;

the transaction is expected to have imbedded value creation from recapitalization of FelCor's capital structure, accretive near-term and long-term dispositions of non-strategic

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assets, and selective repositioning opportunities; additionally there is expected to be perpetual value creation in G&A, operating and capital procurement efficiencies;

the combined portfolio of 161 hotels and approximately 31,600 guest rooms in 26 states and the District of Columbia would provide enhanced negotiating leverage with brands, managers and vendors;

the transaction is expected to create a strong and flexible financial platform, over time generating significant free cash flow with superior liquidity and investment capacity which allows for the pursuit of value creation opportunities, and the return of capital to shareholders through all parts of the cycle;

the transaction is expected to be accretive in the first full year;

the Combined Company would be the third largest pure-play lodging REIT, with a more efficient cost structure, greater access to capital, and a differentiated portfolio strategy, providing competitive advantages over smaller, less efficient peers; and

the Combined Company is expected to provide improved liquidity for RLJ shareholders as a result of the increased equity capitalization and the increased shareholder base of the Combined Company.

The RLJ Board also considered that the fixed exchange ratio, which will not fluctuate as a result of changes in the market prices of RLJ common shares or shares of FelCor common stock, provides certainty as to the respective pro forma percentage ownership of the Combined Company and limits the impact of external factors on the Mergers.

The RLJ Board considered that the Merger Agreement provides the RLJ Board with the ability, subject to certain terms and conditions, to make a change in recommendation if it has received an Acquisition Proposal from a party other than FelCor that, in the good faith determination of the RLJ Board, after consultation with its financial and legal advisors, constitutes a superior proposal for 50% or more of RLJ (as further defined in the Merger Agreement) and determines in good faith, after consultation with its financial and legal advisors, that failure to take such action would be inconsistent with the trustees' duties under applicable law, as more fully described in the section entitled "The Merger Agreement Acquisition Proposals; Change in Recommendation" beginning on page 125.

The RLJ Board considered the financial analyses presented to it by Barclays and Barclays' oral opinion delivered at a meeting of the RLJ Board on April 23, 2017, which was subsequently confirmed by delivery to the RLJ Board of a written opinion of Barclays, dated April 23, 2017, to the effect that, subject to the contents of such opinion, including the various assumptions and limitations set forth therein, Barclays was of the opinion that, as of such date, the merger consideration payable by RLJ was fair, from a financial point of view, to RLJ, as more fully described in the section entitled "The REIT Merger Opinion of RLJ's Financial Advisor" beginning on page 83.

The RLJ Board considered its knowledge of the business, operations, financial condition, earnings and prospects of RLJ and FelCor, taking into account the results of RLJ's due diligence review of FelCor, as well as its knowledge of the current and prospective environment in which RLJ and FelCor operate, including economic and market conditions.

The RLJ Board considered the commitment on the part of both parties to complete the Mergers as reflected in their respective obligations under the terms of the Merger Agreement, and the likelihood that the security holder approvals needed to complete the Mergers would be obtained in a timely manner.

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The RLJ Board also considered a variety of risks and other potentially negative factors in considering the Merger Agreement, the Mergers and the other transactions contemplated by the Merger Agreement, including the following material factors:

the risk of diverting management focus and resources from operational matters and other strategic opportunities while working to implement the Mergers;

that, under the terms of the Merger Agreement, RLJ must pay FelCor a termination fee of \$95 million and/or pay an expense amount of \$20 million if the Merger Agreement is terminated under specified circumstances, which may deter other parties from proposing an alternative transaction that may be more advantageous to RLJ shareholders, or which may become payable following a termination of the Merger Agreement in circumstances where no alternative transaction or Superior Proposal is available to RLJ. For more information, see "The Merger Agreement Termination of the Merger Agreement" on page 131;

the terms of the Merger Agreement placing limitations on the ability of RLJ to solicit, initiate or knowingly encourage or knowingly facilitate any inquiries, discussion, offer or request by a third party that constitutes, or could reasonably be expected to lead to, an Acquisition Proposal and to furnish non-public information to a third party interested in pursuing an alternative business combination transaction;

the risk that, notwithstanding the likelihood of the Mergers being completed, the Mergers may not be completed, or that completion may be unduly delayed, including the effect of the pendency of the Mergers and the effect such failure to be completed may have on the trading price of RLJ's common shares and RLJ's operating results, particularly in light of the costs incurred in connection with the transaction;

the risk that the cost savings, operational synergies and other benefits to the RLJ shareholders expected to result from the Mergers might not be fully realized or not realized at all, including as a result of possible changes in the real estate market or the lodging industry affecting the markets in which the Combined Company will operate;

the risk of other potential difficulties in integrating the two companies and their respective operations;

the substantial costs to be incurred in connection with the transaction, including the transaction expenses arising from the Mergers and the costs of integrating the businesses of RLJ and FelCor;

the restrictions on the conduct of RLJ's business during the period between the execution of the Merger Agreement and the consummation of the Mergers. For more information, see "The Merger Agreement Conduct of Business by RLJ Pending the Merger";

the risk that RLJ or FelCor may be unable to retain key employees;

the Merger Agreement's provisions permitting FelCor to terminate the Merger Agreement in order to enter into a Superior Proposal for more than 50% of FelCor (as further defined in "The Merger Agreement Acquisition Proposals; Change in Recommendation") (subject to compliance with the provisions of the Merger Agreement regarding nonsolicitation of Acquisition Proposals) upon payment by FelCor to RLJ of a termination fee of \$39 million. For more information, see "The Merger Agreement Termination of the Merger Agreement"; and

other matters described in the sections entitled "Risk Factors" and "Cautionary Statement Regarding Forward-Looking Statements."

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The foregoing discussion of the factors considered by the RLJ Board is not intended to be exhaustive and is not provided in any specific order or ranking, but rather includes material factors

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considered by the RLJ Board. In view of the wide variety of factors considered in connection with its evaluation of the Merger Agreement, the Mergers and the other transactions contemplated by the Merger Agreement, and the complexity of these matters, the RLJ Board did not consider it practicable to, and did not attempt to, qualify, rank or otherwise assign any relative or specific weights or values to the factors considered, and individual trustees may have held varied views of the relative importance of the factors considered and given different weights or values to different factors. The RLJ Board viewed its position and recommendation as being based on an overall review of the totality of the information available to it, including discussions with RLJ's management and outside legal and financial advisors, and determined that, in the aggregate, the potential benefits considered outweighed the potential risks or possible negative consequences of approving the Merger Agreement, the Mergers and the other transactions contemplated by the Merger Agreement.

The explanation and reasoning of the RLJ Board and all other information presented in this section is forward-looking in nature and, therefore, should be read in light of the factors discussed in the section entitled "Cautionary Statement Regarding Forward-Looking Statements" beginning on page 44.

For the reasons set forth above, the RLJ Board determined that the terms of the Merger Agreement, the Mergers and the other transactions contemplated by the Merger Agreement are in the best interests of RLJ and its shareholders and authorized, approved, adopted and declared advisable the Merger Agreement, the Mergers and the other transactions contemplated by the Merger Agreement. The RLJ Board recommends to RLJ's shareholders that they vote "FOR" the RLJ Share Issuance Proposal.

Recommendation of the FelCor Board and Its Reasons for the Mergers

In evaluating the Merger Agreement, the Mergers and the other transactions contemplated by the Merger Agreement, the FelCor Board consulted with FelCor's legal and financial advisors. In reaching its determination, the FelCor Board considered a number of factors, including the following material factors which the FelCor Board viewed as supporting its decision with respect to the Merger Agreement, the Mergers and the other transactions contemplated by the Merger Agreement:

the merger consideration had an implied value per share of FelCor Common Stock of \$8.54, which represented a premium of approximately 16.7% to FelCor's stock price, based on closing prices on April 21, 2017, the last trading day prior to the public announcement of the Merger Agreement;

the receipt of RLJ Common Shares as merger consideration provides FelCor common stockholders the opportunity to continue ownership in the Combined Company, which is expected to provide a number of significant potential strategic opportunities and benefits, including the following:

the Mergers combine two complementary portfolios, primarily consisting of focused-service and compact full-service hotels, providing enhanced geographic and brand diversity with 161 hotels in 26 states and the District of Columbia with multiple demand generators and significant penetration within key high-growth markets, diversified across Marriott®, Hilton®, Hyatt® and Wyndham® flags;

the Combined Company's differentiated portfolio strategy, concentrated on focused-service and compact-full service hotels, will allow it to capitalize on value creating growth opportunities with less market competition;

the Combined Company will be the third largest pure play lodging REIT by enterprise value, and its meaningful scale will allow it to capitalize on operating cost and capital purchasing efficiencies, enhance negotiating leverage with brands and vendors and gain

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more efficient access to capital, giving it significant competitive advantages over its smaller, less efficient peers;

the enhanced scale of the Combined Company allows for the optimization of the portfolio through the sale of non-strategic hotels, which will result in significant value accretion to shareholders, deleveraging of the balance sheet and a focused portfolio positioned in the most profitable segments of the hotel industry;

the transaction is expected to be accretive in the first full year, with expected general and administrative ("G&A") expense savings of approximately \$22 million;

the Combined Company, with a strong and flexible balance sheet and disciplined approach to portfolio and asset management, will have the attributes and capabilities to drive accretive growth and to pursue additional opportunities to enhance value at any point in the business cycle;

the Common Exchange Ratio in the REIT Merger is fixed and will not fluctuate as a result of changes in the market value of FelCor Common Stock or RLJ Common Shares, which provides certainty as to the respective pro forma percentage ownership of the Combined Company and limits the impact of external factors on the Mergers;

the merger consideration, consisting of RLJ Common Shares, which will be listed for trading on the NYSE, continues to provide liquidity for FelCor common stockholders desiring to liquidate their investment after the Mergers;

the opinion of BofA Merrill Lynch, dated April 23, 2017, to the FelCor Board as to the fairness, from a financial point of view and as of the date of the opinion, of the Common Exchange Ratio provided for in the REIT Merger to the holders of FelCor Common Stock, as more fully described below in the section entitled "The REIT Merger Opinion of FelCor's Financial Advisor" beginning on page 90;

the potential for less attractive strategic alternatives being available to FelCor in the future as a result of macroeconomic or industry specific trends;

the Merger Agreement permits FelCor to continue to pay its stockholders regular quarterly dividends of up to \$0.06 per FelCor Common Stock through consummation of the REIT Merger;

the REIT Merger is subject to approval by holders of a majority of the outstanding FelCor Common Stock;

the Merger Agreement provides FelCor with the ability, under certain specified circumstances, to consider an acquisition transaction if the FelCor Board determines it could reasonably be expected to lead to a Superior Proposal and provides the FelCor Board with the ability, under certain specified circumstances, to make a change in recommendation and to terminate the Merger Agreement following such change in recommendation and/or in order to enter into an agreement with respect to a Superior Proposal upon payment of a \$39 million termination fee;

the fact that the receipt of the merger consideration by FelCor common stockholders in exchange for their FelCor Common Stock in the REIT Merger will be a taxable transaction for federal income tax purposes;

the commitment on the part of each of FelCor and RLJ to complete the Mergers as reflected in their respective obligations under the terms of the Merger Agreement and the absence of any required government consents, and the likelihood that the Mergers will be completed on a timely basis; and

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the other terms of the Merger Agreement, including representations, warranties and covenants of the parties, as well as the conditions to their respective obligations under the Merger Agreement.

The FelCor Board also considered a variety of risks and other potentially negative factors in considering the Merger Agreement, the Mergers and the other transactions contemplated by the Merger Agreement, including the following material factors:

that, because the Common Exchange Ratio is fixed in the Merger Agreement and will not fluctuate as a result of changes in the market value of FelCor Common Stock or RLJ Common Shares, a decline in the value of RLJ Common Shares unmatched by a similar decline in the value of FelCor Common Stock, or an increase in the value of FelCor Common Stock without a similar increase in the value of RLJ Common Shares, would reduce the relative value of the RLJ Common Shares received in the Mergers;

the risk that a different strategic alternative could prove to be more beneficial to FelCor stockholders than the proposed Mergers;

the fact that FelCor had not fully implemented certain strategic initiatives, including consummating certain asset sales and reducing G&A expenses, which may have improved FelCor's future earnings and increased the overall enterprise value;

that, under the terms of the Merger Agreement, FelCor must pay to RLJ a \$39 million termination fee if the Merger Agreement is terminated under certain circumstances, which might discourage or deter other parties from proposing an alternative transaction that may be more advantageous to FelCor stockholders, or which may become payable in circumstances where no alternative transaction or Superior Proposal is available to FelCor;

the terms of the Merger Agreement place limitations on the ability of FelCor to solicit, initiate, knowingly encourage or knowingly facilitate any inquiries or the making of any proposal by or with a third party with respect to a competing transaction and to furnish information to, or enter into discussions with, a third party interested in pursuing an alternative strategic transaction;

the risk that, while the Mergers are expected to be completed, there is no assurance that all of the conditions to the parties' obligations to complete the Mergers will be satisfied or waived;

the risk of diverting management focus and resources from operational matters and other strategic opportunities while working to implement the Mergers;

the consummation of the Mergers is subject to the approval of the RLJ shareholders and the Mergers will not close if the RLJ shareholders do not approve the RLJ Share Issuance Proposal;

that, under the terms of the Merger Agreement, in certain circumstances, the RLJ Board may make a change in recommendation, as more fully described in the section entitled "The Merger Agreement Acquisition Proposals; Change in Recommendation" beginning on page 125;

provisions in the Merger Agreement restricting operation of FelCor's business during the period between the signing of the Merger Agreement and consummation of the Mergers may delay or prevent FelCor from undertaking business opportunities that may arise or other actions it would otherwise take with respect to its operations absent the pending completion of the Mergers;

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the expenses to be incurred in connection with the Mergers; and

the types and nature of the risks described under the section entitled "Risk Factors" beginning on page 35.

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The foregoing discussion of the factors considered by the FelCor Board is not intended to be exhaustive and is not provided in any specific order or ranking, but rather includes material factors considered by the FelCor Board. In view of the wide variety of factors considered in connection with their respective evaluation of the Merger Agreement, the Mergers and the other transactions contemplated by the Merger Agreement, and the complexity of these matters, the FelCor Board did not consider it practical to, and did not attempt to, quantify, rank or otherwise assign any relative or specific weights or values to the different factors considered and individuals may have given different weights to different factors. The FelCor Board conducted an overall review of the factors considered and determined that, in the aggregate, the potential benefits considered outweighed the potential risks or possible negative consequences of approving the Merger Agreement, the Mergers and the other transactions contemplated by the Merger Agreement.

The explanation and reasoning of the FelCor Board and all other information presented in this section is forward-looking in nature and, therefore, should be read in light of the factors discussed in the section entitled "Cautionary Statement Regarding Forward-Looking Statements" beginning on page 45.

After careful consideration, for the reasons set forth above, the FelCor Board has approved the Merger Agreement, the Mergers and the other transactions contemplated thereby and has determined that the transactions contemplated by the Merger Agreement are advisable and in the best interests of FelCor and its stockholders and recommends to the FelCor common stockholders that they vote "FOR" the REIT Merger Proposal, "FOR" the FelCor Compensation Proposal and "FOR" the FelCor Adjournment Proposal.

Opinion of RLJ's Financial Advisor

RLJ engaged Barclays to act as its financial advisor to RLJ in connection with a potential acquisition of FelCor. On April 23, 2017, Barclays rendered its oral opinion which was subsequently confirmed in writing to the RLJ Board that, based upon and subject to the qualifications, limitations and assumptions stated in the written opinion as of such date, the Common Exchange Ratio to be paid by RLJ pursuant to the Merger Agreement was fair from a financial point of view to RLJ.

The full text of Barclays' written opinion, dated as of April 23, 2017, is attached to this joint proxy statement/prospectus as Annex B. Barclays' written opinion sets forth, among other things, the assumptions made, procedures followed, factors considered and limitations upon the review undertaken by Barclays in rendering its opinion. You are encouraged to read the opinion carefully in its entirety. The following is a summary of Barclays' opinion and the methodology that Barclays used to render its opinion. This summary is qualified in its entirety by reference to the full text of the opinion.

Barclays' opinion, the issuance of which was approved by Barclays' Fairness Opinion Committee, is addressed to the RLJ Board, addresses only the fairness, from a financial point of view, of the Common Exchange Ratio to be paid by RLJ in the REIT Merger and does not constitute a recommendation to any shareholder of RLJ as to how such shareholder should vote with respect to the RLJ Share Issuance or any other matter. The terms of the REIT Merger were determined through arm's-length negotiations between RLJ and FelCor and were unanimously approved by the RLJ Board. Barclays did not recommend any specific form of consideration to RLJ or that any specific form of consideration constituted the only appropriate consideration for the REIT Merger. Barclays was not requested to address, and its opinion does not in any manner address, RLJ's underlying business decision to proceed with or effect the Mergers. In addition, Barclays expressed no opinion on, and its opinion does not in any manner address, the fairness of the amount or the nature of any compensation to any officers, directors or employees of any parties to the REIT Merger, or any class of such persons, relative to the Common Exchange Ratio to be paid by RLJ in the REIT Merger. No limitations were

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imposed by the RLJ Board upon Barclays with respect to the investigations made or procedures followed by it in rendering its opinion.

In arriving at its opinion, Barclays, among other things:

reviewed and analyzed a draft of the Merger Agreement, dated as of April 23, 2017 and the specific terms of the Mergers;

reviewed and analyzed publicly available information concerning RLJ and FelCor that Barclays believed to be relevant to its analysis, including RLJ's Annual Report on Form 10-K for the fiscal year ended December 31, 2016 and FelCor's Annual Report on Form 10-K for the fiscal year ended December 31, 2016;

reviewed and analyzed financial and operating information with respect to the business, operations and prospects of RLJ furnished to Barclays by RLJ, including certain financial forecasts relating to RLJ prepared by RLJ management (the "RLJ Projections");

reviewed and analyzed financial and operating information with respect to the business, operations and prospects of FelCor furnished to Barclays by FelCor, including certain financial forecasts relating to FelCor prepared by FelCor management, as extrapolated by RLJ for year 2021 and approved for Barclays' use by RLJ (the "FelCor Projections");

reviewed and analyzed financial and operating information with respect to the business, operations and prospects of FelCor furnished to Barclays by RLJ, including certain financial forecasts relating to FelCor prepared by RLJ management (the "Adjusted FelCor Projections");

reviewed and analyzed the pro forma impact of the Mergers on the future financial performance of the Combined Company, including cost savings, operating synergies and certain dis-synergies expected by management of RLJ to result from the combination of the businesses of RLJ and FelCor (the "expected synergies");

reviewed and analyzed a comparison of the historical and projected financial results and present financial condition of RLJ and FelCor with each other and with those of other companies that Barclays deemed relevant;

reviewed and analyzed a comparison of the financial terms of the Mergers with the financial terms of certain other transactions that Barclays deemed relevant;

reviewed and analyzed published estimates of independent research analysts with respect to the future financial performance, net asset value and price targets of RLJ and FelCor;

had discussions with the management of RLJ concerning its business, operations, assets, liabilities, financial condition and prospects; and

undertook such other studies, analyses and investigations as Barclays deemed appropriate.

In arriving at its opinion, Barclays assumed and relied upon the accuracy and completeness of the financial and other information used by Barclays without any independent verification of such information (and did not assume responsibility or liability for any independent verification of such information) and further relied upon the assurances of management of RLJ that they were not aware of any facts or circumstances that would make such information inaccurate or misleading. With respect to the RLJ Projections, upon the advice of RLJ, Barclays assumed that such projections were reasonably prepared on a basis reflecting the best currently available estimates and judgments of the management of RLJ as to the future financial performance of RLJ and that RLJ would perform substantially in accordance with such

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projections. With respect to the Adjusted FelCor Projections, upon the advice of RLJ, Barclays assumed that such projections were reasonably prepared on a basis reflecting the best currently available estimates and judgments of the management of RLJ as to the

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future financial performance of FelCor and that FelCor would perform substantially in accordance with such projections. Furthermore, upon the advice and direction of RLJ, Barclays assumed that the amounts and timing of the expected synergies were reasonable and that the expected synergies would be realized in accordance with such estimates. In arriving at its opinion, Barclays assumed no responsibility for and expressed no view as to any such projections or estimates (including the expected synergies) or the assumptions on which they were based. In arriving at its opinion, Barclays did not conduct a physical inspection of the properties and facilities of RLJ or FelCor and did not make or obtain any evaluations or appraisals of the assets or liabilities of RLJ or FelCor. Barclays' opinion was necessarily based upon market, economic and other conditions as they existed on, and could be evaluated as of, April 23, 2017. Barclays assumed no responsibility for updating or revising its opinion based on events or circumstances that may have occurred after April 23, 2017. Barclays expressed no opinion as to the prices at which (i) shares of FelCor Common Stock would trade following the announcement of the Mergers or (ii) RLJ Common Shares would trade following the announcement or consummation of the Mergers. Barclays' opinion should not be viewed as providing any assurance that the market value of the RLJ Common Shares to be held by the shareholders of RLJ after the consummation of the Mergers will be in excess of the market value of the RLJ Common Shares owned by such shareholders at any time prior to the announcement or consummation of the Mergers.

In addition, Barclays assumed that the executed Merger Agreement conformed in all material respects to the last draft reviewed by Barclays. Barclays assumed the accuracy of the representations and warranties contained in the Merger Agreement and all agreements related thereto. Barclays also assumed, upon the advice and at the instruction of RLJ, that all material governmental, regulatory and third party approvals, consents and releases for the Mergers would be obtained within the constraints contemplated by the Merger Agreement and that the Mergers would be consummated in accordance with the terms of the Merger Agreement without waiver, modification or amendment of any material term, condition or agreement thereof. Barclays did not express any opinion as to any tax or other consequences that might result from the Mergers, nor does Barclays' opinion address any legal, tax, regulatory or accounting matters, as to which Barclays understands that RLJ has obtained such advice as it deemed necessary from qualified professionals.

In connection with rendering its opinion, Barclays performed certain financial, comparative and other analyses as summarized below. In arriving at its opinion, Barclays did not ascribe a specific range of values to the RLJ Common Shares or the FelCor Common Stock but rather made its determination as to fairness, from a financial point of view, to RLJ of the Common Exchange Ratio to be paid by RLJ in the REIT Merger on the basis of various financial and comparative analyses. The preparation of a fairness opinion is a complex process and involves various determinations as to the most appropriate and relevant methods of financial and comparative analyses and the application of those methods to the particular circumstances. Therefore, a fairness opinion is not readily susceptible to summary description.

In arriving at its opinion, Barclays did not attribute any particular weight to any single analysis or factor considered by it but rather made qualitative judgments as to the significance and relevance of each analysis and factor relative to all other analyses and factors performed and considered by it and in the context of the circumstances of the particular transaction. Accordingly, Barclays believes that its analyses must be considered as a whole, as considering any portion of such analyses and factors, without considering all analyses and factors as a whole, could create a misleading or incomplete view of the process underlying its opinion.

The following is a summary of the material financial analyses used by Barclays in preparing its opinion to the RLJ Board. Certain financial analyses summarized below include information presented in tabular format. In order to fully understand the financial analyses used by Barclays, the tables must be read together with the text of each summary, as the tables alone do not constitute a complete description of the financial analyses. In performing its analyses, Barclays made numerous assumptions

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with respect to industry performance, general business and economic conditions and other matters, many of which are beyond the control of RLJ or any other parties to the Mergers. None of RLJ, FelCor, Barclays or any other person assumes responsibility if future results are materially different from those discussed. Any estimates contained in these analyses are not necessarily indicative of actual values or predictive of future results or values, which may be significantly more or less favorable than as set forth below. In addition, analyses relating to the value of the businesses do not purport to be appraisals or reflect the prices at which the businesses may actually be sold.

Discounted Cash Flow Analysis

In order to estimate the present value of the RLJ Common Shares and the FelCor Common Stock, Barclays performed a discounted cash flow analysis of RLJ and FelCor. A discounted cash flow analysis is a traditional valuation methodology used to derive a valuation of an asset by calculating the "present value" of estimated future cash flows of the asset. "Present value" refers to the current value of future cash flows or amounts and is obtained by discounting those future cash flows or amounts by a discount rate that takes into account macroeconomic assumptions and estimates of risk, the opportunity cost of capital, expected returns and other appropriate factors.

To calculate the estimated enterprise value of RLJ using the discounted cash flow method, Barclays added RLJ's (i) projected unlevered free cash flows for fiscal years 2017 through 2021 based on the RLJ Projections to (ii) the "terminal value" as of 2022 for RLJ, and discounted such amounts to their respective present value using a range of selected discount rates. The unlevered free cash flows were calculated by taking earnings before interest, tax expense, depreciation and amortization ("EBITDA") and subtracting capital expenditures, taxes and working capital requirements. The residual value of RLJ at the end of the forecast period, or "terminal value," was estimated by selecting a range of multiples of 11.5x to 12.5x, which was based on Barclays' professional judgment and experience, and which was applied to the estimated 2022 EBITDA. The cash flows and terminal values were then discounted to present value as of December 31, 2016 using discount rates ranging from 8.5% to 9.5%. The range of discount rates was selected based on an analysis of the weighted average cost of capital of RLJ. Barclays then calculated a range of implied prices per share of RLJ by subtracting estimated net debt as of December 31, 2016 from the estimated enterprise value using the discounted cash flow method and dividing such amount by the fully diluted number of RLJ Common Shares.

To calculate the estimated enterprise value of FelCor using the discounted cash flow method, Barclays added FelCor's (i) projected unlevered free cash flows for fiscal years 2017 through 2021 based on the Adjusted FelCor Projections, (ii) the "terminal value" as of 2022 for FelCor, and discounted such amounts to their respective present value using a range of selected discount rates, (iii) projected unlevered free cash flows for one asset subject to a ground lease expected to be terminated in the future, discounted to its present value using a range of selected discount rates and (iv) the estimated market value provided by management of RLJ for select assets not included in the unlevered free cash flows or terminal value of FelCor. The unlevered free cash flows were calculated by taking EBITDA and subtracting capital expenditures, taxes or other working capital requirements. The residual value of FelCor at the end of the forecast period, or "terminal value," was estimated by selecting a range of multiples of 12.0x to 13.0x, which was based on Barclays' professional judgment and experience, and which was applied to the estimated 2022 EBITDA. The cash flows and terminal values were then discounted to present value as of December 31, 2016 using discount rates ranging from 9.0% to 10.0%. The range of discount rates was selected based on an analysis of the weighted average cost of capital of FelCor. Barclays then calculated a range of implied prices per share of FelCor by subtracting estimated net debt (as adjusted for expected net cash proceeds for one asset under contract for sale at the time of signing the Merger Agreement) and the liquidation value of convertible preferred equity as of December 31, 2016 from the estimated enterprise value using the

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discounted cash flow method and dividing such amount by the fully diluted number of shares of FelCor Common Stock. The following summarizes the result of these calculations for each of RLJ and FelCor:

	Implied Price Per Share
RLJ	\$22.07 - \$25.50
FelCor	\$7.58 - \$9.38

Using the ranges of implied equity values of RLJ and FelCor resulting from the foregoing analysis, Barclays calculated a range of implied exchange ratios by (1) dividing the lowest implied total price per share of FelCor Common Stock by the highest implied price per RLJ Common Share to arrive at the low end of the implied exchange ratio range, and (2) dividing the highest implied total price per share of FelCor Common Stock by the lowest implied price per RLJ Common Share to arrive at the high end of the implied exchange ratio range for such valuation method.

Based on this implied per share equity value range for RLJ and FelCor, Barclays calculated an implied exchange ratio range of 0.297x to 0.425x. Barclays noted that on the basis of the discounted cash flow analysis, the exchange ratio of 0.362 RLJ Common Shares per share of FelCor Common Stock to be paid by RLJ pursuant to the Merger Agreement was within the range of implied exchange ratios calculated in this analysis.

Selected Comparable Public Company Analysis

In order to assess how the public market values shares of similar publicly traded companies and to provide a range of relative implied equity values per RLJ Common Share and per share of FelCor Common Stock by reference to these companies, which could then be used to calculate implied exchange ratio ranges, Barclays reviewed and compared specific financial and operating data relating to RLJ and FelCor with selected companies that Barclays, based on its experience in the lodging real estate industry and considering similarity in company portfolio, size, asset type, asset quality and geographic exposure, deemed comparable to RLJ and FelCor. The selected comparable companies were:

RLJ Primary Comparables

Apple Hospitality REIT Inc.

Chatham Lodging Trust

Hersha Hospitality Trust

Summit Hotel Properties, Inc.

FelCor Primary Comparables

Ashford Hospitality Prime, Inc.

Ashford Hospitality Trust, Inc.

Chesapeake Lodging Trust

DiamondRock Hospitality Company

Hospitality Properties Trust

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Host Hotels & Resorts Inc.

LaSalle Hotel Properties

Park Hotels & Resorts Inc.

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Pebblebrook Hotel Trust

Ryman Hospitality Properties, Inc.

Sunstone Hotel Investors, Inc.

Xenia Hotels & Resorts, Inc.

Barclays calculated and compared various financial multiples and ratios of RLJ, FelCor and the selected primary comparable companies. As part of its selected comparable company analysis, Barclays calculated and analyzed each company's ratio of its enterprise value to its calendar year 2017 estimated EBITDA (which we refer to as "2017E EBITDA") based on Wall Street research consensus estimates.

All of these calculations were performed, and based on publicly available financial data and closing prices, as of April 21, 2017, the last trading date prior to the delivery of Barclays' opinion. Barclays selected the comparable companies listed above because their businesses and operating profiles are reasonably similar to that of RLJ and FelCor, as all the selected companies are REITs with operations that, for the purposes of the analysis of Barclays, may be considered similar to those of RLJ and FelCor, but none of the selected companies are identical to RLJ and FelCor. However, because of the inherent differences between the business, operations and prospects of RLJ, FelCor and those of the selected comparable companies, Barclays believed that it was inappropriate to, and therefore did not, rely solely on the quantitative results of the selected comparable company analysis. Accordingly, Barclays also made qualitative judgments concerning differences between the business, financial and operating characteristics and prospects of RLJ and FelCor and the selected comparable companies that could affect the public trading values of each in order to provide a context in which to consider the results of the quantitative analysis. These qualitative judgments related primarily to the differing sizes, asset mix, growth prospects, profitability levels, leverage and degree of operational risk between RLJ, FelCor and the companies included in the selected company analysis. Based upon these judgments, Barclays selected a range of 11.0x to 12.0x multiples of 2017E EBITDA for RLJ and 11.5x to 12.5x multiples of 2017E EBITDA for FelCor and applied such range to the RLJ Projections and the Adjusted FelCor Projections, respectively, to calculate enterprise value for the respective companies. Barclays then calculated a range of implied prices per share of RLJ by subtracting estimated net debt as of December 31, 2016 from the estimated enterprise value and dividing such amount by the fully diluted number of RLJ Common Shares. Barclays then calculated a range of implied prices per share of FelCor by subtracting estimated net debt (as adjusted for expected net cash proceeds for one asset under contract for sale at the time of signing the merger agreement) and the liquidation value of convertible preferred equity as of December 31, 2016 from the estimated enterprise value and dividing such amount by the fully diluted number of shares of FelCor Common Stock. The following summarizes the result of these calculations:

	Implied Price Per Share
RLJ	\$23.31 - \$26.25
FelCor	\$7.33 - \$8.99

Using the ranges of implied equity values of RLJ and FelCor resulting from the foregoing analysis, Barclays calculated a range of implied exchange ratios by (1) dividing the lowest implied total price per share of FelCor Common Stock by the highest implied price per RLJ Common Share to arrive at the low end of the implied exchange ratio range, and (2) dividing the highest implied total price per share of FelCor Common Stock by the lowest implied price per RLJ Common Share to arrive at the high end of the implied exchange ratio range for such valuation method.

Based on this implied per share equity value range for RLJ and FelCor, Barclays calculated an implied exchange ratio range of 0.279x to 0.386x. Barclays noted that on the basis of the selected comparable company analysis, the exchange ratio of 0.362 RLJ Common Shares per share of FelCor

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Common Stock to be paid by RLJ pursuant to the Merger Agreement was within the range of implied exchange ratios calculated in this analysis.

Selected Precedent Transaction Analysis

Barclays reviewed and compared the purchase prices and financial multiples paid in selected other transactions that Barclays, based on its experience with merger and acquisition transactions, deemed relevant. Barclays chose such transactions based on, among other things, the similarity of the applicable target companies in the transactions to FelCor with respect to company portfolio, size, asset type, asset quality and geographic exposure and other characteristics that Barclays deemed relevant. The selected precedent transactions were:

Month and Year Announced	Acquiror	Target
September 2015	Blackstone	Strategic Hotels & Resorts, Inc.
November 2012	BRE Select Hotels Corp.	Apple REIT Six, Inc.
July 2007	Inland American Real Estate Trust, Inc.	Apple Hospitality Five, Inc.
June 2007	Whitehall Street Global Real Estate Fund	Equity Inns, Inc.
April 2007	Apollo Real Estate Advisors, Aimbridge Hospitality and JF Capital Advisors	Eagle Hospitality Properties Trust
April 2007	J.E. Robert Companies	Highland Hospitality Corporation
April 2007	Apollo Investment Corporation	Innkeepers USA Trust
March 2007	Inland American Real Estate Trust, Inc.	Winston Hotels, Inc.
February 2007	ING Clarion Partners, LLC	Apple Hospitality Two, Inc.
May 2006	J.E. Robert Companies	Jameson Inns, Inc.
May 2006	Westmont Hospitality Group and Cadim, Inc.	Boykin Lodging Company
February 2006	Blackstone	MeriStar Hospitality Corporation

Using publicly available information, Barclays analyzed the ratio of the enterprise value paid for the target company in each transaction to the EBITDA for the target company for the preceding twelve month reporting period from when the applicable transaction was announced ("LTM EBITDA"). The following summarizes the result of these calculations:

LTM EBITDA Multiple	
High	20.9x
Low	10.7x
Median	14.7x

The reasons for and the circumstances surrounding each of the selected precedent transactions analyzed were diverse and there are inherent differences in the business, operations, financial conditions and prospects of FelCor and the companies included in the selected precedent transaction analysis. Accordingly, Barclays believed that a purely quantitative selected precedent transaction analysis would not be particularly meaningful in the context of considering the REIT Merger. Barclays therefore made qualitative judgments concerning differences between the characteristics of the selected precedent transactions and the REIT Merger which would affect the acquisition values of the selected target companies and FelCor. Based upon these judgments, Barclays selected a range of 12.0x to 13.0x multiples of LTM EBITDA and applied such range to the FelCor projections to calculate a range of implied enterprise values for FelCor. Barclays then calculated a range of implied prices per share of FelCor subtracting estimated net debt (as adjusted for expected net proceeds for one asset under contract for sale at the time of signing the merger agreement) and the liquidation value of convertible

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preferred equity as of December 31, 2016 from the estimated enterprise value and dividing such amount by the fully diluted number of shares of FelCor Common Stock. The following summarizes the result of these calculations;

	Implied Price Per Share
FelCor	\$7.90 - \$9.54

Using the ranges of implied equity values of FelCor resulting from the foregoing precedent transaction analysis, Barclays calculated a range of implied exchange ratios by (1) dividing the lowest implied total price per share of FelCor Common Stock by \$26.25 (the highest implied price per RLJ Common Share resulting from the above-referenced selected comparable public company analysis) to arrive at the low end of the implied exchange ratio range, and (2) dividing the highest implied total price per share of FelCor Common Stock by \$23.31 (the lowest implied price per RLJ Common Share resulting from the above-referenced selected comparable public company analysis) to arrive at the high end of the implied exchange ratio range for such valuation method.

Based on this implied per share equity value range for FelCor from the precedent transaction analysis and the implied per share equity value range for RLJ based on the selected comparable public company analysis, Barclays calculated an implied exchange ratio range of 0.301x to 0.409x. Barclays noted that on the basis of the selected precedent transaction analysis, the exchange ratio of 0.362 RLJ Common Shares per share of FelCor Common Stock to be paid by RLJ pursuant to the Merger Agreement was within the range of implied exchange ratios calculated in this analysis.

General

Barclays is acting as financial advisor to RLJ in connection with the Mergers and will receive a fee for its services of approximately \$1 million if the Mergers consummate, \$1 million of which was payable upon rendering its opinion and the remainder of which is contingent upon the consummation of the Mergers. RLJ has agreed to reimburse Barclays for its reasonable expenses and indemnify Barclays for certain liabilities that may arise out of its engagement. Barclays has performed various investment banking services for RLJ in the past, and expects to perform such services in the future, and has received, and expects to receive, customary fees for such services. Specifically, in the past two years, Barclays has performed the following investment banking and financial services: (i) in May 2014, as lead underwriter for RLJ's public offering of RLJ Common Shares and (ii) currently as a lender in RLJ's revolving credit facility.

Barclays, its subsidiaries and its affiliates engage in a wide range of businesses from investment and commercial banking, lending, asset management and other financial and non-financial services. In the ordinary course of its business, Barclays and its affiliates may actively trade and effect transactions in the equity, debt and/or other securities (and any derivatives thereof) and financial instruments (including loans and other obligations) of RLJ and FelCor for its own account and for the accounts of its customers and, accordingly, may at any time hold long or short positions and investments in such securities and financial instruments.

Opinion of FelCor's Financial Advisor

FelCor has retained BofA Merrill Lynch to act as FelCor's financial advisor in connection with the REIT Merger. BofA Merrill Lynch is an internationally recognized investment banking firm which is regularly engaged in the valuation of businesses and securities in connection with mergers and acquisitions, negotiated underwritings, secondary distributions of listed and unlisted securities, private placements and valuations for corporate and other purposes. FelCor selected BofA Merrill Lynch to act as FelCor's financial advisor in connection with the REIT Merger on the basis of BofA Merrill Lynch's

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experience in transactions similar to the REIT Merger, its reputation in the investment community and its familiarity with FelCor and its business.

On April 23, 2017, at a meeting of the FelCor Board held to evaluate the REIT Merger, BofA Merrill Lynch delivered to the FelCor Board an oral opinion, which was confirmed by delivery of a written opinion dated April 23, 2017, to the effect that, as of the date of the opinion and based on and subject to various assumptions and limitations described in its opinion, the Common Exchange Ratio provided for in the REIT Merger was fair, from a financial point of view, to the holders of FelCor Common Stock.

The full text of BofA Merrill Lynch's written opinion to the FelCor Board, which describes, among other things, the assumptions made, procedures followed, factors considered and limitations on the review undertaken, is attached as Annex C to this document and is incorporated by reference herein in its entirety. The following summary of BofA Merrill Lynch's opinion is qualified in its entirety by reference to the full text of the opinion. BofA Merrill Lynch delivered its opinion to the FelCor Board for the benefit and use of the FelCor Board (in its capacity as such) in connection with and for purposes of its evaluation of the Common Exchange Ratio from a financial point of view. No opinion or view was expressed as to the relative merits of the REIT Merger in comparison to other strategies or transactions that might be available to FelCor or in which FelCor might engage (including with respect to proposals received from AHT relating to a possible acquisition of FelCor) or as to the underlying business decision of FelCor to proceed with or effect the REIT Merger. BofA Merrill Lynch's opinion does not address any other aspect of the REIT Merger and does not constitute a recommendation to any stockholder as to how to vote or act in connection with the proposed REIT Merger or any related matter.

In connection with rendering its opinion, BofA Merrill Lynch:

reviewed certain publicly available business and financial information relating to FelCor and RLJ;

reviewed certain internal financial and operating information with respect to the business, operations and prospects of FelCor furnished to or discussed with BofA Merrill Lynch by the management of FelCor, including certain financial forecasts relating to FelCor prepared by the management of FelCor, referred to herein as the FelCor forecasts;

reviewed certain internal financial and operating information with respect to the business, operations and prospects of RLJ furnished to or discussed with BofA Merrill Lynch by the management of RLJ, including certain financial forecasts relating to RLJ prepared by the management of RLJ as extrapolated by FelCor for year 2021 and approved for BofA Merrill Lynch's use by FelCor, referred to herein as the RLJ forecasts;

reviewed certain estimates approved by FelCor management as to the net asset values of the hospitality properties owned by FelCor and RLJ, referred to herein as the NAV estimates;

reviewed certain estimates as to the amount and timing of cost savings anticipated by the managements of FelCor and RLJ to result from the REIT Merger, referred to herein as cost savings;

discussed the past and current business, operations, financial condition and prospects of FelCor with members of senior management of FelCor and RLJ, and discussed the past and current business, operations, financial condition and prospects of RLJ with members of senior management of FelCor and RLJ;

reviewed the potential pro forma financial impact of the REIT Merger on the future financial performance of RLJ, including the potential effect on RLJ's estimated funds from operations;

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reviewed the trading histories for FelCor Common Stock and RLJ Common Shares and a comparison of such trading histories with each other and with the trading histories of other companies BofA Merrill Lynch deemed relevant;

compared certain financial and stock market information of FelCor and RLJ with similar information of other companies BofA Merrill Lynch deemed relevant;

compared certain financial terms of the REIT Merger to financial terms, to the extent publicly available, of other transactions BofA Merrill Lynch deemed relevant;

reviewed the relative financial contributions of FelCor and RLJ to the future financial performance of the Combined Company on a pro forma basis;

considered the results of BofA Merrill Lynch's efforts, on behalf and at the direction of FelCor, to solicit indications of interest from, and respond to inquiries of, third parties with respect to a possible transaction involving FelCor;

reviewed a draft, dated April 22, 2017, of the Merger Agreement, referred to herein as the Draft Agreement; and

performed such other analyses and studies and considered such other information and factors as BofA Merrill Lynch deemed appropriate.

In arriving at its opinion, BofA Merrill Lynch assumed and relied upon, without independent verification, the accuracy and completeness of the financial and other information and data publicly available or provided to or otherwise reviewed by or discussed with it and relied upon the assurances of the managements of FelCor and RLJ that they were not aware of any facts or circumstances that would make such information or data inaccurate or misleading in any material respect. With respect to the FelCor forecasts and the NAV estimates, BofA Merrill Lynch was advised by FelCor, and assumed, that they were reasonably prepared on bases reflecting the best currently available estimates and good faith judgments of the management of FelCor as to the future financial performance of FelCor and the values of the hospitality properties owned by FelCor and RLJ, respectively. BofA Merrill Lynch further assumed that the proposed dispositions of certain hospitality properties of FelCor reflected in the FelCor forecasts will be consummated in the manner and the at the values projected by FelCor. With respect to the RLJ forecasts prepared by the management of RLJ and cost savings, BofA Merrill Lynch was advised by RLJ, and assumed, with FelCor's consent, that they were reasonably prepared on bases reflecting the best currently available estimates and good faith judgments of the management of RLJ as to the future financial performance of RLJ and other matters covered thereby. As the FelCor Board was aware, BofA Merrill Lynch was not provided with, and did not have access to, financial forecasts relating to RLJ prepared by management of RLJ for 2021. With respect to the RLJ forecasts for such time period, BofA Merrill Lynch was advised by FelCor and assumed, at the direction of FelCor, that based upon management of FelCor's review and assessment of the future financial results reflected in the RLJ forecasts, the RLJ forecasts were a reasonable basis upon which to evaluate the future financial performance of RLJ. BofA Merrill Lynch did not make or was not provided with any independent evaluation or appraisal of the assets or liabilities (contingent or otherwise) of FelCor or RLJ, nor did it make any physical inspection of the properties or assets of FelCor or RLJ. BofA Merrill Lynch did not evaluate the solvency or fair value of FelCor or RLJ under any state, federal or other laws relating to bankruptcy, insolvency or similar matters. BofA Merrill Lynch assumed, at the direction of FelCor, that the REIT Merger would be consummated in accordance with its terms, without waiver, modification or amendment of any material term, condition or agreement and that, in the course of obtaining the necessary governmental, regulatory and other approvals, consents, releases and waivers for the REIT Merger, no delay, limitation, restriction or condition, including any divestiture requirements or amendments or modifications, would be imposed that would have an adverse effect on FelCor, RLJ or the contemplated benefits of the REIT Merger. BofA Merrill Lynch

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also assumed, at the direction of FelCor, that the REIT Merger and the related transactions would have the tax consequences described in the Merger Agreement, and that the final executed Merger Agreement would not differ in any material respect from the Draft Agreement reviewed by BofA Merrill Lynch.

BofA Merrill Lynch expressed no view or opinion as to any related transactions or any terms or other aspects of the REIT Merger (other than the Common Exchange Ratio to the extent expressly specified in its opinion), including, without limitation, the form or structure of the REIT Merger, the form or structure, or financial or other terms, of any related transactions, aspects or implications of any voting or support agreements or any governance or other arrangements, agreements or understandings entered into in connection with or related to the REIT Merger, any related transactions or otherwise. BofA Merrill Lynch's opinion was limited to the fairness, from a financial point of view, of the Common Exchange Ratio to the holders of FelCor Common Stock and no opinion or view was expressed with respect to any consideration received in connection with the REIT Merger by the holders of any other class of securities, creditors or other constituencies of any party. In addition, no opinion or view was expressed with respect to the fairness (financial or otherwise) of the amount, nature or any other aspect of any compensation to any of the officers, directors or employees of any party to the REIT Merger, or class of such persons, relative to the Common Exchange Ratio. Furthermore, no opinion or view was expressed as to the relative merits of the REIT Merger in comparison to other strategies or transactions that might be available to FelCor or in which FelCor might engage (including with respect to proposals received from AHT relating to a possible acquisition of FelCor) or as to the underlying business decision of FelCor to proceed with or effect the REIT Merger. BofA Merrill Lynch did not express any opinion as to what the value of RLJ Common Shares actually would be when issued or the prices at which FelCor Common Stock or RLJ Common Shares would trade at any time, including following announcement or consummation of the REIT Merger. In addition, BofA Merrill Lynch expressed no opinion or recommendation as to how any stockholder should vote or act in connection with the REIT Merger or any related matter. Except as described above, FelCor imposed no other limitations on the investigations made or procedures followed by BofA Merrill Lynch in rendering its opinion. BofA Merrill Lynch expressed no view or opinion with respect to, and relied upon the assessments of FelCor, RLJ and their respective representatives regarding, legal, regulatory, accounting, tax and similar matters relating to FelCor, RLJ, their related entities and security holders and the REIT Merger and related transactions, as to which BofA Merrill Lynch understood that FelCor and RLJ obtained such advice as they deemed necessary from qualified professionals.

BofA Merrill Lynch's opinion was necessarily based on financial, economic, monetary, market and other conditions and circumstances as in effect on, and the information made available to BofA Merrill Lynch as of, the date of its opinion. It should be understood that subsequent developments may affect its opinion, and BofA Merrill Lynch does not have any obligation to update, revise or reaffirm its opinion. The issuance of BofA Merrill Lynch's opinion was approved by a fairness opinion review committee of BofA Merrill Lynch.

The discussion set forth below in the sections entitled "*Selected Publicly Traded Companies Analyses*," "*Selected Precedent Transactions Analysis*," "*Discounted Cash Flow Analyses*" and "*Net Asset Value Analyses*" represents a brief summary of the material financial analyses presented by BofA Merrill Lynch to the FelCor Board in connection with its opinion. **The financial analyses summarized below include information presented in tabular format. In order to fully understand the financial analyses performed by BofA Merrill Lynch, the tables must be read together with the text of each summary. The tables alone do not constitute a complete description of the financial analyses performed by BofA Merrill Lynch. Considering the data set forth in the tables below without considering the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of the financial analyses performed by BofA Merrill Lynch.**

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Selected Publicly Traded Companies Analyses

BofA Merrill Lynch performed separate selected public companies analyses of FelCor and RLJ in which BofA Merrill Lynch reviewed and compared financial and operating data relating to FelCor, RLJ and the selected publicly traded companies listed below.

FelCor. In performing a selected public companies analysis of FelCor, BofA Merrill Lynch reviewed publicly available financial and stock market information for FelCor and the following twelve selected companies that BofA Merrill Lynch viewed as generally relevant as U.S. publicly traded lodging REITs (which we refer to as the "FelCor selected REITs"):

Host Hotels & Resorts, Inc.

Park Hotels & Resorts Inc.

LaSalle Hotel Properties

Sunstone Hotel Investors, Inc.

Ryman Hospitality Properties, Inc.

RLJ

DiamondRock Hospitality Co.

Pebblebrook Hotel Trust

Xenia Hotels & Resorts Inc.

Chesapeake Lodging Trust

Ashford Hospitality Trust, Inc.

Ashford Hospitality Prime, Inc.

BofA Merrill Lynch reviewed, among other things, enterprise values of the FelCor selected REITs, calculated as equity values based on closing stock prices on April 21, 2017, plus debt, preferred stock and minority interest, and less cash and cash equivalents, as a multiple of calendar year 2017 estimated earnings before interest, taxes, depreciations and amortization, commonly referred to as EBITDA. Financial data of the FelCor selected REITs (other than RLJ) were based on public filings and publicly available consensus estimates. Financial data of FelCor were based on the FelCor forecasts. Financial data of RLJ were based on the RLJ forecasts.

The overall low to high calendar year 2017 estimated EBITDA multiples observed for the FelCor selected REITs were 10.6x to 14.5x (with a mean of 12.1x and a median of 12.0x). BofA Merrill Lynch noted that, based on the closing stock price of FelCor on April 21, 2017 and the FelCor forecasts, the implied calendar year 2017 estimated EBITDA multiple for FelCor was 11.5x. BofA Merrill Lynch then deducted from FelCor's 2017 estimated EBITDA the EBITDA attributable to certain assets that were assumed for disposition in the FelCor forecasts. BofA Merrill Lynch then applied calendar year 2017 estimated EBITDA multiples derived from the FelCor selected REITs of 11.0x to 12.0x to

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corresponding data of FelCor, as adjusted for forecast dispositions, based on the FelCor forecasts. Net disposition proceeds, after transaction costs and debt attributable to the disposed assets, totaled \$514 million, per the FelCor forecasts, and were assumed as cash on the balance sheet for the purposes of BofA Merrill Lynch's analysis. This analysis indicated an approximate implied per share equity value reference range for FelCor, based on calendar year 2017 estimated EBITDA multiples, of \$8.00 and \$9.40.

RLJ. In performing a selected public companies analysis of RLJ, BofA Merrill Lynch reviewed publicly available financial and stock market information for RLJ and the following sixteen selected companies that BofA Merrill Lynch viewed as generally relevant as U.S. publicly traded REITs, consisting of twelve U.S. publicly traded full service lodging REITs, which we refer to as the RLJ selected full service REITs, and four U.S. publicly traded select service lodging REITs, which we refer

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to as the RLJ selected select service REITs and, together with the RLJ selected full service REITs, collectively refer to as the RLJ selected REITs:

RLJ Selected Full Service REITs	RLJ Selected Select Service REITs
Host Hotels & Resorts, Inc.	Apple Hospitality REIT, Inc.
Park Hotels & Resorts Inc.	Summit Hotel Properties
LaSalle Hotel Properties	Hersha Hospitality Trust
Sunstone Hotel Investors, Inc.	Chatham Lodging Trust
Ryman Hospitality Properties, Inc.	
DiamondRock Hospitality Co.	
Pebblebrook Hotel Trust	
Xenia Hotels & Resorts Inc.	
Chesapeake Lodging Trust	
FelCor	
Ashford Hospitality Trust, Inc.	
Ashford Hospitality Prime, Inc.	

BofA Merrill Lynch reviewed, among other things, enterprise values of the RLJ selected REITs, calculated as equity values based on closing stock prices on April 21, 2017, plus debt, preferred stock and minority interest, less cash and cash equivalents, as a multiple of calendar year 2017 estimated EBITDA. Financial data of the RLJ selected REITs (other than FelCor) were based on public filings and publicly available consensus estimates. Financial data of RLJ were based on the RLJ forecasts. Financial data of FelCor were based on the FelCor forecasts.

The overall low to high calendar year 2017 estimated EBITDA multiples observed for the RLJ selected REITs were 10.6x to 14.5x (with a mean of 12.3x and a median of 12.2x). BofA Merrill Lynch noted that, based on the closing stock price of RLJ on April 21, 2017 and the RLJ forecasts, the implied calendar year 2017 estimated EBITDA multiple for RLJ was 10.9x. BofA Merrill Lynch then applied calendar year 2017 estimated EBITDA multiples derived from the RLJ selected REITs of 11.0x to 12.0x to corresponding data of RLJ based on the RLJ forecasts. This analysis indicated an approximate implied per share equity value reference range for RLJ, based on calendar year 2017 estimated EBITDA multiples, of \$24.00 and \$27.00.

Utilizing the approximate implied per share equity value reference ranges derived for FelCor and RLJ described above, BofA Merrill Lynch calculated the following approximate implied exchange ratio reference range, as compared to the exchange ratio:

Implied Exchange Ratio Reference Range

Exchange Ratio

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0.296x - 0.392x

0.362x

No company or business used in these analyses is identical or directly comparable to FelCor or RLJ. Accordingly, an evaluation of the results of these analyses is not entirely mathematical. Rather, these analyses involve complex considerations and judgments concerning differences in financial and operating characteristics and other factors that could affect the public trading or other values of the companies or businesses to which FelCor or RLJ were compared.

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Selected Precedent Transactions Analysis

BofA Merrill Lynch reviewed, to the extent publicly available, financial information relating to the following twenty selected transactions involving companies in the lodging industry:

Acquiror	Target
HNA Group	Hilton Worldwide Holdings, Inc. (25% Ownership Position)
Apple Hospitality REIT	Apple REIT Ten
Anbang	Strategic Hotels and Resorts
Marriott	Starwood Hotels & Resorts
Blackstone	Strategic Hotels and Resorts
Blackstone	Hilton Hotels Corporation
Whitehall Global Real Estate	Equity Inns
Apollo, Aimbridge & JF Capital	Eagle Hospitality Properties Trust
JER Partners	Highland Hospitality Corp.
Apollo	Innkeepers USA Trust
Inland American Real Estate Trust	Winston Hotels
Blackstone	Meristar Hospitality
Kingdom Hotels and Colony Capital	Fairmont Hotels & Resorts
Blackstone	Wyndham International Inc.
Cindat Capital	Hersha Hospitality 7 Manhattan Hotels (70% Ownership Position)
Blackstone	Apple REIT Six

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Inland American Real Estate Trust

Apple Hospitality Five

MSREF

CNL 8 Asset Luxury Hotel Portfolio

Ashford Hospitality Trust

CNL 51 Upper Upscale Hotel Portfolio

Host Marriott

Starwood Hotels 38 Hotel Portfolio

BofA Merrill Lynch reviewed transaction values, calculated as the enterprise value implied for the target company based on the consideration payable in the selected transaction, as a multiple of the target company's one-year forward estimated EBITDA. The observed median and mean one-year forward estimated EBITDA multiples for the selected transactions were 12.4x and 12.9x, respectively. BofA Merrill Lynch then deducted from FelCor's 2017 estimated EBITDA the EBITDA attributable to certain assets that were assumed for disposition in the FelCor forecasts. BofA Merrill Lynch then applied a selected range of one-year forward estimated EBITDA multiples of 11.0x to 14.0x, derived from the selected transactions to FelCor's calendar year 2017 estimated EBITDA, as adjusted for dispositions. Estimated financial data of the selected transactions were based on publicly available information at the time of announcement of the relevant transaction. Estimated financial data of FelCor were based on the FelCor forecasts. Net disposition proceeds, after transaction costs and debt attributable to the disposed assets, totaled \$514 million, per the FelCor forecasts, and were assumed as cash on the balance sheet for the purposes of BofA Merrill Lynch's analysis. This analysis indicated the following approximate implied per share equity value reference range for FelCor, as compared to the implied value of the merger consideration based on the closing price of RLJ Common Shares as of April 21, 2017:

Implied Per Share Equity Value Reference Range	Implied Merger Consideration Value
\$8.00 - \$12.20	\$ 8.54

No company or business used in these analyses is identical or directly comparable to FelCor or RLJ. Accordingly, an evaluation of the results of these analyses is not entirely mathematical. Rather, these analyses involve complex considerations and judgments concerning differences in financial and

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operating characteristics and other factors that could affect the public trading or other values of the companies or businesses to which FelCor or RLJ were compared.

Discounted Cash Flow Analyses

BofA Merrill Lynch performed separate discounted cash flow analyses of FelCor and RLJ to calculate ranges of implied present values of the unlevered, after-tax free cash flows that FelCor and RLJ were forecasted to generate during fiscal years ending December 31, 2017 through December 31, 2021 utilizing the FelCor forecasts and the RLJ forecasts, respectively.

FelCor. In performing a discounted cash flow analysis of FelCor, BofA Merrill Lynch derived implied terminal values for FelCor by applying terminal forward multiples of 11.0x to 12.0x to FelCor's estimated forward EBITDA in the terminal year. Present values (as of January 1, 2017 based on mid-year convention) of the cash flows and terminal values were then calculated using a selected discount rate range of 9.0% to 10.0%. Included in this analysis were certain dispositions as set forth in the FelCor forecasts. This analysis indicated an approximate implied per share equity value reference range for FelCor of \$7.00 to \$8.80.

RLJ. In performing a discounted cash flow analysis of RLJ, BofA Merrill Lynch derived implied terminal values for RLJ by applying terminal forward multiples of 11.0x to 12.0x to RLJ's estimated forward EBITDA in the terminal year. Present values (as of January 1, 2017 based on mid-year convention) of the cash flows and terminal values were then calculated using a selected discount rate range of 8.5% to 9.5%. This analysis indicated an approximate implied per share equity value reference range for RLJ of \$22.80 to \$26.30.

Utilizing the approximate implied per share equity value reference range described above, BofA Merrill Lynch calculated the following approximate implied exchange ratio reference range, as compared to the exchange ratio:

Implied Exchange Ratio Reference Range	Exchange Ratio
0.266x - 0.386x	0.362x

Net Asset Value Analyses

BofA Merrill Lynch performed separate net asset value analyses of FelCor and RLJ in which BofA Merrill Lynch reviewed FelCor's and RLJ's respective assets and liabilities based on financial and other information and data, as described below.

FelCor. BofA Merrill Lynch performed a net asset value analysis of FelCor based on the FelCor forecasts and NAV Estimates. An estimated range of operating real estate values for FelCor was calculated on a property-by-property basis, taking into account FelCor's net indebtedness and preferred equity, which range implied a capitalization rate midpoint for FelCor of 7.2%. This analysis indicated an approximate implied per share equity value reference range for FelCor of \$7.60 to \$8.80.

RLJ. BofA Merrill Lynch performed a net asset value analysis of RLJ based on the RLJ forecasts and NAV Estimates. An estimated range of operating real estate values for RLJ was calculated on a property-by-property basis, taking into account RLJ's net indebtedness, which range implied a capitalization rate midpoint for RLJ of 7.7%. This analysis indicated an approximate implied per share equity value reference range for RLJ of \$24.40 to \$26.40.

Utilizing the approximate implied per share equity value reference ranges derived for FelCor and RLJ described above, BofA Merrill Lynch calculated the following approximate implied exchange ratio reference range, as compared to the exchange ratio:

Implied Exchange Ratio Reference Range	Exchange Ratio
0.288x - 0.361x	0.362x

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Other Factors

BofA Merrill Lynch also noted certain additional factors that were not considered part of BofA Merrill Lynch's material financial analyses with respect to its opinion but were referenced for informational purposes, including, among other things, the following:

Relative Contributions

BofA Merrill Lynch reviewed the relative contributions of FelCor and RLJ to the Combined Company's calendar year 2017 and calendar year 2018 estimated EBITDA and estimated adjusted funds from operations ("FFO"). For purposes of this review, among other things: (i) FelCor's net debt included preferred equity; and (ii) fiscal year 2018 figures reflect asset sales and repayment of \$525 million senior secured notes. Financial data of FelCor and RLJ were based on the FelCor forecasts and the RLJ forecasts, respectively. This indicated the following relative contributions of FelCor to the Combined Company's calendar year 2017 and calendar year 2018 estimated EBITDA and estimated adjusted FFO, in each case, as compared to the approximate equity ownership percentage for holders of FelCor Common Stock in the Combined Company of 29% implied by the exchange ratio:

calendar year 2017 and calendar year 2018 estimated EBITDA of 21% and 27%, respectively; and

calendar year 2017 and calendar year 2018 estimated adjusted FFO of 28% and 30%, respectively.

Pro Forma Accretion/Dilution Analysis

BofA Merrill Lynch reviewed the potential pro forma financial effect of the REIT Merger on FelCor's calendar year 2017 and calendar year 2018 estimated FFO per share taking into account, as applicable, FelCor's disposition of certain hospitality assets, based on the FelCor forecasts and the RLJ forecasts, in each case based on the exchange ratio and after taking into account the potential cost savings. Relative to FelCor's calendar year 2017 and calendar year 2018 estimated FFO per share on a standalone basis, this review indicated that: the REIT Merger would be accretive in calendar year 2017 and calendar year 2018. Actual results achieved by FelCor and the Combined Company may vary from forecasted results and such variations may be material.

Pro Forma Synergies Discounted Cash Flow Analysis

BofA Merrill Lynch performed a discounted cash flow analysis to calculate the implied present value of the cash flows that the Combined Company was forecasted to generate from synergies from G&A and stock amortization during fiscal years 2017 through 2021 utilizing the FelCor forecasts and the RLJ forecasts. In performing a discounted cash flow analysis of such synergies, BofA Merrill Lynch derived implied terminal values by applying terminal forward multiples of 11.0x to 12.0x to the estimated value of such synergies in the terminal year. Terminal values were then calculated using a selected discount rate range of 8.0% to 9.0%. This analysis indicated an implied equity value reference range for such synergies of \$166 million to \$183 million, and an approximate implied equity value of \$174.5 million.

Illustrative Theoretical Pro Forma Value Creation

BofA Merrill Lynch reviewed an illustrative theoretical pro forma value creation for holders of FelCor Common Stock that could result from the REIT Merger based on the midpoint discounted cash flow equity value of each of FelCor and RLJ, and taking into account the estimated net G&A synergies (as discussed above) and the cost of capital synergies anticipated to be realized from the REIT Merger. Financial data of FelCor and RLJ were based on the FelCor forecasts and the RLJ forecasts, respectively. The midpoint discounted cash flow equity value of each of FelCor and RLJ was obtained

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in BofA Merrill Lynch's discounted cash flow analysis described above under "*Opinion of FelCor's Financial Advisor Discounted Cash Flow Analysis*". This review implied an increase in equity value of \$1.36 per share of FelCor Common Stock, resulting in an implied equity value of \$9.23 per share of FelCor Common Stock.

Leverage Comparison

BofA Merrill Lynch reviewed a comparison of FelCor's and the Combined Company's leverage multiples, calculated as the sum of net debt plus preferred equity divided by LTM EBITDA for fiscal years 2017 through 2021 utilizing the FelCor forecasts and the RLJ forecasts. BofA Merrill Lynch noted that such leverage multiples for projected net debt plus preferred as a multiple of projected EBITDA of the Combined Company would be approximately 1.0x to 1.5x lower in comparison to FelCor's standalone leverage multiples.

Liquidity Comparison

BofA Merrill Lynch reviewed a comparison of the values of FelCor's and the Combined Company's estimated liquidity, calculated as the sum of cash and cash equivalents plus funds available from revolver facilities plus estimated unsecured asset borrowing capacity, for fiscal years 2018 through 2021, utilizing the FelCor forecasts and the RLJ forecasts. BofA Merrill Lynch noted that such estimated available liquidity of the Combined Company would be approximately \$2.7 billion to \$3.3 billion higher in comparison to FelCor's standalone estimated liquidity values.

Other

BofA Merrill Lynch also observed the following:

historical trading performance of FelCor Common Stock and RLJ Common Shares during the 52-week period ended April 21, 2017, which indicated low and high closing prices for FelCor Common Stock and RLJ Common Shares during such period of approximately \$5.76 and \$8.34 per share and \$18.96 and \$24.96 per share, respectively, as compared to the closing price of FelCor Common Stock and RLJ Common Shares on April 21, 2017 of \$7.32 per share and \$23.60 per share, respectively;

publicly available research analysts' price targets for FelCor Common Stock and RLJ Common Shares, which indicated low to high price targets for FelCor Common Stock and RLJ Common Shares of approximately \$7.00 to \$9.00 per share and \$21.00 to \$28.00 per share, as compared to the closing price of FelCor Common Stock and RLJ Common Shares on April 21, 2017 of \$7.32 per share and \$23.60 per share, respectively; and

the relationship between movements in FelCor Common Stock and RLJ Common Shares during the three-year period ended April 21, 2017, including the daily ratio of the closing price of FelCor Common Stock to the closing price of RLJ Common Shares during such period, and the average of this ratio calculated over various periods ended April 21, 2017.

Miscellaneous

As noted above, the discussion set forth above in the sections entitled "*Selected Publicly Traded Companies Analyses*," "*Selected Precedent Transactions Analysis*," "*Discounted Cash Flow Analyses*" and "*Net Asset Value Analyses*" is a summary of the material financial analyses presented by BofA Merrill Lynch to the FelCor Board in connection with its opinion and is not a comprehensive description of all analyses undertaken by BofA Merrill Lynch in connection with its opinion. The preparation of a financial opinion is a complex analytical process involving various determinations as to the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances and, therefore, a financial opinion is not readily susceptible to partial analysis

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or summary description. BofA Merrill Lynch believes that its analyses summarized above must be considered as a whole. BofA Merrill Lynch further believes that selecting portions of its analyses and the factors considered or focusing on information presented in tabular format, without considering all analyses and factors or the narrative description of the analyses, could create a misleading or incomplete view of the processes underlying BofA Merrill Lynch's analyses and opinion. The fact that any specific analysis has been referred to in the summary above is not meant to indicate that such analysis was given greater weight than any other analysis referred to in the summary.

In performing its analyses, BofA Merrill Lynch considered industry performance, general business and economic conditions and other matters, many of which are beyond the control of FelCor and RLJ. The estimates of the future performance of FelCor and RLJ in or underlying BofA Merrill Lynch's analyses are not necessarily indicative of actual values or actual future results, which may be significantly more or less favorable than those estimates or those suggested by BofA Merrill Lynch's analyses. These analyses were prepared solely as part of BofA Merrill Lynch's analysis of the fairness, from a financial point of view, to the holders of FelCor Common Stock of the Common Exchange Ratio provided for in the REIT Merger and were provided to the FelCor Board in connection with the delivery of BofA Merrill Lynch's opinion. The analyses do not purport to be appraisals or to reflect the prices at which a company might actually be sold or the prices at which any securities have traded or may trade at any time in the future. Accordingly, the estimates used in, and the ranges of valuations resulting from, any particular analysis described above are inherently subject to substantial uncertainty and should not be taken to be BofA Merrill Lynch's view of the actual values of FelCor or RLJ.

The type and amount of consideration payable in the REIT Merger was determined through negotiations between FelCor and RLJ, rather than by any financial advisor, and was approved by the FelCor Board. The decision to enter into the Merger Agreement was solely that of the FelCor Board. As described above, BofA Merrill Lynch's opinion and analyses were only one of many factors considered by the FelCor Board in its evaluation of the proposed REIT Merger and should not be viewed as determinative of the views of the FelCor Board or management with respect to the REIT Merger or the merger consideration.

FelCor has agreed to pay BofA Merrill Lynch for its services in connection with the Merger an aggregate fee currently estimated to be approximately \$25 million, of which \$1.5 million was payable in connection with its opinion and the remainder of which is contingent upon the completion of the Mergers. In addition, BofA Merrill Lynch would have received a \$10 million independence fee if FelCor had not entered into the Merger Agreement and did not undergo a change of control within one year after the first unsolicited Acquisition Proposal received after the engagement of BofA Merrill Lynch. FelCor also has agreed to reimburse BofA Merrill Lynch for its expenses incurred in connection with BofA Merrill Lynch's engagement and to indemnify BofA Merrill Lynch, any controlling person of BofA Merrill Lynch and each of their respective directors, officers, employees, agents and affiliates against certain liabilities, including liabilities under the federal securities laws.

BofA Merrill Lynch and its affiliates comprise a full service securities firm and commercial bank engaged in securities, commodities and derivatives trading, foreign exchange and other brokerage activities, and principal investing as well as providing investment, corporate and private banking, asset and investment management, financing and financial advisory services and other commercial services and products to a wide range of companies, governments and individuals. In the ordinary course of their businesses, BofA Merrill Lynch and its affiliates may invest on a principal basis or on behalf of customers or manage funds that invest, make or hold long or short positions, finance positions or trade or otherwise effect transactions in the equity, debt or other securities or financial instruments (including derivatives, bank loans or other obligations) of FelCor, RLJ and certain of their respective affiliates.

BofA Merrill Lynch and its affiliates in the past have provided, currently are providing, and in the future may provide, investment banking, commercial banking and other financial services to FelCor and

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have received or in the future may receive compensation for the rendering of these services, including (i) having acted as a joint book runner and co-lead arranger for, and as a lender under, certain loans and/or revolvers for FelCor, (ii) having acted as joint book runner to FelCor in a debt capital market transaction and in an equity follow on offering, (iii) having acted as joint dealer manager in a debt tender offer, and (iv) having provided or providing certain treasury and trade management products and services. From April 1, 2015 through March 31, 2017, BofA Merrill Lynch and its affiliates derived aggregate revenues from FelCor and its affiliates of approximately \$10 million for investment and corporate banking services.

In addition, BofA Merrill Lynch and its affiliates in the past have provided, currently are providing, and in the future may provide, investment banking, commercial banking and other financial services to RLJ and have received or in the future may receive compensation for the rendering of these services, including having as a joint book runner and co-lead arranger for, and as a lender under, certain loans and/or revolvers for RLJ. From April 1, 2015 through March 31, 2017, BofA Merrill Lynch and its affiliates derived aggregate revenues from RLJ and its affiliates of approximately \$4 million for investment and corporate banking services.

Certain RLJ Unaudited Prospective Financial Information

Although RLJ periodically may issue limited financial guidance to investors, RLJ does not as a matter of course make public long-term projections as to future revenues, earnings or other results due to, among other reasons, the uncertainty of the underlying assumptions and estimates. However, in connection with the Mergers, RLJ's management prepared and provided to the RLJ Board in connection with its evaluation of the transaction, and to its financial advisor Barclays, including in connection with Barclays' financial analyses described above under the section entitled "Opinion of RLJ's Financial Advisor," certain unaudited prospective financial information regarding RLJ's operations for fiscal years 2017 through 2021 (the "RLJ Adjusted Projections"). RLJ's management also provided to the RLJ Board and Barclays, certain unaudited prospective financial information regarding FelCor's operations for fiscal years 2017 through 2021 for purposes of evaluating the transaction, which were prepared based on the projections provided to RLJ by FelCor (the "FelCor Projections") from 2017 through 2021, as adjusted by RLJ's management (the "RLJ Adjusted FelCor Projections"). The below summary of the RLJ Adjusted Projections and the RLJ Adjusted FelCor Projections are included for the purpose of providing RLJ shareholders or FelCor stockholders access to certain nonpublic information that was furnished to certain parties in connection with the Mergers, and such information may not be appropriate for other purposes, and is not included to influence the voting decision of any RLJ shareholder or FelCor stockholder.

RLJ's unaudited prospective financial information was not prepared with a view toward public disclosure, nor was it prepared with a view toward compliance with published guidelines of the Securities and Exchange Commission or the guidelines established by the American Institute of Certified Public Accountants for preparation, presentation of prospective financial information. The inclusion of this unaudited prospective financial information should not be regarded as an indication that such information is predictive of actual future events or results and such information should not be relied upon as such, and readers of this joint proxy statement/prospectus are cautioned not to place undue reliance on the unaudited prospective financial information. The unaudited prospective financial information included in this joint proxy statement/prospectus has been prepared by, and is the responsibility of, RLJ management. PricewaterhouseCoopers LLP has neither examined, compiled nor performed any procedures with respect to the accompanying unaudited prospective financial information and, accordingly, PricewaterhouseCoopers LLP does not express an opinion or any other form of assurance with respect thereto. The PricewaterhouseCoopers LLP report included in this joint proxy statement/prospectus relates to RLJ's historical financial information. It does not extend to the prospective financial information and should not be read to do so. Furthermore, the unaudited

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prospective financial information does not take into account any circumstances or events occurring after the date it was prepared.

While presented with numeric specificity, this unaudited prospective financial information was based on numerous variables and assumptions (including assumptions related to industry performance and general business, economic, market and financial conditions and additional matters specific to RLJ's and FelCor's businesses, as applicable) that are inherently subjective and uncertain and are beyond the control of RLJ's management. Important factors that may affect actual results and cause this unaudited prospective financial information not to be achieved include, but are not limited to, risks and uncertainties relating to RLJ's and FelCor's businesses (including their ability to achieve strategic goals, objectives and targets over applicable periods), industry performance, general business and economic conditions and other factors described in the sections entitled "Cautionary Statement Regarding Forward-Looking Statements" and "Risk Factors." This unaudited prospective financial information also reflects numerous variables, expectations and assumptions available at the time they were prepared as to certain business decisions that are subject to change. As a result, actual results may differ materially from those contained in this unaudited prospective financial information. Accordingly, there can be no assurance that the projected results summarized below will be realized. RLJ shareholders and FelCor stockholders are urged to review the most recent SEC filings of RLJ and FelCor for a description of the reported and anticipated results of operations and financial condition and capital resources, including in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in RLJ's and FelCor's respective Annual Reports on Form 10-K for the year ended December 31, 2016 and their respective Quarterly Reports on Form 10-Q for the quarter ended March 31, 2017, which are incorporated by reference into this joint proxy statement/prospectus.

None of RLJ, FelCor or their respective officers, trustees, directors, affiliates, advisors or other representatives can give you any assurance that actual results will not differ materially from this unaudited prospective financial information.

RLJ UNDERTAKES NO OBLIGATION TO UPDATE OR OTHERWISE REVISE OR RECONCILE THIS UNAUDITED PROSPECTIVE FINANCIAL INFORMATION TO REFLECT CIRCUMSTANCES EXISTING AFTER THE DATE THIS UNAUDITED PROSPECTIVE FINANCIAL INFORMATION WAS GENERATED OR TO REFLECT THE OCCURRENCE OF FUTURE EVENTS, EVEN IN THE EVENT THAT ANY OR ALL OF THE ASSUMPTIONS UNDERLYING SUCH INFORMATION ARE SHOWN TO BE IN ERROR. SINCE THE UNAUDITED PROSPECTIVE FINANCIAL INFORMATION COVERS MULTIPLE YEARS, SUCH INFORMATION BY ITS NATURE BECOMES LESS PREDICTIVE WITH EACH SUCCESSIVE YEAR.

RLJ and FelCor may calculate certain non-GAAP financial metrics, including Adjusted EBITDA and Adjusted FFO per share, using different methodologies. Consequently, the financial metrics presented in each company's prospective financial information disclosures and in the sections of this joint proxy statement/prospectus with respect to the opinions of the financial advisors to RLJ and FelCor may not be directly comparable to one another.

RLJ has not made and makes no representation to FelCor or any FelCor stockholder, in the Merger Agreement or otherwise, concerning this unaudited prospective financial information or regarding RLJ's ultimate performance compared to the unaudited prospective financial information or that the projected results will be achieved. In light of the foregoing factors and the uncertainties inherent in the unaudited prospective financial information, RLJ urges all RLJ shareholders and FelCor stockholders not to place undue reliance on such information and to review RLJ's and FelCor's most recent SEC filings for a description of RLJ's and FelCor's reported financial results.

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The following table presents selected unaudited prospective financial data for the fiscal years ending 2017 through 2021 for RLJ on a standalone basis. The RLJ Adjusted Projections were underwritten by RLJ's management solely for internal purposes. The RLJ Adjusted Projections were not updated to account for any circumstances or events occurring after the date they were initially prepared and therefore should not be relied on as predictive of actual future results. In assessing the Merger, RLJ's management applied a more conservative underwriting methodology, including the acceleration of select capital expenditures. As a result, the RLJ Adjusted Projections vary from the projections RLJ's management provided to FelCor's management in February 2017.

	Year Ended December 31,				
	2017E	2018E	2019E	2020E	2021E
	(\$ in millions, except per share values)				
Adjusted EBITDA(1)	\$ 368	\$ 371	\$ 370	\$ 381	\$ 394
Unlevered Free Cash Flow(2)	\$ 285	\$ 186	\$ 185	\$ 245	\$ 256

(1) Adjusted EBITDA is a non-GAAP financial performance measure composed of EBITDA, further adjusted to exclude (1) transaction and pursuit costs, (2) non-cash gain or loss on the sale of assets, (3) amortization of share-based compensation, (4) non-cash income taxes, (5) property-level severance costs, (6) debt modification and extinguishment costs, and (7) other income and expenses outside the normal course of operations.

(2) Unlevered Free Cash Flow is a non-GAAP financial measure that is defined as Adjusted EBITDA less certain items such as capital expenditures and changes in working capital. Unlevered Free Cash Flow should not be considered as an alternative to net income as a measure of operating performance or cash provided by operating activities as a cash flow measurement.

In preparing the RLJ Adjusted Projections, RLJ made a number of hotel operating and corporate assumptions. Assumptions made include, among others, market factors that would affect hotel occupancy levels and average daily rates and hotel operating costs such as increased wages, utilities, marketing, maintenance, and property taxes. Additionally, RLJ made assumptions regarding hotel capital needs, debt, and corporate general and expenses.

RLJ Adjusted FelCor Projections

The following is a summary of the RLJ Adjusted FelCor Projections. As with the RLJ Adjusted Projections, RLJ's management derived its RLJ Adjusted FelCor Projections using a similar conservative methodology, including applying more conservative capital estimates and corresponding revenue disruption. The RLJ Adjusted FelCor Projections are based solely on the information available to RLJ's management at the time they were prepared and were not updated to account for any circumstances or events occurring after the date they were initially prepared; therefore they should not be relied on as predictive of actual future results.

	Year Ended December 31,				
	2017E	2018E	2019E	2020E	2021E
	(\$ in millions)				
Adjusted EBITDA (excluding select assets)(1)	\$ 200	\$ 201	\$ 211	\$ 221	\$ 233
Unlevered Free Cash Flow(2)	\$ 75	\$ 11	\$ 85	\$ 131	\$ 191

(1) Adjusted EBITDA is a non-GAAP financial performance measure composed of EBITDA, further adjusted to exclude (1) transaction and pursuit costs, (2) non-cash gain or loss on the sale of assets, (3) amortization of share-based compensation, (4) non-cash income taxes, (5) property-level severance costs, (6) debt modification and extinguishment costs, and (7) other income and

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expenses outside the normal course of operations. Adjusted EBITDA was further adjusted to exclude select assets as of January 1, 2017 that were identified for potential future disposition.

(2)

Unlevered Free Cash Flow is a non-GAAP financial measure that is defined as Adjusted EBITDA less certain items such as capital expenditures and changes in working capital. Unlevered Free Cash Flow should not be considered as an alternative to net income as a measure of operating performance or cash provided by operating activities as a cash flow measurement. These amounts exclude net proceeds from asset dispositions.

In preparing the RLJ Adjusted FelCor Projections, RLJ made a number of hotel operating and corporate assumptions. Assumptions made include, among others, market factors that would affect hotel occupancy levels and average daily rates and hotel operating costs such as increased wages, utilities, marketing, maintenance, and property taxes. Additionally, RLJ made assumptions regarding hotel capital needs, debt, and corporate general and expenses.

Certain FelCor Unaudited Prospective Financial Information

Although FelCor periodically may issue limited financial guidance to investors, FelCor does not as a matter of course make public long-term projections as to future revenues, earnings or other results due to, among other reasons, the uncertainty of the underlying assumptions and estimates. However, in connection with the Mergers, FelCor's management prepared and provided to the FelCor Board in connection with its evaluation of the transaction, and to its financial advisor BofA Merrill Lynch, including in connection with BofA Merrill Lynch's financial analyses described above under the section entitled "Opinion of FelCor's Financial Advisor," certain unaudited prospective financial information regarding FelCor's operations for fiscal years 2017 through 2021 (the "FelCor Projections"). The below summary of the FelCor Projections is included for the purpose of providing FelCor stockholders and RLJ shareholders access to certain nonpublic information that was furnished to certain parties in connection with the Mergers, and such information may not be appropriate for other purposes, and is not included to influence the voting decision of any FelCor stockholder or RLJ shareholder.

The FelCor Projections were not prepared with a view toward public disclosure, nor were they prepared with a view toward compliance with GAAP, the published guidelines of the SEC regarding projections and forward-looking statements or the guidelines established by the American Institute of Certified Public Accountants for preparation and presentations of financial projections. The inclusion of the FelCor Projections should not be regarded as an indication that such information is predictive of actual future events or results and such information should not be relied upon as such, and readers of this joint proxy statement/prospectus are cautioned not to place undue reliance on the FelCor Projections. The unaudited prospective financial information included in this joint proxy statement/prospectus has been prepared by, and is the responsibility of, FelCor management. PricewaterhouseCoopers LLP has neither examined, compiled nor performed any procedures with respect to the accompanying unaudited prospective financial information and, accordingly, PricewaterhouseCoopers LLP does not express an opinion or any other form of assurance with respect thereto. The PricewaterhouseCoopers LLP report included in this joint proxy statement/prospectus relates to FelCor's historical financial information. It does not extend to the prospective financial information and should not be read to do so. Furthermore, the unaudited prospective financial information does not take into account any circumstances or events occurring after the date it was prepared.

While presented with numeric specificity, this unaudited prospective financial information was based on numerous variables and assumptions (including assumptions related to industry performance and general business, economic, market and financial conditions and additional matters specific to FelCor's business) that are inherently subjective and uncertain and are beyond the control of FelCor's management. Important factors that may affect actual results and cause this unaudited prospective

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financial information not to be achieved include, but are not limited to, risks and uncertainties relating to FelCor's business (including its ability to achieve strategic goals, objectives and targets over applicable periods), industry performance, general business and economic conditions and other factors described in the sections entitled "Cautionary Statement Regarding Forward-Looking Statements" and "Risk Factors." This unaudited prospective financial information also reflects numerous variables, expectations and assumptions available at the time they were prepared as to certain business decisions that are subject to change. As a result, actual results may differ materially from those contained in this unaudited prospective financial information. Accordingly, there can be no assurance that the projected results summarized below will be realized. FelCor stockholders and RLJ shareholders are urged to review the most recent SEC filings of FelCor for a description of the reported and anticipated results of operations and financial condition and capital resources, including in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in FelCor's Annual Report on Form 10-K for the year ended December 31, 2016 and the Quarterly Report on Form 10-Q for the quarter ended March 31, 2017, which are incorporated by reference into this joint proxy statement/prospectus.

None of FelCor, RLJ or their respective officers, trustees, directors, affiliates, advisors or other representatives can give you any assurance that actual results will not differ materially from this unaudited prospective financial information.

FELCOR UNDERTAKES NO OBLIGATION TO UPDATE OR OTHERWISE REVISE OR RECONCILE THE BELOW UNAUDITED PROSPECTIVE FINANCIAL INFORMATION TO REFLECT CIRCUMSTANCES EXISTING AFTER THE DATE THIS UNAUDITED PROSPECTIVE FINANCIAL INFORMATION WAS GENERATED OR TO REFLECT THE OCCURRENCE OF FUTURE EVENTS, EVEN IN THE EVENT THAT ANY OR ALL OF THE ASSUMPTIONS UNDERLYING SUCH INFORMATION ARE SHOWN TO BE IN ERROR. SINCE THE UNAUDITED PROSPECTIVE FINANCIAL INFORMATION COVERS MULTIPLE YEARS, SUCH INFORMATION BY ITS NATURE BECOMES LESS PREDICTIVE WITH EACH SUCCESSIVE YEAR.

FelCor and RLJ may calculate certain non-GAAP financial metrics, including Adjusted EBITDA, using different methodologies. Consequently, the financial metrics presented in each company's prospective financial information disclosures and in the sections of this joint proxy statement/prospectus with respect to the opinions of the financial advisors to FelCor and RLJ may not be directly comparable to one another.

FelCor has not made and makes no representation to RLJ or any RLJ shareholder, in the Merger Agreement or otherwise, concerning the below unaudited prospective financial information or regarding FelCor's ultimate performance compared to the unaudited prospective financial information or that the projected results will be achieved. In light of the foregoing factors and the uncertainties inherent in the unaudited prospective financial information, FelCor urges all FelCor stockholders and RLJ shareholders not to place undue reliance on such information and to review FelCor's most recent SEC filings for a description of FelCor's reported financial results.

FelCor Projections

The FelCor Projections were based on numerous variables and assumptions, including the following: (1) potentially selling up to six hotels (including three that were already being marketed) for total net proceeds of \$638 million; (2) cash flow projections based on FelCor's business plan for 2017 through 2021; (3) certain levels of property-level net operating income and capital costs based on property-specific assumptions; (4) no share issuances or buybacks during the projections period; and (5) a \$0.24 per share annual common stock dividend during the projection period.

The FelCor Projections were provided to the FelCor Board and FelCor's financial advisors, BofA Merrill Lynch. The FelCor Projections were not updated to account for any circumstances or events

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occurring after the date they were initially prepared and therefore should not be relied on as predictive of actual future results. The following table presents a summary of the FelCor Projections for the calendar years ending 2017 through 2021 for FelCor on a standalone basis and includes FelCor's share of partnerships and joint ventures.

	Year Ended December 31,				
	2017E	2018E	2019E	2020E	2021E
	(\$ in millions)				
Adjusted EBITDA (excluding select assets)(1)	\$ 235	\$ 221	\$ 220	\$ 231	\$ 240
Unlevered Free Cash Flow(2)	\$ 77	\$ 69	\$ 106	\$ 139	\$ 179

- (1) Adjusted EBITDA is a non-GAAP financial performance measure composed of EBITDA, further adjusted to exclude (1) unconsolidated partnerships and joint ventures, (2) gains and losses related to extinguishment of debt and interest rate swaps, (3) gains or losses on the sale of depreciable assets and impairment losses, (4) cumulative effects of any changes in accounting principles, (5) other expenses and costs outside the normal course of operations and (6) variable stock compensation. Adjustments for unconsolidated partnerships and joint ventures are calculated to reflect Adjusted EBITDA on the same basis. Adjusted EBITDA was further adjusted to exclude select assets as of December 31, 2017 that were identified for potential future disposition.
- (2) Unlevered Free Cash Flow is a non-GAAP financial measure that is defined as Adjusted EBITDA less certain items such as capital expenditures and changes in working capital. Unlevered Free Cash Flow should not be considered as an alternative to net income as a measure of operating performance or cash provided by operating activities as a cash flow measurement. These amounts exclude net proceeds from asset dispositions.

RLJ Projections Provided to FelCor

The following is a summary of the unaudited prospective financial information for calendar years 2017 through 2020, which was prepared by RLJ's management and provided to FelCor and FelCor's financial advisors, BofA Merrill Lynch, on February 12, 2017 by RLJ with an extrapolation for calendar year 2021 as prepared by FelCor's management (which we refer to as the "RLJ Unadjusted Projections"). The following table presents a summary of the RLJ Unadjusted Projections for RLJ on a standalone basis and includes RLJ's share of partnerships and joint ventures. The FelCor management team made no adjustments or changes to the unaudited prospective financial information of the RLJ Unadjusted Projections that were provided by RLJ for calendar years 2017 through 2020.

	Year Ended December 31,				
	2017E	2018E	2019E	2020E	2021E
	(\$ in millions)				
Adjusted EBITDA(1)	\$ 376	\$ 383	\$ 388	\$ 399	\$ 410
Unlevered Free Cash Flow(2)	\$ 261	\$ 243	\$ 254	\$ 281	\$ 299

- (1) Adjusted EBITDA is a non-GAAP financial performance measure composed of EBITDA, further adjusted to exclude (1) transaction and pursuit costs, (2) non-cash gain or loss on the sale of assets, (3) amortization of share-based compensation, (4) non-cash income taxes, (5) property-level severance costs, (6) debt modification and extinguishment costs, and (7) other income and expenses outside the normal course of operations.
- (2) Unlevered Free Cash Flow is a non-GAAP financial measure that is defined as Adjusted EBITDA less certain items such as capital expenditures and changes in working capital. Unlevered Free Cash Flow should not be considered as an alternative to net income as a measure of operating performance or cash provided by operating activities as a cash flow measurement.

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Trustees and Management of RLJ After the Mergers

The Merger Agreement provides that, as of the effective time of the REIT Merger, the RLJ Board of the Combined Company, will be increased to eight trustees, including all of the current trustees of the RLJ Board and one current director of FelCor who shall be mutually acceptable to FelCor and RLJ and appointed to the board of trustees of the Combined Company. The current trustees of RLJ are: Ross H. Bierkan, Robert L. Johnson, Robert M. La Forgia, Nathaniel A. Davis, Glenda G. McNeal, Evan Bayh and Arthur Collins.

Each of the executive officers of RLJ immediately prior to the effective time of the Mergers will continue as an executive officer of the Combined Company following the effective time of the Mergers. The current senior leadership team will continue to be led by Robert L. Johnson as Executive Chairman, Ross H. Bierkan as President and Chief Executive Officer, and Leslie D. Hale as Chief Operating Officer and Chief Financial Officer.

Interests of RLJ's Trustees and Executive Officers in the Mergers

In considering the recommendation of the RLJ Board to approve the RLJ Share Issuance, RLJ's shareholders should be aware that certain executive officers and trustees of RLJ have certain interests in the Mergers that may be different from, or in addition to, the interests of RLJ's shareholders generally and that may present actual or potential conflicts of interests. The RLJ Board was aware of these interests and considered them, among other matters, in reaching its decision to approve the Merger Agreement and the transactions contemplated thereby.

Following the consummation of the Mergers, all seven of the current trustees of the RLJ Board are expected to continue as trustees of the board of trustees of the Combined Company. Robert L. Johnson, RLJ's Executive Chairman, will serve as Executive Chairman of the Board of Trustees of the Combined Company. Nathaniel A. Davis, lead independent trustee for RLJ, will serve as lead independent trustee for the Combined Company. In addition, Ross H. Bierkan, RLJ's President, Chief Executive Officer and Chief Investment Officer, will serve as President, Chief Executive Officer and Chief Investment Officer of the Combined Company, and Leslie D. Hale, RLJ's Chief Operating Officer and Chief Financial Officer, will serve as Chief Operating Officer and Chief Financial Officer of the Combined Company.

Interests of FelCor's Directors and Executive Officers in the Mergers

In considering the recommendation of the FelCor Board to approve the REIT Merger Proposal and the FelCor Compensation Proposal, FelCor's stockholders should be aware that directors and executive officers of FelCor have interests in the Mergers that may be different from, or in addition to, the interests of FelCor's stockholders generally and that may present actual or potential conflicts of interests. The FelCor Board was aware of, and considered the interests of, its directors and executive officers in reaching its decision to approve the Merger Agreement and the transactions contemplated thereby.

Restricted Stock and FelCor RSUs

Pursuant to the Merger Agreement, as of the business day immediately preceding the effective time of the REIT Merger, each outstanding share of FelCor restricted stock (to the extent not already vested) will automatically become fully vested, and at the effective time of the REIT Merger, such shares (less the shares of FelCor Common Stock withheld to satisfy applicable withholding tax obligations) will be converted into the right to receive RLJ Common Shares based on the Common Exchange Ratio. Pursuant to the Merger Agreement, as of the business day immediately preceding the effective time of the REIT Merger, each outstanding FelCor RSU will automatically become vested in the number of shares of FelCor Common Stock determined as set forth in the agreement or other FelCor benefit plan governing such FelCor RSU, and at the effective time of the REIT Merger, such

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shares (less the shares of FelCor Common Stock withheld to satisfy applicable withholding tax obligations) will be converted into the right to receive RLJ Common Shares based on the Common Exchange Ratio. Any dividend equivalent rights related to a vesting FelCor RSU will become fully vested and converted into the right to receive cash.

Notwithstanding the Merger Agreement, FelCor restricted stock and FelCor RSUs (including related dividend equivalent rights) held by an individual who is party to a change in control and severance agreement with FelCor (as discussed further below) will become vested, as set forth in such agreement, as of a change in control, including the approval of the REIT Merger by the FelCor common stockholders at the FelCor special meeting, which may occur prior to the business day immediately preceding the effective time of the REIT Merger.

The following table shows, for each executive officer, (i) the number of shares subject to FelCor RSUs held by such officer as of the date of this joint proxy statement/prospectus that are expected to vest; (ii) the value of such FelCor RSUs; (iii) the number of shares subject to restricted stock awards as of the date of this joint proxy statement/prospectus; and (iv) the value of such awards.

Name	Shares Subject to RSUs (#)(1)	Value of Shares Subject to RSUs (\$)	Shares of Restricted Stock (#)(1)	Value of Shares of Restricted Stock (\$)
Steven R. Goldman(2)	100,016	798,128		
Troy A. Pentecost	443,597	3,539,900		
Thomas C. Hendrick	196,890	1,571,182	30,000	239,400
Michael C. Hughes	307,679	2,455,278		
Jonathan H. Yellen	315,111	2,514,588		

- (1) As a result of the REIT Merger, all unvested shares of FelCor restricted stock and FelCor RSUs held by the executive officers named above will, in the case of FelCor restricted stock, become vested and, in the case of FelCor RSUs, become fully vested in the number of shares of FelCor Common Stock determined as set forth in the agreements governing such FelCor RSU, and at the effective time of the REIT Merger, all such shares (less the shares of FelCor Common Stock withheld to satisfy applicable withholding tax obligations) will be converted into the right to receive RLJ Common Shares based on the Common Exchange Ratio. The number of shares subject to performance-based FelCor RSUs expected to vest are determined based on truncated performance periods, as contemplated by the agreements governing such RSUs.
- (2) Pursuant to the terms of Mr. Goldman's employment agreement, the accelerated vesting of Mr. Goldman's outstanding equity awards upon a change in control is prorated over an 18-month period by applying a fraction, the numerator of which is the number of days in the period commencing on the date of Mr. Goldman's employment agreement (February 10, 2017) and ending on the date of such change in control, and the denominator of which is 548. The amount set forth in the table above assumes the change in control date is August 15, 2017. Mr. Goldman's employment agreement also contemplates the possibility of certain further adjustments to the acceleration of Mr. Goldman's outstanding equity awards based on FelCor's total stockholder return, but no such adjustments would be required based on the assumptions used for purposes of this table.

In each case, the value of the award is based on the amount that would be realized with respect to such award, based on an assumed value of \$7.98 per share of FelCor Common Stock, which was the average closing market price of FelCor Common Stock over the first five business days following the first public announcement of the Mergers (and which does not necessarily reflect the value of the actual exchange ratio being used to convert the outstanding equity awards), and assuming the Mergers occurred on August 31, 2017.

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Directors' and Officers' Indemnification and Insurance

The Merger Agreement provides that, from and after the effective time of the REIT Merger until the sixth anniversary of the effective time of the REIT Merger, RLJ will indemnify all present and former officers, directors, partners, members, trustees or employees of FelCor or those who served on behalf of FelCor as an officer, director, partner, member, trustee or employee of any of FelCor's subsidiaries who at any time prior to the effective time of the REIT Merger were entitled to indemnification under the charter or bylaws of FelCor or in any indemnification agreement of FelCor or its subsidiaries or other applicable contract existing on the date of the Merger Agreement to the same extent as they are entitled to indemnification under such charter or bylaws or existing indemnifications agreements or other applicable contracts in respect of actions or omissions occurring at or prior to the effective time of the REIT Merger (including, without limitation, the transactions contemplated by the Merger Agreement).

In addition, the Merger Agreement also requires FelCor, or if FelCor is unable to, RLJ shall cause the surviving entity, to maintain for a period of six years from the effective time of the REIT Merger, "run-off" or "tail" director and officer liability coverage for the benefit of the directors and officers of FelCor and its subsidiaries without reduction of existing coverage under, and having terms not less favorable to the insured persons, than the director and officer liability insurance coverage currently maintained by FelCor (as long as the annual premium does not exceed 250% of the annual premium under FelCor's existing policies).

Change in Control and Severance Agreements

In 2007, FelCor entered into change in control and severance agreements with certain of its named executive officers (each, individually, a "NEO" and collectively, the "NEOs") (other than Mr. Goldman and Mr. Hendrick, with whom FelCor entered into similar agreements in 2015 and 2017, respectively, when they were appointed as executive officers), Mr. Corcoran and certain other key employees (each, individually, an "Individual" and collectively, the "Individuals"). Each of these agreements automatically renews at calendar year end for successive one-year terms unless terminated. In the event of a potential change in control, each Individual agrees to remain in FelCor's employ until the earlier of one year following the potential change in control or six months following an actual change in control. Upon the occurrence of a change in control, an Individual will be entitled to the immediate vesting of all outstanding equity incentive compensation and other benefits previously awarded or credited to his account (which is also required by the terms of FelCor's equity grants), except that Mr. Goldman's vesting is subject to certain prorations in the manner set forth in his change in control and severance agreement in the event a change in control occurs within the first 18 months of Mr. Goldman's employment. In addition, if an Individual's employment is terminated by FelCor other than for cause, retirement or disability or by the Individual for good reason (as these terms are defined in the change in control and severance agreement), the Individual will be eligible to receive (i) a payment of accrued but unpaid base salary through the date of termination, all other amounts to which the Individual is then irrevocably vested under any compensation plan of FelCor, and any earned but unpaid incentive compensation for periods preceding the date of termination, (ii) a lump sum severance payment equal to 2.99 (or 2.50, in the case of Mr. Goldman) multiplied by the sum of that Individual's then-current base salary, *plus* the greater of (A) his or her average cash bonus (annualized for partial years of service) paid over the preceding three years of employment (or a shorter period, if employed less than three years) or (B) his or her target cash bonus for the current year, (iii) certain benefit continuation rights for up to 24 months (or up to 36 months, in the case of Mr. Goldman) following termination, and (iv) certain legal fees and expenses actually incurred. Other than for Mr. Goldman and Mr. Hendrick, FelCor will also "gross-up" the severance payment to cover excise taxes imposed under Section 4999 of the Code, if any, on the benefits, thereby providing such benefits to the employee on a net basis, after payment of excise taxes; this provision is part of the 2007

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agreements and has not been modified in any respect since 2007 (other than for Mr. Goldman and Mr. Hendrick, who do not benefit from the "gross-up" provision). For purposes of these agreements:

A change in control generally occurs whenever: (i) any person or group is or becomes the beneficial owner of 35% or more of FelCor's outstanding voting securities; (ii) a majority of the FelCor Board is comprised of persons designated by any person who has entered into an agreement with FelCor to become a 35% or more beneficial owner or to effect a merger or consolidation transaction, or of persons other than those persons constituting the FelCor Board on the date of these agreements; (iii) the FelCor stockholders approve either a merger or consolidation of FelCor with any other corporation or a plan or agreement under which all or substantially all of FelCor's assets would be liquidated, distributed, sold or otherwise disposed of; or (iv) FelCor's Compensation Committee adopts a resolution to the effect that, in the judgment of the committee, a change in control has effectively occurred. The approval of the REIT Merger by the FelCor common stockholders at the FelCor special meeting will be deemed to be a change in control for purposes of these agreements.

Good reason, generally means, among other things and subject to certain limitations, any of the following events following a change in control, without the Individual's consent: (i) the assignment of any duties materially inconsistent with his status as a senior executive officer or any substantial reduction in or restriction upon the nature, status or extent of his responsibilities or authority as compared to immediately prior to the change in control; (ii) a material reduction in the Individual's annual base salary, as in effect immediately prior to the change in control, except for across-the-board salary reductions similarly affecting all of the FelCor Executives and all executives of any person then in control of FelCor; (iii) the relocation of the office where the Individual is required to perform his duties, to a location more than 25 miles away; (iv) FelCor's failure to pay the Individual any portion of his then-current compensation, or any portion or installment of deferred compensation, within five days of the date the payment is due; or (v) FelCor's failure to continue (or to substitute for) any material compensation or benefit plan that the Individual was participating in immediately prior to the change in control.

In connection with the execution of the Merger Agreement, each NEO and Mr. Corcoran entered into a letter agreement that supplements the change in control and severance agreements (the "CIC Amendment"). The CIC Amendment provides that, if the Individual's employment terminates in connection with the Mergers, any severance benefits under the change in control and severance agreement will be payable only if the Individual executes a waiver and release within 45 days after the Individual's date of termination. The CIC Amendment contains additional provisions regarding the effects of a notice of termination, the date for payment of severance benefits and related matters.

Regulatory Approvals Required for the Mergers

RLJ and FelCor are not aware of any material federal or state regulatory requirements that must be complied with, or approvals that must be obtained, in connection with the Mergers or the other transactions contemplated by the Merger Agreement.

Accounting Treatment

RLJ prepares its financial statements in accordance with GAAP. The REIT Merger will be accounted for by applying the acquisition method, which requires the identification of the acquirer, the determination of the acquisition date, the recognition and measurement, at fair value, of the identifiable assets acquired, liabilities assumed and any noncontrolling interest in the consolidated subsidiaries of the acquiree and recognition and measurement of goodwill or a gain from a bargain purchase. The accounting guidance for business combinations, referred to as ASC 805, provides that in a business combination involving the exchange of equity interests, the entity issuing the equity interests is usually the acquirer; however, all pertinent facts and circumstances must be considered, including the

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relative voting rights of the shareholders of the constituent companies in the combined entity, the composition of the board of trustees and senior management of the combined entity, the relative size of the company and the terms of the exchange of equity interests in the business combination, including payment of a premium.

Based on the fact that RLJ is the entity issuing the equity securities, that continuing RLJ shareholders are expected to own approximately 71% of the issued and outstanding common shares of the Combined Company, and former FelCor stockholders are expected to own approximately 29% of the issued and outstanding common shares of the Combined Company and that the current trustees of the RLJ Board and senior management will represent the majority of the board and all of the senior management of the Combined Company, and based on the terms of the REIT Merger, with FelCor common stockholders receiving a premium (as of the trading day immediately preceding the announcement of the Mergers) over the fair market value of their FelCor Common Stock on such date, RLJ is considered the acquirer for accounting purposes. Therefore, RLJ will recognize and measure, at fair value, the identifiable assets acquired, liabilities assumed and any noncontrolling interests in the consolidated subsidiaries of FelCor, and RLJ will recognize and measure goodwill and any gain from a bargain purchase, in each case, upon completion of the REIT Merger.

Appraisal Rights

Neither holders of RLJ Common Shares nor holders of FelCor Common Stock will be entitled to appraisal rights in the REIT Merger.

Exchange of Shares in the Mergers

RLJ has appointed Wells Fargo Shareowners Services, a division of Wells Fargo Bank N.A. to act as the exchange agent for the exchange of FelCor Common Stock and FelCor Series A Preferred Stock for the merger consideration. As promptly as practicable after the effective time of the REIT Merger (but in no event later than two business days thereafter), the exchange agent will send to each holder of record of shares of FelCor Common Stock and FelCor Series A Preferred Stock at the effective time of the REIT Merger who holds FelCor Common Stock or FelCor Series A Preferred Stock in certificated or book-entry form a letter of transmittal and instructions for effecting the exchange of FelCor stock certificates or book-entry shares for the merger consideration that the holder is entitled to receive under the Merger Agreement. Upon surrender of stock certificates or book-entry shares for cancellation along with the executed letter of transmittal and other documents described in the instructions, a holder of shares of FelCor Common Stock will receive any whole RLJ Common Shares that such holder is entitled to receive and cash in lieu of any fractional RLJ Common Shares such holder is entitled to receive under the Merger Agreement. Upon surrender of stock certificates or book-entry shares for cancellation along with the executed letter of transmittal and other documents described in the instructions, a holder of shares of FelCor Series A Preferred Stock will receive any whole RLJ Series A Preferred Shares that such holder is entitled to receive. After the effective time of the REIT Merger, FelCor will not register any transfers of FelCor Common Stock or FelCor Series A Preferred Stock.

RLJ shareholders need not take any action with respect to their share certificates or book-entry shares.

Dividends

RLJ currently pays a quarterly dividend on its common shares at an annualized rate of \$1.32 per share and FelCor currently pays a quarterly dividend on its shares of common stock at an annual rate of \$0.24 per share. Each of RLJ and FelCor plan to continue its current dividend policy until the closing of the Mergers. In the event that the date of Closing occurs before the end of the then current dividend period of FelCor or RLJ, as the case may be, then each of FelCor and RLJ shall declare a

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dividend to the respective holders, the record date, and payment date (to the extent practicable), for which shall be the close of business on the last business day prior to the date of Closing.

In addition, the Merger Agreement permits RLJ to continue to pay regular quarterly dividends, and any distribution that is reasonably necessary to maintain its REIT qualification under the Code and avoid or reduce the imposition of any corporate level tax or excise tax under the Code. The Merger Agreement permits FelCor to continue to pay regular quarterly dividends, and any distribution that is reasonably necessary to maintain its REIT qualification under the Code and avoid or reduce the imposition of any corporate level tax or excise tax under the Code.

Following the closing of the Mergers, RLJ expects to continue its current dividend policy for shareholders, subject to the discretion of the RLJ Board, which reserves the right to change RLJ's dividend policy at any time and for any reason. See "Risk Factors Risks Related to the Combined Company Following the Mergers" on page 40.

Listing of RLJ Common Shares

It is a condition to the completion of the Mergers that the RLJ Common Shares issuable in connection with the Mergers be approved for listing on the NYSE, subject to official notice of issuance.

Deregistration of FelCor Common Stock

After the Mergers are completed, the FelCor Common Stock will no longer be listed on the NYSE and will be deregistered under the Exchange Act.

Litigation Relating to the Mergers

Three putative class actions have been filed by purported stockholders of FelCor challenging the Mergers. The first suit, styled as *George Assad v. FelCor Lodging Trust Inc., et al.*, No. 1:17-cv-01744-ELH, was filed in the United States District Court for the District of Maryland on June 26, 2017 and is against FelCor, its directors (including Steven R. Goldman, who is also an officer), FelCor LP, RLJ, the REIT Merger Sub, and the Partnership Merger Sub (the "Assad Lawsuit"). The second suit, styled as *Martin Johnson v. FelCor Lodging Trust Inc., et al.*, No. 1:17-cv-01786-ELH, was filed in the United States District Court for the District of Maryland on June 28, 2017, and is against FelCor and its directors (including Steven R. Goldman, who is also an officer) (the "Johnson Lawsuit"). The third suit, styled as *Sachs Investment Group v. FelCor Lodging Trust Inc., et al.*, No. 1:17-cv-01933-ELH, was filed in the United States District Court for the District of Maryland on July 11, 2017, and is against FelCor and its directors (including Steven R. Goldman, who is also an officer) (the "Sachs Lawsuit" and, with the Assad Lawsuit and Johnson Lawsuit, the "Lawsuits").

The Lawsuits allege that FelCor and its directors violated Section 14(a) of the Exchange Act and Rule 14a-9 promulgated thereunder by disseminating a false and misleading Form S-4 containing a joint proxy statement/prospectus. The Lawsuits further allege that FelCor's directors violated Section 20(a) of the Exchange Act by failing to exercise proper control over the person(s) who violated Section 14(a) of the Exchange Act. The Assad Lawsuit further alleges that RLJ violated Section 20(a).

The Lawsuits seek, among other things, injunctive relief preventing the parties from consummating the Mergers, rescission of the transactions contemplated by the Merger Agreement should they be consummated, and litigation costs, including attorneys' fees. The Johnson Lawsuit and Sachs Lawsuit also seek damages to be awarded to the plaintiff and any class in the event the transactions contemplated by the Merger Agreement are consummated. The Assad Lawsuit also seeks injunctive relief directing the defendants to disseminate a true and complete joint proxy statement/prospectus and declaratory relief that defendants violated Sections 14(a) and/or 20(a) of the Exchange Act and Rule 14a-9 promulgated thereunder.

FelCor and RLJ intend to defend vigorously against the Lawsuits.

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THE MERGER AGREEMENT

The following is a summary of the material terms of the Merger Agreement. This summary does not purport to be complete and may not contain all of the information about the Merger Agreement that is important to you. The summary of the material terms of the Merger Agreement below and elsewhere in this joint proxy statement/prospectus is qualified in its entirety by reference to the Merger Agreement, a copy of which is attached to this joint proxy statement/prospectus as Annex A and is incorporated by reference into this joint proxy statement/prospectus. You are urged to read the Merger Agreement carefully and in its entirety because it, and not the description below or elsewhere in this joint proxy statement/prospectus, is the legal document that governs the Mergers.

The Merger Agreement has been included in this joint proxy statement/prospectus to provide you with information regarding the terms of the Mergers. It is not intended to provide you with any other factual or financial information about RLJ or FelCor or any of their respective affiliates or businesses. Information about RLJ and FelCor can be found elsewhere in this joint proxy statement/prospectus and in the other filings each of RLJ and FelCor has made with the SEC, which are available without charge at <http://www.sec.gov>. See "Where You Can Find More Information and Incorporation by Reference" beginning on page 210.

The Mergers

The Merger Agreement provides for the merger of (i) Partnership Merger Sub, an indirect wholly-owned subsidiary of the Operating Partnership, with and into FelCor LP and (ii) FelCor with and into REIT Merger Sub, a wholly-owned subsidiary of the Operating Partnership. At the effective time of the Partnership Merger, the separate corporate existence of Partnership Merger Sub will cease and FelCor LP will survive the Partnership Merger as an indirect wholly-owned subsidiary of the Operating Partnership. At the effective time of the REIT Merger, the separate corporate existence of FelCor will cease and REIT Merger Sub will survive the REIT Merger as a wholly-owned subsidiary of the Operating Partnership.

Closing; Effective Time of the Mergers

The Closing will occur:

as promptly as practicable (but no later than the second business day) after satisfaction or waiver of the closing conditions in the Merger Agreement, which are described under "Conditions to Complete the Mergers" beginning on page 129 (other than those conditions that by their terms are required to be satisfied or waived at the Closing, but subject to the satisfaction or waiver of such conditions); or

on such other date as may be specified by the parties.

The Partnership Merger will become effective upon such time as the certificate of merger for the Partnership Merger has been filed with the Secretary of State of the State of Delaware, or such later time that the parties will have agreed upon and designated in such certificate of merger as the effective time of the Partnership Merger.

The REIT Merger will become effective upon such time as the articles of merger for the REIT Merger have been accepted for record by the Maryland State Department of Assessments and Taxation, or such later time which the parties will have agreed upon and designated in such articles of merger as the effective time of the REIT Merger. The REIT Merger will occur as soon as practicable following the effective time of the Partnership Merger.

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Organizational Documents

The agreement of limited partnership of Partnership Merger Sub, as in effect immediately prior to the effective time of the Partnership Merger, except for such changes as may be necessary to reflect any change of name of the surviving entity of the Partnership Merger, will be the agreement of limited partnership of such surviving entity immediately following the effective time of the Partnership Merger.

The limited liability company agreement of REIT Merger Sub, as in effect immediately prior to the effective time of the REIT Merger, except for such changes as may be necessary to reflect any change of name of the surviving entity of the REIT Merger, will be the limited liability company agreement of such surviving entity immediately following the effective time of the REIT Merger.

Consideration for the Mergers

Pursuant to the terms of the Merger Agreement, at the Partnership Merger effective time, each outstanding FelCor LP Common Unit held by a limited partner of FelCor LP (other than FelCor or a subsidiary of FelCor) and issued and outstanding immediately prior to the effective time of the Partnership Merger will automatically be converted into 0.362 Operating Partnership Common Units and each holder thereof will be admitted as a limited partner of the Operating Partnership; provided that in lieu of receiving such Operating Partnership Common Units each such limited partner of FelCor LP will have the right to elect to receive, for each outstanding FelCor LP Common Unit, 0.362 RLJ Common Shares.

Pursuant to the terms of the Merger Agreement, at the REIT Merger effective time:

each share of FelCor Common Stock issued and outstanding immediately prior to the effective time of the REIT Merger (other than shares of FelCor Common Stock held by any wholly-owned subsidiary of FelCor, RLJ or any subsidiary of RLJ, which will automatically be canceled and retired and cease to exist, and no payment will be made with respect thereto) will automatically be converted into the right to receive 0.362 RLJ Common Shares;

each share of FelCor Series A Preferred Stock issued and outstanding immediately prior to the effective time of the REIT Merger will automatically be converted into the right to receive from the Operating Partnership one share of newly created RLJ Series A Preferred Shares;

each share of FelCor restricted stock granted pursuant to FelCor equity plans that is outstanding as of immediately prior to the effective time of the REIT Merger (whether or not then vested) will automatically become vested (and all restrictions with respect thereto will lapse) and each share of FelCor Common Stock resulting from the vesting of such shares of FelCor restricted stock (less shares withheld to satisfy tax withholding obligations with respect to such vesting) will be treated as a share of FelCor Common Stock and accordingly be converted into the right to receive 0.362 RLJ Common Shares; and

each FelCor RSU award granted pursuant to FelCor equity plans that is outstanding as of immediately prior to the effective time of the REIT Merger (whether or not then vested or subject to any performance condition that has not been satisfied) will automatically become vested to the extent determined as set forth in the agreement or other FelCor benefit plan governing such FelCor RSU (and all restrictions with respect thereto will lapse) and each share of FelCor Common Stock resulting from the vesting of such FelCor RSUs (less shares withheld to satisfy tax withholding obligations with respect to such vesting) will be treated as a share of FelCor Common Stock and accordingly be converted into the right to receive 0.362 RLJ Common Shares.

No certificates or scrips representing fractional RLJ Common Shares or fractional Operating Partnership Common Units will be issued with respect to the Mergers, and such fractional interests will

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not entitle the owner thereof to vote or to any other rights as a holder of such interests. Each holder of FelCor Common Stock or FelCor LP Common Units who would otherwise have been entitled to receive fractional RLJ Common Shares or Operating Partnership Common Units will be entitled to receive, in lieu thereof, cash, without interest, in an amount equal to such fractional RLJ Common Shares or Operating Partnership Common Units, as applicable, multiplied by the volume weighted average price of RLJ Common Shares for the 10 trading days immediately prior to the Closing date, starting with the opening of trading on the first trading day to the closing of the last trading day prior to the Closing date, as reported by Bloomberg.

Tax Withholding

Payment of the merger consideration under the Merger Agreement is subject to applicable withholding requirements.

No Rights of Objection or Appraisal

Neither holders of RLJ Common Shares nor holders of FelCor Common Stock will be entitled to appraisal rights in the REIT Merger.

Exchange Procedures

On or before the effective time of the REIT Merger, RLJ will transfer to the Operating Partnership, and the Operating Partnership will deposit or cause to be deposited with the exchange agent evidence of book-entry, RLJ Common Shares and RLJ Series A Preferred Shares and cash in an amount sufficient to pay the merger consideration.

As promptly as practicable after the effective time of the REIT Merger (but in no event later than two business days following the effective time of the REIT Merger), if any FelCor stockholders held certificates representing FelCor Common Stock or FelCor Series A Preferred Stock immediately prior to the effective time of the REIT Merger, the exchange agent will send them a letter of transmittal and instructions for exchanging their shares of FelCor Common Stock or FelCor Series A Preferred Stock, as the case may be, for the applicable merger consideration. Upon surrender of such certificates for cancellation along with the executed letter of transmittal and other required documents described in the instructions, a holder of shares of FelCor Common Stock or FelCor Series A Preferred Stock will receive the applicable merger consideration. If any certificate has been lost, stolen or destroyed, then upon the making of an affidavit of that fact by the person claiming such certificate to be lost, stolen or destroyed and, if required by the surviving entity of the REIT Merger, the posting by such person of a bond in such reasonable amount as the surviving entity of the REIT Merger may direct, as indemnity against any claim that may be made against it with respect to such certificate, the exchange agent will issue in exchange for such lost, stolen or destroyed certificate the applicable merger consideration to which the holder thereof is entitled pursuant to the Merger Agreement.

Holders of shares of FelCor Common Stock or FelCor Series A Preferred Stock in book-entry form immediately prior to the effective time of the REIT Merger will not need to take any action to receive the applicable merger consideration.

The exchange agent also will deliver by check or wire transfer any amounts payable in respect of dividends or distributions on RLJ Common Shares or RLJ Series A Preferred Shares and any other amount such holder is entitled to receive in lieu of fractional RLJ Common Shares that such holder has the right to receive pursuant to the Merger Agreement. No interest will be paid or accrued on the applicable merger consideration.

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Representations and Warranties

The Merger Agreement contains representations and warranties of each of the parties to the Merger Agreement to the other parties. The assertions embodied in those representations and warranties were made solely for purposes of the Merger Agreement and may be subject to important confidential disclosures and qualifications and limitations agreed to by the parties in connection with negotiating the terms of the Merger Agreement. Accordingly, neither RLJ shareholders nor FelCor stockholders should rely on representations and warranties as characterizations of the actual state of facts or circumstances, and they should bear in mind that the representations and warranties were made solely for the benefit of the parties to the Merger Agreement, were negotiated for purposes of allocating contractual risk among the parties to the Merger Agreement rather than to establish matters as facts, and may be subject to contractual standards of materiality different from those generally applicable to equityholders. Moreover, information concerning the subject matter of such representations and warranties may change after the date of the Merger Agreement, which subsequent information may or may not be reflected in public disclosures by RLJ and FelCor. This description of the representations and warranties is included to provide RLJ shareholders and FelCor stockholders with information regarding the terms of the Merger Agreement.

In the Merger Agreement, FelCor and FelCor LP made representations and warranties relating to, among other things:

due organization, valid existence, good standing and power and authority of FelCor and FelCor LP to own, lease and, to the extent applicable, operate their properties and to carry on their business as it is now being conducted;

due organization, valid existence and good standing and power and authority of FelCor's subsidiaries to own, lease and, to the extent applicable, operate their properties and carry on their businesses as now being conducted;

capital structure and capitalization of FelCor, FelCor LP and FelCor's subsidiaries;

authority to enter into the Merger Agreement and, subject to FelCor common stockholder approval, complete the Mergers and the other transactions contemplated by the Merger Agreement;

enforceability of the Merger Agreement against FelCor and FelCor LP;

approval by the FelCor Board of the Merger Agreement;

absence of conflicts with, violations or breaches of, or defaults under, FelCor's and FelCor LP's organizational documents, certain contracts applicable to it and its subsidiaries, and applicable laws;

consents, approvals, authorizations and permits of, or filings with or notifications to, governmental authorities required in connection with executing and delivering the Merger Agreement or the performance of the Merger Agreement;

FelCor's SEC filings since January 1, 2014, financial statements, internal controls, SEC correspondence and accounting or auditing practices and the statements and documents contained therein;

the accuracy of the information contained in this joint proxy statement/prospectus and supplied by or on behalf of FelCor (or any FelCor subsidiary) for inclusion or incorporation by reference in this joint proxy statement/prospectus or the registration statement on Form S-4 pursuant to which the RLJ Common Shares issued under the Merger Agreement are registered;

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FelCor's, FelCor LP's and each FelCor subsidiary's compliance with applicable laws (including federal securities laws);

FelCor's internal controls over financial reporting and its disclosure controls and procedures and the absence of off-balance sheet arrangements;

absence of any material adverse effect, as defined below under the "Material Adverse Effect" section, on FelCor or FelCor LP and certain other changes and events since December 31, 2016 through the date of the Merger Agreement;

FelCor's employee benefit plans and other labor and employment matters affecting FelCor, FelCor LP and FelCor's subsidiaries;

the material contracts of FelCor, FelCor LP and FelCor's subsidiaries, the enforceability of such material contracts on FelCor, FelCor LP and FelCor's subsidiaries (as applicable) and the absence of notice of any violations or defaults under, any such material contract;

absence of any undisclosed certain litigation or investigations against or affecting FelCor, FelCor LP or any FelCor subsidiary by or before any governmental authority;

environmental matters affecting FelCor, FelCor LP and FelCor's subsidiaries;

intellectual property matters affecting FelCor, FelCor LP and FelCor's subsidiaries;

real property owned or leased by FelCor, FelCor LP and FelCor's subsidiaries;

tax matters affecting FelCor, FelCor LP and FelCor's subsidiaries;

compliance with the terms and conditions, and validity, of FelCor's material insurance policies;

receipt by FelCor of an opinion from its financial advisor;

the FelCor Board's actions to render any applicable takeover statutes inapplicable to the REIT Merger and the absence of any FelCor poison pill, stockholder rights plan or similar arrangements to which FelCor is a party or otherwise bound;

the vote of FelCor common stockholders required to consummate the transactions contemplated by the Merger Agreement on behalf of FelCor;

absence of a shareholder rights plan;

absence of any undisclosed broker's, finder's or other similar fees;

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certain matters relating to the Investment Company Act;

FelCor's, FelCor's affiliates' and FelCor LP's ownership of RLJ equity;

FelCor's affiliate transactions;

certain matters relating to FelCor's transaction expenses; and

absence and disclaimer of any other representations or warranties made with respect to RLJ or any RLJ subsidiary.

In the Merger Agreement, RLJ, the Operating Partnership, REIT Merger Sub and Partnership Merger Sub made representations and warranties relating to, among other things:

due organization, valid existence, good standing and power and authority of RLJ, the Operating Partnership, REIT Merger Sub and Partnership Merger Sub to own, lease and, to the extent applicable, operate its properties and to carry on its business as it is now being conducted;

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due organization, valid existence and good standing and power and authority of RLJ's subsidiaries to own, lease and, to the extent applicable, operate their properties and carry on their businesses as now being conducted;

capital structure and capitalization of RLJ, the Operating Partnership, REIT Merger Sub, Partnership Merger Sub and RLJ's subsidiaries;

authority to enter into the Merger Agreement and, subject to RLJ Shareholder Approval, complete the Mergers and the other transactions contemplated by the Merger Agreement;

enforceability of the Merger Agreement against RLJ, the Operating Partnership, REIT Merger Sub and Partnership Merger Sub;

approval by the RLJ Board of the Merger Agreement;

absence of conflicts with, violations or breaches of, or defaults under, RLJ's, the Operating Partnership's, REIT Merger Sub's and Partnership Merger Sub's organizational documents, certain contracts applicable to it and its subsidiaries, and applicable laws;

consents, approvals, authorizations and permits of, or filings with or notifications to, governmental authorities required in connection with executing and delivering the Merger Agreement or the performance of the Merger Agreement;

RLJ's SEC filings since January 1, 2014, financial statements, internal controls, SEC correspondence and accounting or auditing practices and the statements and documents contained therein;

the accuracy of the information contained in this joint proxy statement/prospectus and supplied by or on behalf of RLJ, the Operating Partnership, REIT Merger Sub and Partnership Merger Sub (or any RLJ subsidiary) for inclusion or incorporation by reference in this joint proxy statement/prospectus or the registration statement on Form S-4 pursuant to which the RLJ Common Shares issued under the Merger Agreement are registered;

RLJ's, the Operating Partnership's, REIT Merger Sub's, Partnership Merger Sub's and each other RLJ subsidiary's compliance with applicable laws (including federal securities laws);

absence of any material adverse effect, as defined below under the "Material Adverse Effect" section, on RLJ, the Operating Partnership, REIT Merger Sub or Partnership Merger Sub and certain other changes and events since December 31, 2016 through the date of the Merger Agreement;

RLJ's employee benefit plans and other labor and employment matters affecting RLJ and RLJ's subsidiaries;

the material contracts of RLJ or RLJ's subsidiaries, the enforceability of such material contracts against RLJ or any RLJ subsidiary party to such contract and the absence of notice of any violations or defaults under, any such material contract;

absence of any undisclosed certain litigation or investigations against or affecting RLJ, the Operating Partnership, REIT Merger Sub, Partnership Merger Sub or any other RLJ subsidiary by or before any governmental authority;

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environmental matters affecting RLJ, the Operating Partnership, REIT Merger Sub, Partnership Merger Sub and RLJ's subsidiaries;

intellectual property matters affecting RLJ, the Operating Partnership, REIT Merger Sub, Partnership Merger Sub and RLJ's subsidiaries;

real property owned or leased by RLJ or any RLJ subsidiary;

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tax matters affecting RLJ, the Operating Partnership, REIT Merger Sub, Partnership Merger Sub and each other RLJ subsidiary;

compliance with the terms and conditions and validity of RLJ's material insurance policies;

receipt by the RLJ Board of an opinion from its financial advisor;

the vote of RLJ shareholders required in connection with the execution, delivery and performance of the Merger Agreement and the Mergers;

absence of any undisclosed broker's, finder's or other similar fees;

certain matters relating to the Investment Company Act;

ownership and prior activities of REIT Merger Sub and Partnership Merger Sub;

certain matters relating to the Investment Company Act;

the RLJ Board's actions to render any applicable takeover statutes inapplicable to the REIT Merger and the absence of any RLJ poison pill or similar arrangements to which RLJ is a party or otherwise bound;

The ownership of FelCor equity by RLJ's, RLJ's affiliates' and the Operating Partnership's, RLJ's subsidiaries and their affiliates;

the RLJ Board's actions to render any applicable takeover statutes inapplicable to the issuance of RLJ Share Issuance Common Shares in connection with the Mergers and the absence of any RLJ poison pill, shareholder rights plan or similar arrangements to which RLJ is a party or otherwise bound;

RLJ's affiliate transactions; and

absence and disclaimer of any other representations or warranties made with respect to FelCor or any FelCor subsidiary.

The representations and warranties of all the parties to the Merger Agreement will expire upon the effective time of the Mergers.

Material Adverse Effect

Many of the representations of the parties to the Merger Agreement are qualified by a "material adverse effect" standard (that is, they will not be deemed to be untrue or incorrect unless their failure to be true and correct, individually or in the aggregate, has had or would reasonably be expected to have a material adverse effect). For the purposes of the Merger Agreement, "material adverse effect" means any event, circumstance, change or effect (a) that prevents or materially impairs the ability of the applicable parties to consummate the Mergers before the Outside Date, or (b) that is material and adverse to the business, assets, properties, liabilities, condition (financial or otherwise) or results of operations of FelCor and FelCor's subsidiaries or RLJ, the Operating Partnership, REIT Merger Sup, Partnership Merger Sub and RLJ's subsidiaries, as applicable, taken as a whole, other than any event, circumstance, change or effect to the extent arising out of or resulting from:

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any failure to meet any projections or forecasts or any decrease in the market price of the party's equity (it being understood and agreed that, subject to the other clauses of this proviso, any event, circumstance, change or effect giving rise to such failure or decrease will be taken into account in determining whether there has been a material adverse effect);

any events, circumstances, changes or effects that affect the lodging industry generally;

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any changes in the United States or global economy or capital, financial or securities markets generally, including changes in interest or exchange rates or changes in global, national or regional political conditions;

the commencement, escalation or worsening of a war or armed hostilities or the occurrence of acts of terrorism or sabotage;

the negotiation, execution or announcement of the Merger Agreement, or the consummation or anticipation of the Mergers or other transactions contemplated thereby, including the impact of any of the foregoing on relationships, contractual or otherwise, with customers, franchisors, managers, suppliers, lenders, investors, future partners or employees;

the taking of any action expressly required by, or the failure to take any action expressly prohibited by, the Merger Agreement, or the taking of any action at the written request or with the prior written consent of the other party;

earthquakes, hurricanes or other natural disasters;

changes in law or GAAP or interpretations or enforcement thereof; or

any stockholder or derivative litigation arising from allegations of a breach or violation of applicable law relating to the Merger Agreement or transactions contemplated thereby;

which in the case of each of the second, third, fourth and eighth clauses do not disproportionately affect the applicable party and its subsidiaries, taken as a whole, relative to other participants in the lodging industry in the United States, and in the case of the seventh clause, does not disproportionately affect the applicable party and its subsidiaries, taken as a whole, relative to other participants in the lodging industry in the geographic regions in which the party and its subsidiaries operate or own or lease properties.

Conduct of Business by FelCor and FelCor LP Pending the Mergers

Under the Merger Agreement, FelCor and FelCor LP have agreed that, between the date of the Merger Agreement and the earlier to occur of the effective time of the REIT Merger and the date, if any, on which the Merger Agreement is terminated (the "Interim Period"), they will, and will cause each of the FelCor subsidiaries to, conduct their businesses and operations in the ordinary course and in a manner consistent with past practice in all material respects, and use commercially reasonable efforts to (i) maintain the material assets and properties of FelCor and FelCor subsidiaries in their current condition (normal wear and tear and damage caused by casualty or by any reason outside of FelCor's or FelCor subsidiaries' control excepted), (ii) preserve intact in all material respects their current business organization, goodwill, ongoing businesses and relationships with third parties, (iii) keep available the services of their present officers and key employees and consultants and (iv) maintain, in all material respects, satisfactory relationships with significant customers, franchisors, managers and suppliers and with other persons with whom they have significant business relations.

FelCor and FelCor LP have also agreed that, during the Interim Period, except to the extent required by law (or as permitted by the Merger Agreement), FelCor and FelCor LP will not, and will not cause or permit any FelCor subsidiary to, do any of the following, unless RLJ agrees in writing (which agreement cannot be unreasonably withheld, subject to certain exceptions):

amend or propose to amend the organizational documents of FelCor or FelCor LP (or such equivalent organizational or governing documents of any other FelCor subsidiary);

split, combine, reclassify or subdivide any shares of stock or other voting securities or equity interests of FelCor or any FelCor subsidiary or, except as contemplated by the fourth clause

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below, issue or authorize the issuance of any other securities in respect of, in lieu of or in substitution for its capital stock, other voting securities or equity interests;

declare, set aside or pay any dividend on or make any other distributions (whether in cash, stock, property or otherwise) with respect to shares of capital stock of FelCor or any FelCor subsidiary or other equity securities or ownership interests in FelCor or any FelCor subsidiary, except:

the declaration and payment by FelCor of regular quarterly dividends with respect to shares of FelCor Common Stock at a rate not to exceed \$0.06 per share of FelCor Common Stock,

the declaration and payment by FelCor of regular quarterly dividends with respect to shares of FelCor Series A Preferred Stock will be made in accordance with the terms of such FelCor Series A Preferred Stock as set forth in the FelCor charter,

the declaration and payment of regular distributions that are required to be made in respect of FelCor LP units,

the declaration and payment of dividends or distributions by any directly or indirectly wholly-owned FelCor subsidiary to its parent entity,

the declaration and payment of dividends or distributions by any FelCor subsidiary that is not wholly-owned, directly or indirectly, by FelCor, in accordance with the requirements of the organizational documents of such FelCor subsidiary, and

the payment of accrued dividend equivalent rights upon the vesting of FelCor RSUs;

redeem, repurchase or otherwise acquire, or offer to redeem, repurchase or otherwise acquire, directly or indirectly, any equity securities of FelCor or a FelCor subsidiary or any securities of FelCor or any FelCor subsidiary;

issue, deliver, sell, pledge, dispose, encumber or grant any shares of FelCor's or any of FelCor's subsidiaries' voting securities or equity interests, or any options, calls, warrants, convertible securities or other rights of any kind to acquire any equity interests or any other rights issued by FelCor or any FelCor subsidiary; provided, however, that FelCor may issue shares of FelCor Common Stock upon the vesting of any FelCor restricted stock or FelCor RSU;

grant, confer, award, or modify the terms of any options, convertible securities, restricted stock, phantom shares, equity-based compensation or other rights to acquire, or denominated in, any of FelCor's or any FelCor's subsidiaries' equity interests;

acquire or agree to acquire any real property, corporation, partnership, limited liability company, other business organization or any division or material amount of assets thereof or any equity interest in or business of any firm, corporation, partnership, company, limited liability company, trust, joint venture, association or other entity or division thereof;

dispose of or encumber or subject to any lien other than ordinary course leasing activities;

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incur, create or assume any Indebtedness (as defined in the Merger Agreement) for borrowed money or issue or amend the terms of any debt securities or assume, guarantee or endorse, or otherwise become responsible for the Indebtedness of any other person;

make any loans, advances or capital contributions to, or investments in, any other person or make any change in its existing borrowing or lending arrangements for or on behalf of any of such Persons (as defined in the Merger Agreement);

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renew, modify or amend, terminate (other than through expiration in accordance with its terms), or waive, release, compromise or assign any rights or claims under, any FelCor material contract or major lease;

enter into or amend any contract if such contract or amendment of a contract would reasonably be expected to prevent or materially impede, interfere with, hinder or delay the consummation of the Mergers;

enter into or modify any collective bargaining agreement;

establish, adopt, enter into, amend, or terminate any FelCor pension plan or post-retirement benefit plan or arrangement or otherwise take any action that subjects FelCor or its subsidiaries to material liability for pension or post-retirement benefits;

waive, release, assign any material rights or claims or make any payment, direct or indirect, of any other liability of FelCor or any FelCor subsidiary, in an amount in excess of \$1.0 million, before the same comes due in accordance with its terms, other than in the ordinary course of business and consistent with past practice;

repay or refinance any material Indebtedness;

make or commit to make any capital expenditures in excess of \$1.0 million individually or \$5.0 million in the aggregate with respect to any FelCor property;

settle or compromise any legal action, investigation, suit or arbitration proceeding, in each case made or pending against FelCor or any of the FelCor subsidiaries other than settlements where the amount paid is less than as agreed upon by the parties;

hire or terminate (other than for cause) any officer or director of FelCor or any FelCor subsidiary or promote or appoint any person to a position of officer or director of FelCor or any FelCor subsidiary;

increase, or accelerate, the compensation, perquisites or other benefits payable or to become payable to any current or former directors, employees or other individual service providers of FelCor or any FelCor subsidiary (other than payment of normal year-end bonuses and annual salary increases in the ordinary course consistent with past practice and any established performance criteria);

establish, adopt, enter into, materially amend or terminate any FelCor benefit plan or employment agreement or arrangement;

make any material change to its methods of accounting, principles or practices in effect at December 31, 2016, except as required by a change in GAAP (or any interpretation thereof) or in applicable law or fail to maintain all financial books and records in all material respects in accordance with GAAP (or any interpretation thereof);

enter into any new line of business;

fail to duly and timely file all material reports and other material documents required to be filed with all governmental authorities and other authorities (including the NYSE), subject to extensions permitted by law;

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enter into, amend or modify any tax protection agreement; make, change or rescind any election relating to taxes; change a material method of tax accounting; file or amend any income tax return or any other material tax return; settle or compromise any material U.S. federal, state, local or foreign income tax liability, audit, claim or assessment or enter into any material closing agreement related to taxes or take any action outside the ordinary course of business that would

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materially reduce or limit the usage by RLJ or any RLJ subsidiary of any net operating losses (and carryovers thereof) or other material tax attributes of FelCor or its subsidiaries;

merge or consolidate or adopt a plan of merger, complete or partial liquidation or resolutions providing for or authorizing such merger, liquidation or a dissolution, consolidation, recapitalization or bankruptcy reorganization;

permit any material insurance policy to terminate or lapse without replacing such policy with comparable coverage or amend or cancel any material insurance policy;

initiate or consent to any material zoning reclassification of any real property or any other material change to any approved site plan, special use permit, planned development approval or other land use entitlement affecting any FelCor property;

adopt or approve any budget or operating plan under any joint venture agreement for any period anticipated to relate to any time after the Closing date to the extent such budget or operating plan differs from the budget or operating plan for the prior fiscal year other than to account for inflation and uncontrollable expenses;

form any new joint ventures;

amend or modify the compensation terms or any other obligations of FelCor contained in the engagement letter with FelCor's financial advisor in a manner materially adverse to FelCor or RLJ or engage other financial advisors in connection with the transactions contemplated by the Merger Agreement;

take, or agree to commit to take, any action that would reasonably be expected to result in any of the conditions to the Mergers not being satisfied by the Outside Date;

take any action that could, or fail to take any action, the failure of which could, reasonably be expected to cause FelCor to fail to qualify as a REIT under the Code or FelCor LP to cease to be treated as a partnership or disregarded entity for U.S. federal income tax purposes; or

authorize, or enter into any contract, agreement, commitment or arrangement to do any of the foregoing.

Conduct of Business by RLJ and the Operating Partnership Pending the Mergers

Under the Merger Agreement, RLJ and the Operating Partnership have agreed that during the Interim Period they will, and will cause each of their subsidiaries to, conduct their businesses and operations in the ordinary course and in a manner consistent with past practice in all material respects, and use commercially reasonable efforts (i) maintain the material assets and properties of RLJ and RLJ subsidiaries in their current condition (normal wear and tear and damage caused by casualty or by any reason outside of RLJ's or RLJ subsidiaries' control excepted), (ii) preserve intact in all material respects their current business organization, goodwill, ongoing businesses and relationships with third parties, (iii) keep available the services of its present officers and key employees and consultants and (iv) maintain, in all material respects, satisfactory relationships with significant customers, franchisors, managers and suppliers and with other persons with whom they have significant business relations.

RLJ and the Operating Partnership have also agreed that, during the Interim Period, except to the extent required by law (or as permitted by the Merger Agreement), RLJ and the Operating Partnership will not, and will not cause or permit any RLJ subsidiary to, do any of the following, unless FelCor agrees in writing:

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amend or propose to amend the organizational documents of RLJ or the Operating Partnership (or such equivalent organizational or governing documents of any other RLJ subsidiary);

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split, combine, reclassify or subdivide any shares of stock or other voting securities or equity interests of RLJ or any RLJ subsidiary or, except as contemplated by the fourth clause below, issue or authorize the issuance of any other securities in respect of, in lieu of or in substitution for its capital stock, other voting securities or equity interests;

declare, set aside or pay any dividend on or make any other distributions (whether in cash, stock, property or otherwise) with respect to shares of capital stock of RLJ or any RLJ subsidiary or other equity securities or ownership interests in RLJ, except:

the declaration and payment by RLJ of regular quarterly dividends with respect to shares of RLJ Common Shares at a rate not to exceed \$0.33 per share of RLJ Common Shares,

the declaration and payment by RLJ of dividends or distributions made to RLJ by any wholly-owned subsidiary of RLJ, or

the declaration and payment of dividends or distributions made by any subsidiary of RLJ that is not wholly-owned, directly or indirectly, by RLJ in accordance with the requirements of the organizational documents of such subsidiary;

redeem, repurchase or otherwise acquire, or offer to redeem, repurchase or otherwise acquire, directly or indirectly, any equity securities of RLJ or an RLJ subsidiary or any securities of RLJ or any RLJ subsidiary;

issue, deliver, sell, pledge, dispose, encumber or grant any shares of RLJ's or any of RLJ's subsidiaries' capital stock or other voting securities or equity interests, or any options, calls, warrants, convertible securities or other rights of any kind to acquire any equity interests or any other rights issued by RLJ or any RLJ subsidiary; provided, however, that RLJ may issue RLJ Common Shares pursuant to awards under the RLJ equity plans;

incur, create or assume any Indebtedness for borrowed money or issue or amend the terms of any debt securities or assume, guarantee or endorse, or otherwise become responsible for the Indebtedness of any other person;

acquire or agree to acquire, any real property, corporation, partnership, limited liability company, other business organization or any division or material amount of assets thereof that would, or would reasonably be expected to, prevent or materially impair the ability of RLJ, REIT Merger Sub or Partnership Merger Sub to consummate the Mergers before the Outside Date;

enter into or amend any contract if such contract or amendment of a contract would reasonably be expected to prevent or materially impede, interfere with, hinder or delay the consummation of the Mergers;

fail to duly and timely file all material reports and other material documents required to be filed with all governmental authorities and other authorities (including the NYSE), subject to extensions permitted by law;

take any action that could, or fail to take any action, the failure of which could, reasonably be expected to cause RLJ to fail to qualify as a REIT under the Code or the Operating Partnership to cease to be treated as a partnership or disregarded entity for U.S. federal income tax purposes;

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take, or agree to commit to take, any action that would reasonably be expected to result in any of the conditions to the Mergers not being satisfied by the Outside Date; or

authorize, or enter into any contract, agreement, commitment or arrangement to do any of the foregoing.

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Agreement to Take Certain Actions and Use Reasonable Best Efforts

Each of FelCor and RLJ will (and will cause their subsidiaries to) use its reasonable best efforts to take, or cause to be taken, all actions, and to do, or cause to be done, and to assist and cooperate with the other party in doing, all things necessary, proper or advisable under applicable law or pursuant to any contract or agreement to consummate and make effective, as promptly as practicable, the Mergers and the other transactions contemplated by the Merger Agreement, including:

the taking of all actions necessary to cause the closing conditions in the Merger Agreement, which are described below under the "Conditions to Complete the Mergers" section, to be satisfied;

the obtaining of all necessary actions or nonactions, waivers, consents and approvals from governmental authorities or other persons necessary in connection with the consummation of the Mergers and the other transaction contemplated by the Merger Agreement and the taking of all reasonable steps as may be necessary to obtain an approval or waiver from, or to avoid an action or proceeding by, any governmental authority or other persons necessary in connection with the consummation of the Mergers and the other transactions contemplated by the Merger Agreement;

the defending of any lawsuits or other legal proceedings, whether judicial or administrative, challenging the Mergers, the Merger Agreement or the consummation of any of the other transactions contemplated by the Merger Agreement, including seeking to have any stay or temporary restraining order entered by any court or other governmental entity vacated or reversed; and

the execution and delivery of any additional instruments necessary to consummate the transactions contemplated by and to fully carry out the purposes of the Merger Agreement.

Non-Solicitation

Each of RLJ and FelCor have agreed to cease any existing discussions, negotiations or communications with any person conducted theretofore with respect to any Acquisition Proposal (as defined in the Merger Agreement). The parties will use all reasonable efforts to cause all third parties who have been furnished confidential information regarding either party in connection with the solicitation of or discussions regarding an Acquisition Proposal within the six months prior to the date of the Merger Agreement to promptly return or destroy such information (to the extent that FelCor is entitled to have such information returned or destroyed). Moreover, neither FelCor nor RLJ will release any third party from, or waive any provisions of, any confidentiality or standstill agreement to which it or any of its subsidiaries is a party with respect to any Acquisition Proposal.

Acquisition Proposals; Change in Recommendation

During the Interim Period, neither FelCor nor RLJ will, and will cause each of their respective subsidiaries, and its officers and directors, managers or equivalent not to, and will use its reasonable best efforts to cause any other representatives of itself or its subsidiaries not to, directly or indirectly:

solicit, initiate, knowingly encourage or knowingly facilitate any inquiry, discussion, offer or request that constitutes, or could reasonably be expected to lead to, an Acquisition Proposal (provided that the references in the definition of "Acquisition Proposal" to "twenty percent (20%)" will be deemed to be "five percent (5%)" (an "Inquiry"));

engage in any discussions or negotiations regarding, or furnish to any third party any nonpublic information in connection with, or otherwise cooperate in any way with, or knowingly facilitate

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in any way any effort by, any third party in connection with, any Acquisition Proposal or Inquiry; or

approve or recommend an Acquisition Proposal;

enter into any letter of intent, memorandum of understanding, agreement in principle, acquisition agreement, merger agreement, share purchase agreement, asset purchase agreement, share exchange agreement, option agreement or other similar definitive agreement providing for or relating to an Acquisition Proposal; or propose or agree to do any of the foregoing.

For purposes of the Merger Agreement, "Acquisition Proposal" means, with respect to a party, any proposal or offer, whether in one transaction or a series of related transactions, relating to any of the following:

merger, consolidation, share exchange, business combination or similar transaction involving such party or any of its subsidiaries or any of its subsidiaries;

sale, lease, exchange, mortgage, pledge, license, transfer or other disposition, by merger, consolidation, share exchange, business combination or any similar transaction, of any assets of such party or any of its subsidiaries representing 20% or more of the consolidated assets of such party and its subsidiaries, taken as a whole;

issuance, sale or other disposition by such party or any of its subsidiaries of (including by way of merger, consolidation, share exchange, business combination or any similar transaction) securities (or options, rights or warrants to purchase, or securities convertible into, such securities) representing 20% or more of the votes associated with the outstanding shares of such party;

tender offer or exchange offer in which any person or "group" (as such term is defined under the Exchange Act) will acquire beneficial ownership (as such term is defined in Rule 13d-3 under the Exchange Act), or the right to acquire beneficial ownership, of 20% or more of the votes associated with the outstanding shares of such party;

recapitalization, restructuring, liquidation, dissolution or other similar type of transaction with respect to such party in which a third party will acquire beneficial ownership of 20% or more of the outstanding shares of such party; or

transaction that is similar in form, substance or purpose to any of the foregoing transactions.

For purposes of the Merger Agreement, the term "Superior Proposal" means a written Acquisition Proposal made by a third party (except for purposes of this definition, the references in the definition of Acquisition Proposal to "20%" are replaced with "50%") which such party's board determines in its good faith judgment (after consultation with its legal and financial advisors and after taking into account all financial, legal, regulatory and any other aspects of the transaction described in such proposal as well as any changes to the financial terms of the Merger Agreement proposed by the other party in response to such proposal or otherwise) to be more favorable to such party and its shareholders (solely in their capacity as such) from a financial point of view than the transactions contemplated by the Merger Agreement.

At any time prior to obtaining the FelCor Stockholder Approval and RLJ Shareholder Approval, as applicable, FelCor or RLJ, as applicable, may, in response to an unsolicited bona fide written Acquisition Proposal by a third party received after the date of the Merger Agreement (that did not result from a breach of the Merger Agreement):

furnish non-public information to such third party, and

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engage in discussions or negotiations with such third party with respect to the Acquisition Proposal if, (i) the FelCor Board or the RLJ Board, as the case may be, determines in good faith, after consultation with its financial and legal advisors, that such Acquisition Proposal constitutes, or could reasonably be expected to lead to, a Superior Proposal, and (ii) the FelCor Board or the RLJ Board, as the case may be, determines in good faith, after consultation with legal counsel, that failure to take such action would be reasonably likely to be inconsistent with the duties of its directors or trustees under applicable law; provided, that such Acquisition Proposal was not solicited in violation of the Merger Agreement.

FelCor and RLJ will notify the other party promptly after receipt of any Acquisition Proposal or any request for non-public information relating to such party or any of its subsidiaries by any third party, or any Inquiry (as defined in the Merger Agreement) from any person seeking to have discussions or negotiations with such party relating to a possible Acquisition Proposal. Such notice will be made orally and confirmed in writing, and will indicate the identity of the third party making the Acquisition Proposal or Inquiry and the material terms and conditions of any Inquiries, proposals or offers. FelCor and RLJ will also promptly notify the other, orally and in writing, if it enters into discussions or negotiations concerning any Acquisition Proposal or provides non-public information or data to any person and keep the other party informed of the status and terms of any such proposals, offers, discussions or negotiations on a current basis, including by providing a copy of all material documentation or correspondence relating thereto.

Neither the FelCor Board nor the RLJ Board nor any committee thereof, will:

withhold, withdraw, qualify or modify, in a manner adverse to FelCor, on the one hand, or RLJ on the other hand, the FelCor Board's recommendation that the FelCor common stockholders vote in favor of the REIT Merger (the "FelCor Recommendation") or the RLJ Board's recommendation that the RLJ shareholders vote in favor of the RLJ Share Issuance Proposal (the "RLJ Recommendation"), as the case may be;

approve, adopt or recommend (or publicly propose to approve, adopt or recommend) any Acquisition Proposal;

fail to include the FelCor Recommendation or the RLJ Recommendation, as the case may be, in the joint proxy statement or any Schedule 14D-9, as applicable;

fail to publicly recommend against any Acquisition Proposal within 10 business days of the request of the other party, and reaffirm the FelCor Recommendation or the RLJ Recommendation, as applicable, within 10 business days of the request of the other party (any of the actions described in the first, second, or third bullet above this fourth bullet an "Adverse Recommendation Change"); or

approve, adopt, declare advisable or recommend (or agree to, resolve or propose to approve, adopt, declare advisable or recommend), or cause or permit FelCor or RLJ, as applicable, to enter into any Alternative Acquisition Agreement.

At any time prior to obtaining the FelCor Stockholder Approval, the FelCor Board will be permitted to, and at any time prior to obtaining the RLJ Shareholder Approval, the RLJ Board will be permitted to:

terminate the Merger Agreement to enter into a definitive agreement, including an Alternative Acquisition Agreement, with respect to a Superior Proposal, if such board (i) has received an Acquisition Proposal that, in the good faith determination of such board, after consultation with its financial and legal advisors, constitutes, a Superior Proposal, after having complied with, and giving effect to all of the adjustments which may be offered by the other party, and (ii) determines in good faith, after consultation with its financial and legal advisors, that failure

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to take such action would be inconsistent with the directors' or trustees' duties, as applicable, under applicable law; or

effect an Adverse Recommendation Change if, after the date of the Merger Agreement FelCor or RLJ, as applicable, receives an unsolicited bona fide written Acquisition Proposal by a third party and that such board determines in good faith, after consultation with its financial and legal advisors, that such Acquisition Proposal constitutes, or could reasonably be expected to lead to, a Superior Proposal, and such board determines in good faith, after consultation with its financial and legal advisors, that failure to take such action would be inconsistent with the directors' or trustees' duties, as applicable, duties under applicable law.

Except in connection with an Acquisition Proposal, neither the FelCor Board nor the RLJ Board will be entitled to terminate the Merger Agreement or effect an Adverse Recommendation Change unless:

FelCor or RLJ, as the case may be, has provided written notice (a "Notice of Superior Proposal") to the other party that it intends to take such action and describes the material terms and conditions of, and attaches a complete copy of, the Superior Proposal that is the basis of such action, and identifies the third party making such Superior Proposal;

following receipt of the Notice of Superior Proposal, as the case may be, the other party will, negotiate with the receiving party in good faith to make such adjustments in the terms and conditions of the Merger Agreement so that such Superior Proposal ceases to constitute a Superior Proposal; and

following the end of the five business day period, the FelCor Board or the RLJ Board, as the case may be, will have determined in good faith, after consultation with its financial and legal advisors, that the Superior Proposal giving rise to the Notice of Superior Proposal continues to constitute a Superior Proposal.

Shareholder Meetings

Under the Merger Agreement, each of RLJ and FelCor are required to prepare and cause to be filed with the SEC this joint proxy statement/prospectus, and as promptly as practicable after the Form S-4 is declared effective by the SEC, each of RLJ and FelCor must use its reasonable best efforts to cause this joint proxy statement/prospectus to be mailed to its shareholders or stockholders, as applicable, as promptly as practicable after the Form S-4 is declared effective by the SEC. Each party is also required to, as promptly as reasonably practicable following the date of the Merger Agreement, establish a record date for, duly call, give notice of, convene and hold a meeting of its stockholders or shareholders, as applicable, for the purpose of seeking FelCor Stockholder Approval and RLJ Shareholder Approval. Each board will use its reasonable best efforts to obtain such approvals, except to the extent that such board will have made an Adverse Recommendation Change.

Shareholder Votes

FelCor Stockholder Approval is required to effect the REIT Merger. RLJ Shareholder Approval is required to issue the RLJ Common Shares to the FelCor common stockholders in connection with the REIT Merger.

Directors' and Officers' Indemnification and Insurance

The Merger Agreement provides that, from and after the effective time of the Mergers, RLJ will indemnify all present and former directors, officers, employees, partners, members, and trustees of FelCor and its subsidiaries to the extent a claim, action, suit, proceeding or investigation arises out of or pertains to (i) any action or omission or alleged action or omission in such person's capacity as a

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director, officer, partner, member, trustee or employee of FelCor or any of its subsidiaries or (ii) the Merger Agreement or transactions contemplated thereby.

In addition, FelCor or the surviving entity of the REIT Merger will obtain and maintain for a period of six years from and after the effective time of the REIT Merger "run-off" or "tail" director and officer liability coverage for the benefit of the directors and officers of FelCor and its subsidiaries, without reduction of existing coverage under, and having terms not less favorable to the insured persons, than the director and officer liability insurance coverage presently maintained by FelCor.

Further, all rights to exculpation and indemnification existing in favor of the present and former directors, officers, employees, partners, members, and trustees of FelCor and its subsidiaries in the organizational documents of such entities or in any indemnification agreement with FelCor or a FelCor subsidiary will survive the Mergers and remain in full force and effect.

Certain Other Covenants

The Merger Agreement contains certain other covenants of FelCor and RLJ relating to, among other things:

affording each party reasonable access to the other parties' respective properties, offices, books, contracts, commitments, personnel and records during the Interim Period;

consultation regarding any press releases or other public statements with respect to the Mergers or the other transactions contemplated by the Merger Agreement;

certain employee benefit matters;

the preparation, execution and filing of returns, questionnaires or other documents regarding transfer taxes;

FelCor's cooperation with RLJ's third party debt financing or public offering;

FelCor LP's reasonable best efforts, if requested by RLJ and as soon as reasonably practicable after the date of the Merger Agreement, to commence a consent solicitation with respect to any or all of FelCor LP's outstanding senior notes; and

the opportunity for FelCor to participate in the defense or settlement of any shareholder litigation against RLJ or their respective directors relating to the Mergers and the other transactions contemplated by the Merger Agreement.

Conditions to Complete the Mergers

The obligations of each of party to effect the Mergers and consummate the other transaction contemplated by the Merger Agreement are subject to the satisfaction or waiver (to the extent permitted by law) of the following conditions:

each of the RLJ Shareholder Approval and the FelCor Stockholder Approval having been obtained;

no governmental authority in the United States will have enacted, issued, promulgated, enforced or entered any law or order (whether temporary, preliminary or permanent) which is then in effect and has the effect of making either of the Mergers illegal or otherwise preventing or prohibiting consummation of either of the Mergers;

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the registration statement on Form S-4 will have become effective under the Securities Act, and no stop order suspending the effectiveness of the Form S-4 will have been issued and no proceedings for that purpose will have been initiated or be threatened by the SEC that has not been withdrawn; and

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the approval for listing on the NYSE of the RLJ Common Shares to be issued in the REIT Merger.

The obligations of RLJ, the Operating Partnership, REIT Merger Sub and Partnership Merger Sub to complete the Mergers and the other transactions contemplated by the Merger Agreement are further subject to the satisfaction or waiver of the following conditions:

each of (i) the representations and warranties of FelCor and FelCor LP regarding organization, qualification, capital structure, authority, opinion of financial advisor, the vote required to approve the REIT Merger and no brokers as set forth in the Merger Agreement, must be true and correct in all material respects as of the date of the Merger Agreement and as of the effective time of the Partnership Merger, as though made on and as such effective time; and (ii) the other representations and warranties of FelCor and FelCor LP set forth in the Merger Agreement must be true and correct as of the effective time of the Partnership Merger, as though made on and as of such effective time, except (x) that the accuracy of such representations and warranties that by their terms speak as of the date of the Merger Agreement or some other date will be determined as of such date and not as of the Closing date, and (y) where any such failure of the representations and warranties to be true and correct would not, individually or in the aggregate, have a material adverse effect on FelCor or FelCor LP (without giving effect to any "materiality" or "material adverse effect" qualifications contained therein);

FelCor having performed in all material respects all agreements and covenants required to be performed by it under the Merger Agreement on or prior to the Closing date;

FelCor shall have delivered to RLJ an officer's certificate, as of the Closing date, certifying to the effect that the conditions in the foregoing two bullets have been satisfied;

absence of any event, circumstance or occurrence arising after the date of the Merger Agreement that, individually or in the aggregate, constitutes or would reasonably be expected to result in a material adverse effect on FelCor or FelCor LP; and

RLJ having received opinions, each dated as of the REIT Merger effective time, from Polsinelli PC (or other counsel reasonably acceptable to RLJ) with respect to the qualification of FelCor as a REIT under the Code and from Hogan Lovells US LLP with respect to RLJ continuing to qualify as a REIT for the year that includes the effective time of the REIT Merger.

The obligations of FelCor and FelCor LP to complete the Mergers and the other transactions contemplated by the Merger Agreement are further subject to the satisfaction or waiver of the following conditions:

each of (i) the representations and warranties of RLJ, the Operating Partnership, Partnership Merger Sub and REIT Merger Sub regarding organization, qualification, capitalization, authority and enforceability and no brokers, as set forth in the Merger Agreement must be true and correct in all material respects as of the date of the Merger Agreement and as of the effective time of the Partnership Merger, as though made on and as such effective time; and (ii) the other representations and warranties of RLJ, the Operating Partnership, Partnership Merger Sub and REIT Merger Sub set forth in the Merger Agreement must be true and correct as of the effective time of the Partnership Merger, as though made on and as of such effective time, except (x) that the accuracy of such representations and warranties that by their terms speak as of the date of the Merger Agreement or some other date will be determined as of such date and not as of the Closing date, and (y) where any such failure of the representations and warranties to be true and correct would not, individually or in the aggregate, have a material adverse effect on RLJ, the Operating Partnership, Partnership Merger Sub and REIT Merger Sub (without giving effect to any "materiality" or "material adverse effect" qualifications contained therein);

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RLJ, the Operating Partnership, Partnership Merger Sub and REIT Merger Sub having performed in all material respects all agreements and covenants required to be performed by it under the Merger Agreement on or prior to the Closing date;

RLJ shall have delivered to FelCor an officer's certificate, as of the Closing date, certifying to the effect that the conditions in the foregoing two bullets have been satisfied;

absence of any event, circumstance or occurrence arising after the date of the Merger Agreement that, individually or in the aggregate, constitutes or would reasonably be expected to result in a material adverse effect on RLJ, the Operating Partnership, Partnership Merger Sub or REIT Merger Sub; and

FelCor having received an opinion, dated as of the REIT Merger effective time, from Hogan Lovells US LLP (or other counsel reasonably acceptable to FelCor) with respect to the qualification of RLJ as a REIT under the Code.

Termination of the Merger Agreement

Termination by Mutual Agreement

RLJ and FelCor may agree by mutual written consent to terminate the Merger Agreement and to abandon the Mergers and the other transactions contemplated thereby prior to the effective time of the Mergers.

Termination by Either RLJ or FelCor

In addition, either RLJ or FelCor may terminate the Merger Agreement and abandon the Mergers and the other transactions contemplated by the Merger Agreement:

if the Mergers have not been consummated before the Outside Date, provided that a party may not terminate the Merger Agreement as described in this bullet, if the failure of such party to perform any of its obligations under the Merger Agreement has been a principal cause of, or resulted in, the failure of the Mergers to be consummated on or before such date;

if any judgment, injunction, order, decree, ruling or action by any governmental authority of competent jurisdiction permanently restraining, enjoining or otherwise prohibiting the transactions contemplated by the Merger Agreement becomes final and nonappealable, provided that a party may not terminate the Merger Agreement as described in this bullet if the issuance of such nonappealable order was primarily due to the failure of such party to perform any of its obligations under the Merger Agreement; or

if the FelCor Stockholder Approval or the RLJ Shareholder Approval has not been obtained at a duly held FelCor stockholder meeting or RLJ shareholder meeting, as applicable, or at any adjournment or postponement thereof at which the Merger Agreement and the transactions contemplated thereby have been voted upon, provided, however, that the right to terminate the Merger Agreement pursuant to this bullet will not be available to a party if the failure to obtain such party's respective approval was primarily due to such party's failure to perform any of its obligations under the Merger Agreement.

Termination by FelCor

FelCor may also terminate the Merger Agreement:

if RLJ, REIT Merger Sub or Partnership Merger Sub has breached or failed to perform in any material respect any of its representations, warranties, covenants or other agreements set forth in the Merger Agreement, which breach or failure to perform would, or would reasonably be

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expected to, result in a failure of FelCor's obligation to complete the Mergers as described above under the "Conditions to Complete the Mergers" section and cannot be cured on or before the Outside Date or, if curable, is not cured within 60 days of receipt by RLJ of written notice of such breach or failure, provided that FelCor may not terminate as described in this bullet if FelCor or FelCor LP are then in breach of any of their respective representations, warranties, covenants or agreements set forth in the Merger Agreement such that the conditions to RLJ's obligation to complete the Mergers as described above under the "Conditions to Complete the Mergers" section would not be satisfied;

if, prior to the receipt of FelCor Stockholder Approval, the FelCor Board has determined to enter into an Alternative Acquisition Agreement with respect to a Superior Proposal to the extent permitted by the Merger Agreement, and FelCor pays RLJ the termination fee of \$39 million and enters into the Alternative Acquisition Agreement with respect to such Superior Proposal; or

if the RLJ Board has made an Adverse Recommendation Change, or RLJ enters into an Alternative Acquisition Agreement.

Termination by RLJ

RLJ may also terminate the Merger Agreement:

if FelCor has breached or failed to perform in any material respect any of its representations, warranties, covenants or other agreements set forth in the Merger Agreement, which breach or failure to perform would, or would reasonably be expected to, result in a failure of RLJ's obligation to complete the Mergers described above under the "Conditions to Complete the Mergers" section and cannot be cured on or before the Outside Date or, if curable, is not cured within 60 days of receipt by FelCor of written notice of such breach or failure, provided that RLJ may not terminate as described in this bullet if RLJ, REIT Merger Sub or Partnership Merger Sub are then in breach of any of their respective representations, warranties, covenants or agreements set forth in the Merger Agreement such that the conditions to FelCor's obligation to complete the merger described above under the "Conditions to Complete the Mergers" section would not be satisfied;

if, prior to the receipt of RLJ Shareholder Approval in connection with the REIT Merger, the RLJ Board has determined to enter into an Alternative Acquisition Agreement with respect to a Superior Proposal to the extent permitted by the Merger Agreement, and RLJ pays FelCor the termination fee of \$95 million and enters into the Alternative Acquisition Agreement with respect to such Superior Proposal; or

if, the FelCor Board will have made an Adverse Recommendation Change, or FelCor enters into an Alternative Acquisition Agreement.

Termination Fees and Expenses

Except as agreed in writing by the parties or as described below, all out-of-pocket costs and expenses incurred in connection with the Merger Agreement and the transactions contemplated by the Merger Agreement will be paid by the party incurring the cost or expense whether or not the Mergers close.

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Termination Fee and Expense Amount Payable by FelCor

FelCor has agreed to pay to RLJ a \$39 million termination fee, if:

the Merger Agreement is terminated by FelCor due to the FelCor Board's determination to enter into an Alternative Acquisition Agreement with respect to a Superior Proposal to the extent permitted by the Merger Agreement and FelCor enters into the Alternative Acquisition Agreement with respect to such Superior Proposal;

either FelCor or RLJ terminates the Merger Agreement due to the failure of (i) the Partnership Merger to have occurred prior to the Outside Date as a result of the failure to obtain the FelCor Stockholder Approval or (ii) the FelCor common stockholders to approve the REIT Merger, and in either case, FelCor (a) receives or has received an Acquisition Proposal, which proposal has been publicly announced and has not been withdrawn either (I) at or prior to the time of the FelCor stockholder meeting or (II) otherwise prior to the termination of the Merger Agreement, and (b) within 12 months after the termination of the Merger Agreement, consummates a transaction regarding, or executes an Alternative Acquisition Agreement which is later consummated with respect to, any Acquisition Proposal;

RLJ terminates the Merger Agreement due to FelCor's breach or failure to perform in any material respect any of its representations, warranties, covenants or other agreements in accordance with the first bullet above in "Termination by RLJ," and FelCor (i) receives or has received an Acquisition Proposal, which proposal has been publicly announced and has not been withdrawn prior to the termination of the Merger Agreement, and (ii) within twelve months after the termination of the Merger Agreement, consummates a transaction regarding, or executes a definitive agreement which is later consummated with respect to, any Acquisition Proposal.

RLJ terminates the Merger Agreement due to the FelCor Board's Adverse Recommendation Change;

RLJ or FelCor terminates the Merger Agreement due to the failure to obtain the FelCor Stockholder Approval following the FelCor Board's Adverse Recommendation Change; or

RLJ terminates the Merger Agreement due to FelCor entering into an Alternative Acquisition Agreement.

FelCor will pay to RLJ a \$20 million expense amount if (i) either RLJ or FelCor terminates the Merger Agreement due to the failure to obtain the FelCor Stockholder Approval or (ii) RLJ terminates the Merger Agreement due to FelCor's breach or failure to perform in any material respect any of its representations, warranties, covenants or other agreements in accordance with the first bullet above in "Termination by RLJ." Payment of the \$20 million expense amount, if required, will be credited toward the amount due under any subsequent obligation to pay the termination fee.

Termination Fee and Expenses Payable by RLJ

RLJ has agreed to pay to FelCor a \$95 million termination fee, if:

the Merger Agreement is terminated by RLJ due to the RLJ Board's determination to enter into an Alternative Acquisition Agreement with respect to a Superior Proposal to the extent permitted by the Merger Agreement and RLJ enters into the Alternative Acquisition Agreement with respect to such Superior Proposal;

either RLJ or FelCor terminates the Merger Agreement due to the failure of (i) the Partnership Merger to have occurred prior to the Outside Date as a result of the failure to obtain the RLJ Shareholder Approval or (ii) the RLJ shareholders to approve the RLJ Share Issuance, and in

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either case, RLJ (a) receives or has received an Acquisition Proposal, which proposal has been publicly announced and has not been withdrawn either (I) at or prior to the time of the RLJ shareholder meeting or (II) otherwise prior to the termination of the Merger Agreement, and (b) within 12 months after the termination of the Merger Agreement, consummates a transaction regarding, or executes an Alternative Acquisition Agreement which is later consummated with respect to, any Acquisition Proposal;

FelCor terminates the Merger Agreement due to a breach or failure to perform, in any material respect, by RLJ, REIT Merger Sub or Partnership Merger Sub, of its representations, warranties, covenants or other agreements in accordance with the first bullet above in "Termination by FelCor," and RLJ (i) receives or has received an Acquisition Proposal, which proposal has been publicly announced and has not been withdrawn prior to the termination of the Merger Agreement, and (ii) within 12 months after the termination of the Merger Agreement, consummates a transaction regarding, or executes a definitive agreement which is later consummated with respect to, any Acquisition Proposal.

FelCor terminates the Merger Agreement due to the RLJ Board's Adverse Recommendation Change;

RLJ or FelCor terminates the Merger Agreement due to the failure to obtain the RLJ Shareholder Approval following the RLJ Board's Adverse Recommendation Change; or

FelCor terminates the Merger Agreement due to RLJ entering into an Alternative Acquisition Agreement.

RLJ will pay to FelCor a \$20 million expense amount if (i) either FelCor or RLJ terminates the Merger Agreement due to the failure of the RLJ shareholders to approve the RLJ Share Issuance or (ii) FelCor terminates the Merger Agreement due to a breach or failure to perform, in any material respect, by RLJ, REIT Merger Sub or Partnership Merger Sub, of its representations, warranties, covenants or other agreements in accordance with the first bullet above in "Termination by FelCor." Payment of the \$20 million expense amount, if required, will be credited toward the amount due under any subsequent obligation to pay the termination fee.

Amendment and Waiver

The Merger Agreement may be amended in writing by the parties to the Merger Agreement at any time before or after the FelCor Stockholder Approval and prior to the effective time of the REIT Merger. After the FelCor Stockholder Approval is obtained, no such amendment, modification or supplement will (i) change the amount or form of consideration to be delivered to the FelCor stockholders, (ii) require further FelCor common stockholder approval, or (iii) not be permitted under applicable law.

At any time prior to the effective time of the REIT Merger, any party to the Merger Agreement may waive the other party's compliance with certain provisions of the Merger Agreement.

Specific Performance

Each of the parties to the Merger Agreement will be entitled to seek an injunction or injunctions to prevent breaches of the Merger Agreement and to enforce specifically the terms and provisions of the Merger Agreement in addition to any and all other remedies at law or in equity to which each is entitled.

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THE VOTING AGREEMENTS

On April 23, 2017, RLJ entered into a voting agreement with each of the FelCor Executives. Collectively, the FelCor Executives beneficially own approximately 1.0% of the outstanding shares of FelCor Common Stock.

On April 23, 2017, FelCor entered into a voting agreement with each of the RLJ Executives. Collectively, the RLJ Executives beneficially own approximately 1.4% of the outstanding shares of RLJ Common Shares.

Each of the FelCor Executives and the RLJ Executives, (collectively, the "Executives") has executed the respective voting agreement solely in his or her capacity as an RLJ shareholder or a FelCor common stockholder, as applicable, and not in his or her capacity as a director, trustee, officer or fiduciary of either company. Without limiting the foregoing, nothing in the voting agreements will restrict, limit or affect (or require the Executives to attempt to restrict, limit or affect) in any respect any actions taken by the Executives or each of his or her designees or representatives who are a director, trustee, officer or fiduciary of either company in his or her capacity as a director, trustee, officer.

The following is a summary of the material terms of the voting agreements. This summary does not purport to be complete and may not contain all of the information about the voting agreements that is important to you. The summary of the material terms of the voting agreements below and elsewhere in this joint proxy statement/prospectus is qualified in its entirety by reference to the voting agreements, a form of which is attached as an annex to this joint proxy statement/prospectus and incorporated by reference herein.

Agreement to Vote

Each Executive has agreed that, during the period from the date of the Merger Agreement through the earliest to occur of (i) the requisite approvals of the REIT Merger Proposal, at the FelCor special meeting, and the RLJ Share Issuance Proposal, at the RLJ special meeting, have been obtained, as applicable, (ii) the date on which the Merger Agreement is terminated according to its terms or (iii) the termination of the applicable voting agreement by written mutual consent (the "Expiration Time"), such Executive will:

at every meeting of the RLJ shareholders or FelCor stockholders, as applicable, called with respect to any of the following matters, and at every adjournment or postponement thereof, and on every action or approval by written consent of the RLJ shareholders or FelCor stockholders, as applicable, with respect to any of the following matters, the RLJ shareholders or FelCor stockholders, as applicable, will cause the holder of record on any applicable record date to (including via proxy), vote 100% of such Executive's RLJ Common Shares or FelCor Common Stock, as applicable:

(i) in favor of the RLJ Share Issuance Proposal or the REIT Merger Proposal, as applicable; and

(ii) against (a) any Acquisition Proposal for RLJ or FelCor, as applicable, (b) any action or agreement that would reasonably be expected to result in any condition to the consummation of the Mergers as set forth in the Merger Agreement not being fulfilled, and (c) any action which could reasonably be expected to impede, interfere with, materially delay, materially postpone or materially adversely affect consummation of the transactions contemplated by the Merger Agreement.

on every action or approval by written consent of the partners of the Operating Partnership or FelCor LP, as applicable, with respect to any of the following matters, and at every meeting of

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the partners of the Operating Partnership or FelCor LP, as applicable, called with respect to any of the following matters, and at every adjournment or postponement thereof, the RLJ shareholder or FelCor stockholder will, or will cause the holder of record on any applicable record date to (including via proxy), vote the Operating Partnership Common Units or the FelCor LP Common Units (together, with the RLJ Common Shares and FelCor Common Stock, the "subject securities"), as applicable:

(i) in favor of the Partnership Merger; and

(ii) in favor of any amendment to the applicable partnership agreement proposed to facilitate the Partnership Merger or the other transactions contemplated by the Merger Agreement; and

(iii) against (a) any action or agreement that would reasonably be expected to result in any condition to the consummation of the Mergers as set forth in the Merger Agreement not being fulfilled, and (b) any action which could reasonably be expected to impede, interfere with, materially delay, materially postpone or materially adversely affect consummation of the transactions contemplated by the Merger Agreement.

In addition, each Executive has also appointed each of RLJ and FelCor, as applicable, during the period from the date of the Merger Agreement through the Expiration Time as his or her attorney-in-fact and irrevocable proxy, with full power of substitution and resubstitution, to the fullest extent of the Executive's rights with respect to the subject securities, to vote the subject securities solely with respect to the matters set forth in the first and second primary bullets above; provided, however, that such irrevocable proxy is effective only if the Executive fails to be counted as present, to consent or to vote the subject securities.

Transfer Restrictions

The Executives have agreed to certain restrictions on the transfer of the subject shares. Each Executive has agreed that, during the period from the date of the Merger Agreement through the Expiration Time, he or she will not, directly or indirectly:

transfer any subject securities; or

deposit any subject securities into a voting trust or enter into a voting agreement or arrangement with respect to such subject securities or grant any proxy or power of attorney with respect thereto;

Notwithstanding the transfer restrictions describe above, nothing in the voting agreements will prevent:

the transfer of any subject securities in accordance with applicable law; or

subject to the Executive remaining in compliance with the voting agreement, the transfer of subject securities to (x) an affiliate of the Executive or (y) to any member of the Executive's immediately family or to a trust for the benefit of the Executive or any member of the Executive's immediately family, so long as such affiliate or other permitted transferee, in connection with such transfer, executes a joinder to the voting agreement.

Termination

Each voting agreement will terminate and have no further force or effect immediately following the Expiration Time.

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MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES

I. Material United States Federal Income Tax Consequences the Mergers

The following is a summary of the material United States federal income tax consequences of the Mergers to holders of FelCor Common Stock whose shares of FelCor Common Stock are surrendered in the Mergers in exchange for the merger consideration pursuant to the Merger Agreement and who hold their stock as a capital asset within the meaning of Section 1221 of the Code. The summary is based on the Code, Treasury regulations issued under the Code, and administrative and judicial interpretations thereof, each as in effect as of the date of this joint proxy statement/prospectus, all of which are subject to change at any time, possibly with retroactive effect. We have not requested, and do not plan to request, any rulings from the Internal Revenue Service ("IRS") relating to this transaction concerning our tax treatment or the federal income tax consequences of the merger, and the statements in this proxy are not binding on the IRS or any court. As a result, neither RLJ nor FelCor can assure you that the IRS would not assert, or that a court would not sustain, a position contrary to any of the tax consequences set forth below.

For purposes of this discussion, the term "U.S. shareholder" means a beneficial owner of FelCor Common Stock that is, for United States federal income tax purposes:

a citizen or resident of the United States;

a corporation (or other entity taxable as a corporation for U.S. federal income tax purposes) created or organized under the laws of the United States or any of its political subdivisions;

a trust that (i) is subject to the supervision of a court within the United States and the control of one or more United States persons or (ii) has a valid election in effect under applicable United States Treasury regulations to be treated as a United States person; or

an estate that is subject to United States federal income tax on its income regardless of its source.

For purposes of this discussion, a "non-U.S. shareholder" means a beneficial owner of FelCor Common Stock that is, for United States federal income tax purposes, an individual, corporation, estate or trust and is not a U.S. shareholder as described above.

This summary does not describe all of the tax consequences of the Mergers that may be applicable to holders of FelCor Common Stock who are subject to special treatment under United States federal income tax law (including, for example, financial institutions, dealers in securities, insurance companies or tax-exempt entities, shareholders who acquired FelCor Common Stock pursuant to the exercise of an employee stock option or right or otherwise as compensation, partnerships or other pass-through entities (and persons holding FelCor Common Stock through a partnership or other pass-through entity), broker-dealers, regulated investment companies, REITs, certain expatriates, United States persons that have a functional currency other than the United States dollar, persons subject to the alternative minimum tax, persons subject to the Medicare contribution tax on net investment income, and shareholders who hold FelCor Common Stock as part of a hedge, straddle, conversion, constructive sale or other integrated transaction). In addition, this discussion does not describe the tax consequences of the Mergers that may be applicable to a non-U.S. shareholder who:

has held more than 10% of FelCor Common Stock at any time during the five-year period ending on the date of the date of the Mergers; or

is a "qualified shareholder" as defined in Section 897(k)(3)(A) of the Code for purposes of the Foreign Investment Real Property Tax Act of 1980 ("FIRPTA"), which describes certain partnerships and other collective investment vehicles that satisfy various recordkeeping, administrative and other requirements.

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Except to the extent specifically discussed below, this summary does not address the tax consequences of any transaction other than the Mergers. Also, this summary does not address United States federal income tax considerations applicable to holders of options or warrants to purchase FelCor Common Stock, holders of debt instruments convertible into FelCor Common Stock or holders of FelCor Series A Preferred Stock. In addition, no information is provided with respect to the tax consequences of the Mergers under applicable state, local or non-United States laws or United States federal tax laws other than federal income tax laws.

If a partnership holds RLJ Common Shares or FelCor Common Stock, the tax treatment of a partner will generally depend on the status of the partners and the activities of the partnership. If a shareholder or stockholder is a partner in a partnership holding RLJ Common Shares or FelCor Common Stock, the shareholder or stockholder, as applicable, should consult its tax advisors.

This summary of United States federal income tax consequences is for general information purposes only and is not intended to constitute a complete description of all tax consequences relating to the Mergers. We urge you to consult with your tax advisor regarding the applicability to you of the rules discussed above and the particular tax effects to you of the Mergers, including the application of state, local and foreign tax laws.

Consequences to FelCor of the Mergers

For U.S. federal income tax purposes, RLJ and FelCor will treat the Mergers as if FelCor had sold all of its assets to REIT Merger Sub in exchange for the RLJ Common Shares, RLJ Series A Preferred Shares, cash and the assumption of FelCor's liabilities in a fully taxable transaction and then made a liquidating distribution of the RLJ Common Shares to the FelCor common stockholders in exchange for the outstanding FelCor Common Stock. As a REIT, FelCor is generally entitled to receive a deduction for liquidating distributions, and it anticipates that its deemed liquidating distribution together with its net operating loss carry-forwards will exceed its taxable income recognized as a result of the Mergers (together with any other undistributed taxable income recognized in the taxable year of the Mergers). Accordingly, FelCor anticipates that it will not be subject to United States federal income tax on any gain recognized in connection with the Mergers and the other transactions contemplated by the Merger Agreement.

Consequences of the Mergers to U.S. Shareholders

General. For FelCor common stockholders, the Mergers will be treated as a taxable sale for U.S. federal income tax purposes by you of your FelCor Common Stock in exchange for the merger consideration. As a result, U.S. shareholders will recognize gain or loss equal to the difference, if any, between the fair market value of RLJ Common Shares plus the amount of any cash received in the REIT Merger for fractional shares and the shareholder's adjusted tax basis in the FelCor Common Stock exchanged. Because the REIT Merger consideration to be given to holders of FelCor Common Stock consists solely of RLJ Common Shares (other than cash received in the REIT Merger for fractional shares), holders of FelCor Common Stock may need to sell shares of RLJ Common Shares received in the REIT Merger, or raise cash from other sources, to pay any tax obligations resulting from the REIT Merger.

Generally, any gain or loss recognized should be capital gain or loss and will constitute long-term capital gain or loss if you have held the FelCor Common Stock for more than one year as of the effective time of the merger. An individual U.S. shareholder will be subject to tax on net capital gain at a maximum U.S. federal income tax rate of 20%. Capital gains of corporate U.S. shareholders generally are taxable at the regular tax rates applicable to corporations. The deductibility of a capital loss recognized in the exchange is subject to limitation. If you hold blocks of shares of FelCor Common

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Stock which were acquired separately at different times or prices, you must separately calculate your gain or loss for each block of shares.

Special Rule for U.S. Shareholders Who Have Held Shares Less than Six Months. A U.S. shareholder who has held FelCor Common Stock for less than six months at the effective time of the Mergers, taking into account certain holding period rules, and who recognizes a loss on the exchange of shares of FelCor Common Stock for RLJ Common Shares in the Mergers, will be treated as recognizing a long-term capital loss to the extent of any capital gain dividends received from FelCor, or such holder's share of any designated retained capital gains, with respect to those shares.

Consequences of the Mergers to Non-U.S. Shareholders

General. A non-U.S. shareholder's gain or loss from the Mergers will be determined in the same manner as that of a U.S. shareholder. Subject to the discussion of backup withholding described below, a non-U.S. shareholder generally will not be subject to U.S. federal income tax on the merger consideration received unless: (1) such non-U.S. shareholder's shares of FelCor Common Stock are treated as being effectively connected with its U.S. trade or business (and, if a tax treaty applies, is attributable to a U.S. permanent establishment by the non-U.S. shareholder); or (2) such non-U.S. shareholder is a nonresident alien individual who is present in the United States for 183 days or more during the calendar year and certain other conditions are met; (3) such non-U.S. shareholder held more than 10% of FelCor Common Stock at any time during the five-year period ending on the date of the date of the Mergers; or (4) such non-U.S. shareholder is a "qualified shareholder" as defined in Section 897(k)(3)(A) of the Code.

A non-U.S. shareholder whose gain is effectively connected with the conduct of trade or business in the United States will be subject to United States federal income tax on such gain on a net basis in the same manner as a U.S. shareholder. In addition, a non-U.S. shareholder that is a corporation may be subject to the 30% branch profits tax (or lower applicable treaty rate) on such effectively connected gain.

If the non-U.S. shareholder is an individual who has been present in the U.S. for 183 days or more during the taxable year of disposition and certain other conditions are satisfied, that shareholder will be subject to a 30% tax on the shareholder's capital gains, which may be offset by U.S.-source capital losses. In addition, the non-U.S. shareholder may be subject to applicable alternative minimum taxes.

A non-U.S. shareholder who has held more than 10% of FelCor Common Stock at any time during the five-year period ending on the date of the date of the Mergers or a non-U.S. shareholder who is a "qualified shareholder" as defined in Section 897(k)(3)(A) of the Code should consult its own tax advisors concerning the tax consequences of the receipt of the merger consideration.

Information Reporting and Backup Withholding

Information reporting and backup withholding may apply to payments made in connection with the Mergers. Backup withholding will not apply, however, to a shareholder who (a) in the case of a U.S. shareholder, furnishes a correct taxpayer identification number and certifies that it is not subject to backup withholding on the substitute IRS Form W-9 or successor form, (b) in the case of a non-U.S. shareholder, furnishes an applicable IRS Form W-8 or successor form, or (c) is otherwise exempt from backup withholding and complies with other applicable rules and certification requirements.

Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against such shareholder's United States federal income tax liability provided the required information is timely furnished to the IRS.

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Additional Withholding Tax on Payments Made to Foreign Accounts

Withholding taxes may be imposed under Sections 1471 through 1474 of the Code (such Sections commonly referred to as FATCA) on certain types of payments made to non-U.S. financial institutions and certain other non-U.S. entities. The application of FATCA to the payment of the merger consideration made to a non-U.S. shareholder with respect to shares of FelCor Common Stock pursuant to the REIT Merger is not entirely clear. We urge you to consult your tax advisor regarding FATCA and the application of these rules to such payment.

The foregoing discussion of United States federal income tax consequences is for general information purposes only and is not intended to constitute a complete description of all tax consequences relating to the Mergers. Tax matters are very complicated, and the tax consequences of the Mergers to you will depend upon the facts of your particular situation. Because individual circumstances may differ, we urge you to consult with your tax advisor regarding the applicability to you of the rules discussed above and the particular tax effects to you of the Mergers, including the application of state, local and foreign tax laws.

II. Material United States Federal Income Tax Consequences the Combined Company

The following is a summary of the material U.S. federal income tax consequences and other material tax considerations relating to our company and to the holders of our common shares, or "shares." The discussion set forth herein is not intended to be, and should not be construed as, tax advice. As used in this section, references to the terms "company," "we," "our," and "us" mean only RLJ, and not its subsidiaries or other lower-tier entities, except as otherwise indicated. We have not sought and will not seek an advance ruling from the IRS regarding any matter discussed in this section. This discussion is based upon the Code, the Treasury regulations, rulings and other administrative interpretations and practices of the IRS (including administrative interpretations and practices expressed in private letter rulings which are binding on the IRS only with respect to the particular taxpayers who requested and received those rulings), and judicial decisions, all as currently in effect, and all of which are subject to differing interpretations or to change, possibly with retroactive effect. No assurance can be given that the IRS would not assert, or that a court would not sustain, a position contrary to any of the tax consequences described below. This discussion also is based upon the assumption that we will operate our company and its subsidiaries and affiliated entities in accordance with their applicable organizational documents and in the manner that we have represented. This discussion does not address the actual material federal income tax consequences of the ownership and disposition of our shares to any particular holder, which depend on that shareholder's particular tax circumstances. In addition, this discussion does not discuss any state, local or non-U.S. tax consequences, or any tax consequences arising under any federal tax other than the income tax, associated with the ownership or disposition of our shares or our election to be taxed as a REIT.

The U.S. federal income tax treatment of holders of our shares depends in some instances on determinations of fact and interpretations of complex provisions of U.S. federal income tax law for which no clear precedent or authority may be available. You are urged to consult your tax advisor regarding the tax consequences to you of:

the acquisition, ownership and disposition of our shares, including the federal, state, local, and foreign income and other tax consequences;

our election to be taxed as a REIT for federal income tax purposes; and

potential changes in applicable tax laws.

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Federal Income Taxation of the Company as a REIT

General

We are a self-advised and self-administered Maryland REIT that acquires primarily premium-branded, focused-service and compact full-service hotels. Substantially all of our assets are held by, and all of our operations are conducted through, the Operating Partnership. We are the sole general partner of the Operating Partnership. As of March 31, 2017, we owned, through a combination of direct and indirect interests, 99.6% of the OP units in the Operating Partnership. We made an election to be treated as a REIT, effective for our taxable year that ended December 31, 2011. We believe that we have been organized and have operated in a manner that has permitted us to qualify for taxation as a REIT from the effective date of our REIT election. We own, through the Operating Partnership, 100% of the outstanding common stock of three entities that also have elected to be treated as REITs. These entities are subject to the same REIT qualification requirements and other limitations described herein that apply to us.

Qualification and taxation as a REIT depend on our ability to meet, on a continuing basis, through actual operating results, distribution levels, and diversity of share and asset ownership, various qualification requirements imposed upon REITs by the Code. In addition, our ability to qualify as a REIT may depend in part upon the operating results, organizational structure and entity classification for U.S. federal income tax purposes of certain entities in which we invest. Our ability to qualify as a REIT also requires that we satisfy certain asset tests, some of which depend upon the fair market values of assets that we own directly or indirectly. Such values may not be susceptible to a precise determination. Accordingly, no assurance can be given that the actual results of our operations for any taxable year will satisfy such requirements for qualification and taxation as a REIT.

Provided that we qualify as a REIT, generally we will not be subject to federal corporate income tax on our taxable income that is distributed currently to our shareholders. This substantially eliminates the "double taxation" at the corporate and shareholder levels that results generally from an investment in a corporation, because income generated by a REIT generally is taxed only at the shareholder level upon a distribution of dividends by the REIT to its shareholders. We will, however, be subject to U.S. federal income tax in the following circumstances:

We will be taxed at regular federal corporate rates on any undistributed "REIT taxable income," including undistributed net capital gains, for any taxable year. REIT taxable income is the taxable income of the REIT, subject to specified adjustments, including a deduction for dividends paid.

We (or our shareholders) may be subject to the "alternative minimum tax" on our items of tax preference, if any.

If we have net income from prohibited transactions, which are, in general, sales or other dispositions of inventory or property held primarily for sale to customers in the ordinary course of business, other than foreclosure property, such income will be subject to a 100% tax. See "Gross Income Tests Prohibited Transactions Tax" below.

If we elect to treat property that we acquire in connection with certain leasehold terminations or a foreclosure of a mortgage loan as "foreclosure property," we may thereby avoid (1) the 100% prohibited transactions tax on gain from a resale of that property (if the sale otherwise would constitute a prohibited transaction); and (2) the inclusion of any income from such property as non-qualifying income for purposes of the REIT gross income tests discussed below. Income from the sale or operation of the property may be subject to U.S. federal corporate income tax at the highest applicable rate (currently 35%). See "Gross Income Tests Income from Foreclosure Property" below.

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If we fail to satisfy the 75% gross income test or the 95% gross income test, as discussed below, but our failure is due to reasonable cause and not due to willful neglect and we nonetheless maintain our REIT qualification because of specified cure provisions, we will be subject to a 100% tax on an amount equal to (1) the greater of (a) the amount by which we fail the 75% gross income test, or (b) the amount by which we fail the 95% gross income test, as the case may be, multiplied by (2) a fraction intended to reflect our profitability.

If we violate the asset tests (other than a de minimis failure of the 5% or 10% asset test) or other requirements applicable to REITs, as described below, but our failure is due to reasonable cause and not due to willful neglect and we nonetheless maintain our REIT qualification because of specified cure provisions, we will be required to pay a tax equal to at least \$50,000 per failure, which, in the case of certain asset test failures, will be determined as the amount of net income generated by the assets in question multiplied by the highest corporate tax rate (currently 35%), if that amount exceeds \$50,000 per failure.

If we fail to distribute during each calendar year at least the sum of (1) 85% of our REIT ordinary income for such year, (2) 95% of our REIT capital gain net income for such year, and (3) any undistributed taxable income from prior periods (collectively, the required distribution), we will be subject to a non-deductible 4% excise tax on the excess of the required distribution over the sum of (a) the amounts that we actually distributed (taking into account excess distributions from prior years), plus (b) retained amounts upon which we paid income tax at the corporate level.

We may be required to pay monetary penalties to the IRS in certain circumstances, including if we fail to meet record-keeping requirements intended to monitor our compliance with rules relating to the composition of our shareholders, as described below under " Requirements for Qualification as a REIT."

We will be subject to a 100% penalty tax on certain rental income we receive when a TRS provides services to our tenants, on certain expenses deducted by a TRS on payments made to us and, effective for our taxable years beginning after December 31, 2015, on income for services rendered to us by a TRS, if the arrangements among us, our tenants, and our taxable REIT subsidiaries do not reflect arm's-length terms.

If we acquire appreciated assets from a corporation that is or has been a C corporation (or a partnership in which a C corporation is a partner) in a transaction in which our basis in the assets is determined by reference to the C corporation's (or such partnership's) basis in such assets, provided no election is made for the transaction to be taxable currently, we will be subject to tax on such appreciation at the highest corporate income tax rate then applicable if we subsequently recognize gain on a disposition of any such assets during the 5-year period following the acquisition from the C corporation (or partnership). Gain from the sale of property which we acquired in an exchange under Section 1031 (a like kind exchange) or 1033 (an involuntary conversion) of the Code is generally excluded from the application of this built-in gains tax, unless we surrendered property in the exchange that was subject to built-in gain immediately prior to the exchange.

We may elect to retain and pay income tax on our net long-term capital gain. See "Federal Income Tax Consequences to RLJ Shareholders."

The earnings of our subsidiaries that are C corporations, including our TRSs, are subject to federal corporate income tax.

Notwithstanding our qualification as a REIT, we and our subsidiaries may be subject to a variety of taxes, including payroll taxes and state, local, and foreign income, property and other taxes on our assets, operations and net worth. We also could be subject to tax in other situations and on transactions not presently contemplated.

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Requirements for Qualification as a REIT

The Code defines a REIT as a corporation, trust or association:

- (1) that is managed by one or more trustees or directors;
- (2) the beneficial ownership of which is evidenced by transferable shares, or by transferable certificates of beneficial interest;
- (3) that would be taxable as a domestic corporation but for Sections 856 through 860 of the Code;
- (4) that is neither a financial institution nor an insurance company subject to applicable provisions of the Code;
- (5) the beneficial ownership of which is held by 100 or more persons;
- (6) during the last half of each taxable year not more than 50% in value of the outstanding shares of which is owned, directly or indirectly, by five or fewer "individuals" (as defined in the Code to include certain entities and as determined by applying certain attribution rules);
- (7) that makes an election to be taxable as a REIT, or has made this election for a previous taxable year which has not been revoked or terminated, and satisfies all of the relevant filing and other administrative requirements established by the IRS that must be met in order to elect and maintain REIT qualification;
- (8) that uses a calendar year for U.S. federal income tax purposes;
- (9) that meets other tests described below, including with respect to the nature of its income and assets and the amount of its distributions; and
- (10) that has no earnings and profits from any non-REIT taxable year at the close of any taxable year.

The Code provides that conditions (1) through (4) must be met during the entire taxable year, and condition (5) must be met during at least 335 days of a taxable year of 12 months, or during a proportionate part of a shorter taxable year. Conditions (5) and (6) need not be satisfied during a corporation's initial tax year as a REIT. For purposes of condition (6), an "individual" generally includes a supplemental unemployment compensation benefit plan, a private foundation or a portion of a trust permanently set aside or used exclusively for charitable purposes. However, a trust that is a qualified trust under Code Section 401(a) generally is not considered an individual, and beneficiaries of a qualified trust are treated as holding shares of a REIT in proportion to their actual interests in the trust for purposes of condition (6) above.

To monitor compliance with the share ownership requirements, we generally are required to maintain records regarding the actual ownership of our shares. To do so, we must demand written statements each year from the record holders of specified percentages of our shares pursuant to which the record holders must disclose the actual owners of the shares (i.e., the persons required to include in gross income the dividends paid by us). We must maintain a list of those persons failing or refusing to comply with this demand as part of our records. We could be subject to monetary penalties if we fail to comply with these record-keeping requirements. A shareholder that fails or refuses to comply with the demand is required by Treasury regulations to submit a statement with its tax return disclosing the actual ownership of our shares and other information. We have complied, and currently intend to continue to comply, with these requirements.

We believe that we have been organized, have operated and have issued sufficient shares with sufficient diversity of ownership to allow us to satisfy conditions (1) through (9) and we have no earnings and profits from a non-REIT year in satisfaction of condition (10). Our declaration of trust provides restrictions regarding the ownership and transfers of our shares, which are intended to assist

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us in satisfying the share ownership requirements described in conditions (5) and (6) above. These restrictions, however, do not ensure that we have previously satisfied, and may not ensure that we will, in all cases, be able to continue to satisfy, such share ownership requirements. If we fail to satisfy these requirements, except as provided in the next sentence, our status as a REIT will terminate. If, however, we comply with the demand and record-keeping requirements described in the previous paragraph and we do not know, or would not have known through the exercise of reasonable diligence, that we failed to meet the requirement described in condition (6), we will be treated as having satisfied this requirement. See " Failure to Qualify as a REIT."

Effect of Subsidiary Entities

Ownership of Partnerships, Limited Liability Companies and Qualified REIT Subsidiaries

In the case of a REIT that is a partner in a partnership or a member of a limited liability company or other entity that is treated as a partnership for U.S. federal income tax purposes, Treasury regulations provide that the REIT is deemed to own its proportionate share of the partnership's assets, and to earn its proportionate share of the partnership's income, for purposes of the asset and gross income tests applicable to REITs, as described below. A REIT's proportionate share of a partnership's assets and income is based on the REIT's pro rata share of the capital interests in the partnership. However, solely for purposes of the 10% value test, described below, the determination of a REIT's interest in partnership assets is based on the REIT's proportionate interest in the equity and certain debt securities issued by the partnership. In addition, the assets and gross income of the partnership are deemed to retain the same character in the hands of the REIT. Thus, our proportionate share of the assets and items of income of the Operating Partnership and any subsidiaries treated as partnerships for federal income tax purposes will be treated as our assets and items of income for purposes of applying the REIT requirements. A summary of the rules governing the federal income taxation of partnerships and their partners is provided below in "Tax Aspects of Our Operating Partnership and Our Other Subsidiary Partnerships." As the sole general partner of the Operating Partnership, we have direct control over it and indirect control over the subsidiaries in which the Operating Partnership or a subsidiary has a controlling interest. We currently intend to operate these entities in a manner consistent with the requirements for our qualification as a REIT.

Recent legislation may alter who bears the liability in the event any subsidiary partnership is audited and an adjustment is assessed. Congress recently revised the rules applicable to U.S. federal income tax audits of partnerships (such as certain of our subsidiaries) and the collection of any tax resulting from any such audits or other tax proceedings, generally for taxable years beginning after December 31, 2017. Under the new rules, the partnership itself may be liable for a hypothetical increase in partner-level taxes (including interest and penalties) resulting from an adjustment of partnership tax items on audit, regardless of changes in the composition of the partners (or their relative ownership) between the year under audit and the year of the adjustment. The new rules also include an elective alternative method under which the additional taxes resulting from the adjustment are assessed from the affected partners, subject to a higher rate of interest than otherwise would apply. Many questions remain as to how the new rules will apply, especially with respect to partners that are REITs, and it is not clear at this time what effect this new legislation will have on us. However, these changes could increase the U.S. federal income tax, interest, and/or penalties otherwise borne by us in the event of a U.S. federal income tax audit of a subsidiary partnership.

If a REIT owns a corporate subsidiary that is a "qualified REIT subsidiary," or "QRS," the QRS generally is disregarded for U.S. federal income tax purposes, and its assets, liabilities and items of income, deduction and credit are treated as assets, liabilities and items of income, deduction and credit of the REIT itself, including for purposes of the gross income and asset tests applicable to REITs. A QRS is any corporation other than a TRS that is directly or indirectly wholly-owned by a REIT. Other entities that are wholly-owned by us, including single member limited liability companies that have not

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elected to be taxed as corporations for U.S. federal income tax purposes, also generally are disregarded as separate entities for U.S. federal income tax purposes, including for purposes of the REIT income and asset tests. Disregarded subsidiaries, along with any partnerships in which we hold an equity interest, are sometimes referred to herein as "pass-through subsidiaries."

In the event that a disregarded subsidiary ceases to be wholly-owned by us (for example, if any equity interest in the subsidiary is acquired by a person other than us or another disregarded subsidiary of ours), the subsidiary's separate existence no longer would be disregarded for U.S. federal income tax purposes. Instead, the subsidiary would have multiple owners and would be treated either as a partnership or a taxable corporation. Such an event could, depending on the circumstances, adversely affect our ability to satisfy the various asset and gross income requirements applicable to REITs, including the requirement that REITs generally may not own, directly or indirectly, more than 10% of the securities of another corporation unless it is a TRS, a QRS or another REIT. See "Gross Income Tests" and "Asset Tests."

Ownership of Subsidiary REITs

As discussed above, we own three subsidiary REITs. We believe that each such REIT is organized and has operated and will continue to operate in a manner to permit it to qualify for taxation as a REIT for federal income tax purposes from and after the effective date of its REIT election. However, if any of these subsidiary REITs were to fail to qualify as a REIT, then (i) the subsidiary REIT would become subject to regular U.S. corporate income tax, as described herein, see "Failure to Qualify as a REIT" below, and (ii) our equity interest in such subsidiary REIT would cease to be a qualifying real estate asset for purposes of the 75% asset test and would become subject to the 5% asset test, the 10% voting share asset test, and the 10% value asset test generally applicable to our ownership in corporations other than REITs, QRSs and TRSs. See "Asset Tests" below. If any of the subsidiary REITs were to fail to qualify as a REIT, it is possible that we would not meet the 10% voting share test and the 10% value test with respect to our indirect interest in such entity, in which event we would fail to qualify as a REIT, unless we could avail ourselves of certain relief provisions.

Ownership of Taxable REIT Subsidiaries

A TRS is an entity that is taxable as a corporation in which a REIT owns, directly or indirectly, an equity interest, including stock, and that elects with the REIT to be treated as a TRS under the Code. If a TRS owns, directly or indirectly, securities representing more than 35% of the vote or value of a subsidiary corporation, that subsidiary also will be treated as a TRS. A TRS is a regular corporation subject to federal income tax at applicable corporate rates. The income and assets of our TRSs are not attributable to us for purposes of satisfying the income and asset test requirements.

A TRS must not directly or indirectly operate or manage a lodging or health care facility or, generally, provide to another person, under a franchise, license or otherwise, rights to any brand name under which any lodging facility or health care facility is operated. Although a TRS may not operate or manage a lodging facility, it may lease or own such a facility so long as the facility is a "qualified lodging facility" and such facility is operated on behalf of the TRS by an "eligible independent contractor." A "qualified lodging facility" generally is a hotel at which no authorized gambling activities are conducted, and includes the customary amenities and facilities operated as part of, or associated with, the hotel. "Customary amenities" must be customary for other properties of a comparable size and class owned by other owners unrelated to the REIT. An "eligible independent contractor" is an independent contractor that, at the time a management agreement is entered into with a TRS to operate a "qualified lodging facility," is actively engaged in the trade or business of operating "qualified lodging facilities" for a person or persons unrelated to either the TRS or any REITs with which the TRS is affiliated. A hotel management company that otherwise would qualify as an "eligible independent contractor" with regard to a TRS of a REIT will not so qualify if the hotel management

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company and/or one or more actual or constructive owners of 10% or more of the hotel management company actually or constructively own more than 35% of the REIT, or one or more actual or constructive owners of more than 35% of the hotel management company own 35% or more of the REIT (determined with respect to a REIT whose stock is regularly traded on an established securities market by taking into account only the stock held by persons owning, directly or indirectly, more than 5% of the outstanding stock of the REIT and, if the stock of the eligible independent contractor is publicly-traded, 5% of the publicly-traded stock of the eligible independent contractor). We believe, and currently intend to take all steps reasonably practicable to ensure, that none of our TRSs has engaged or will engage in "operating" or "managing" our hotels and that the hotel management companies engaged to operate and manage hotels leased to or owned by the TRSs have qualified and continue to qualify as "eligible independent contractors" with regard to those TRSs.

Certain restrictions are imposed on TRSs. First, a TRS may not deduct interest expense in any year paid or accrued to an affiliated REIT to the extent that such expense exceeds, generally, 50% of the TRS's adjusted taxable income for that year (although the TRS may carry forward to, and deduct in, a succeeding year interest expense disallowed under the 50% test, provided certain conditions are met). In addition, a REIT would be obligated to pay a 100% penalty tax on certain payments from the TRS that it receives, including interest or rent, or on certain expenses deducted by the TRS, and, for tax years beginning after December 31, 2015, on income earned by our TRSs for services provided to, or on behalf of, us, if the IRS were able to assert successfully that the economic arrangements between the REIT and the TRS did not meet specified arm's-length standards set forth in the Code. Our TRSs make substantial payments to us, including payments of rent pursuant to the hotel leases and interest payments. There can be no assurance that the limitation on interest deductions applicable to TRSs will not apply to the interest payments made to us by one of our TRSs, resulting in an increase in the corporate income tax liability of such subsidiary. In addition, there can be no assurance that the IRS might not seek to impose the 100% excise tax on a portion of the payments received by us from, or expenses deducted by, or service income imputed to, our TRSs. While we believe that our arrangements with our TRSs reflect arm's-length terms, these determinations inherently are factual, and the IRS has broad discretion to assert that amounts paid between related parties should be reallocated to reflect accurately their respective incomes.

Because of the restrictions applicable to the income, assets and activities of a REIT, a REIT may need to conduct certain business activities in one or more TRSs. These business activities include alternative uses of real estate, such as the development and/or sale of timeshare or condominium units. As discussed below under "Asset Tests," the aggregate value of all of our TRSs may not exceed 25% (20% for tax years beginning after December 31, 2017) of the value of all of our assets.

Gross Income Tests

To qualify as a REIT, we must satisfy two gross income requirements on an annual basis. First, at least 75% of our gross income for each taxable year must be derived from investments relating to real property or mortgages on real property, including:

"rents from real property";

dividends or other distributions on, and gain from the sale of, stock in other REITs;

gain from the sale of real property or mortgages on real property, in either case, not held for sale to customers;

interest income derived from mortgage loans secured by real property or interests in real property; and

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income attributable to the temporary investment of new capital in stock and debt instruments during the one-year period following the receipt by us of new capital raised through equity offerings or the issuance of debt obligations with at least a five-year term.

Second, at least 95% of our gross income in each taxable year must be derived from some combination of income that qualifies under the 75% gross income test described above, as well as (1) other dividends, (2) interest, and (3) gain from the sale or disposition of stock or securities, in either case, not held for sale to customers.

For purposes of one or both of the 75% and 95% gross income tests, the following items of income are excluded from the computation of gross income: (1) gross income from prohibited transactions; (2) certain foreign currency gain; and (3) income and gain from certain hedging transactions. See " Income from Hedging Transactions," " Foreign Currency Gain," and " Prohibited Transactions Tax," below.

Rents from Real Property

Currently, rents paid pursuant to the leases of our hotels to our TRSs, together with gain from the sale of hotels and dividends and interest received from the TRSs, constitute substantially all of our gross income. Rents received by us will qualify as "rents from real property" in satisfying the gross income requirements described above only if the following conditions are met:

First, if rent attributable to personal property, leased in connection with a lease of real property, is greater than 15% of the total rent received under the lease, then the portion of rent attributable to the personal property will not qualify as rents from real property.

Second, the amount of rent must not be based in whole or in part on the income or profits of any person. Amounts received as rent, however, generally will not be excluded from rents from real property solely by reason of being based on fixed percentages of gross receipts or sales.

Third, rents we receive from a "related party tenant" generally will not qualify as rents from real property. A tenant is a related party tenant if the REIT, or an actual or constructive owner of 10% or more of the REIT, actually or constructively owns 10% or more of the tenant. Two exceptions apply with respect to the lease of property by a REIT to a TRS. We may lease our hotels that qualify as "qualified lodging facilities" to our TRSs if the hotel is operated on behalf of the TRS by an "eligible independent contractor." In addition, a REIT may lease any property to a TRS if at least 90% of the property is leased to unrelated tenants, and the rent paid by the TRS is substantially comparable to rent paid by the unrelated tenants for comparable space. Amounts attributable to certain rental increases charged to a controlled TRS can fail to qualify even if the above conditions are met.

Fourth, for rents to qualify as rents from real property for the purpose of satisfying the gross income tests, we generally must not operate or manage the property or furnish or render services to the tenants of such property, other than through an "independent contractor" who is adequately compensated and from whom we derive no revenue, or through a TRS. To the extent that impermissible services are provided by an independent contractor, the cost of the services generally must be borne by the independent contractor. A REIT is permitted to provide directly to tenants services that are "usually or customarily rendered" in connection with the rental of space for occupancy only and not otherwise considered to be provided for the tenants' convenience. A REIT may provide a minimal amount of "non-customary" services to its tenants, other than through an independent contractor, but if the income from these impermissible tenant services exceeds 1% of the total income from a property, then all of the income from that property will fail to qualify as rents from real property. If the total amount of the income from impermissible tenant services does not exceed 1% of the total income from the property,

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the services will not "taint" the other income from the property (that is, it will not cause the rent paid by tenants of that property to fail to qualify as rents from real property), but the impermissible tenant services income will not qualify as rents from real property. A REIT is deemed to have received income from the provision of impermissible services in an amount equal to at least 150% of the direct cost of providing the service.

Because we lease substantially all of our properties to our TRSs, we generally do not provide services to our tenants. However, we have a few small leases of space at our hotels with tenants that are unrelated third parties. In that case, we cannot provide any assurance that the IRS will agree with our positions related to whether any services we provide directly to tenants are "usually or customarily rendered" in connection with the rental of space for occupancy only. We monitor the activities at our properties and do not intend to provide services that will cause us to fail to meet the gross income tests.

In order for the rent paid pursuant to the leases with our TRSs to constitute "rents from real property," the leases must be respected as true leases for federal income tax purposes. Accordingly, the leases cannot be treated as service contracts, joint ventures or some other type of arrangement. The determination of whether the leases are true leases for federal income tax purposes depends upon an analysis of all the surrounding facts and circumstances. In making such a determination, courts have considered a variety of factors, including the following:

the intent of the parties;

the form of the agreement;

the degree of control over the property that is retained by the property owner (e.g., whether the lessee has substantial control over the operation of the property or whether the lessee was required simply to use its best efforts to perform its obligations under the agreement); and

the extent to which the property owner retains the risk of loss with respect to the property (e.g., whether the lessee bears the risk of increases in operating expenses or the risk of damage to the property) or the potential for economic gain (e.g., appreciation) with respect to the property.

In addition, Section 7701(e) of the Code provides that a contract that purports to be a service contract or a partnership agreement is treated instead as a lease of property if the contract properly is treated as such, taking into account all relevant factors. Since the determination of whether a service contract should be treated as a lease is inherently factual, the presence or absence of any single factor may not be dispositive in every case.

Our leases have been structured with the intent to qualify as true leases for federal income tax purposes. However, this determination is inherently a question of fact, and we cannot assure you that the IRS will not successfully assert a contrary position. If the leases were recharacterized as service contracts or partnership agreements, rather than true leases, or disregarded altogether for tax purposes, all or part of the payments that we receive from the TRSs would not be considered rent or would not otherwise satisfy the various requirements for qualification as "rents from real property." In that case, we likely would not be able to satisfy either the 75% or 95% gross income tests and, as a result, would lose our REIT status.

As indicated above, "rents from real property" must not be based in whole or in part on the income or profits of any person. Each of our leases provides for periodic payments of a specified base rent plus, to the extent that it exceeds the base rent, additional rent which is calculated based upon the gross sales of the hotels subject to the lease, plus certain other amounts. Payments made pursuant to these leases should qualify as "rents from real property" since generally they are based on either fixed dollar amounts or on specified percentages of gross sales that are fixed at the time the leases are

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entered into. The foregoing assumes that the leases have not been and will not be renegotiated during their term in a manner that has the effect of basing either the percentage rent or the base rent on income or profits. The foregoing also assumes that the leases are not in reality used as a means of basing rent on income or profits. More generally, the rent payable under the leases will not qualify as "rents from real property" if, considering the leases and all of the surrounding circumstances, the arrangement does not conform with normal business practice. We have not renegotiated, and currently do not intend to renegotiate, the percentages used to determine the percentage rent during the terms of the leases in a manner that has had or will have the effect of basing rent on income or profits. In addition, we believe that the rental provisions and other terms of the leases conform with normal business practice and generally are not intended to be used as a means of basing rent on income or profits. Furthermore, currently we intend that, with respect to properties that we acquire in the future, we will not charge rent for any property that is based in whole or in part on the income or profits of any person, except by reason of being based on a fixed percentage of gross revenues, as described above.

As noted above, under the Code, if a lease provides for the rental of both real and personal property and the portion of the rent attributable to personal property is 15% or less of the total rent due under the lease, then all rent paid pursuant to such lease qualifies as "rents from real property." If, however, a lease provides for the rental of both real and personal property, and the portion of the rent attributable to personal property exceeds 15% of the total rent due under the lease, then no portion of the rent that is attributable to personal property will qualify as "rents from real property." The amount of rent attributable to personal property is the amount which bears the same ratio to total rent for the taxable year as the average of the fair market value of the personal property at the beginning and end of the year bears to the average of the aggregate fair market value of both the real and personal property at the beginning and end of such year. Currently, a significant portion of our personal property is owned by our TRSs. We believe that, to the extent that any of our leases includes a lease of items of personal property, either the amount of rent attributable to personal property with respect to such lease would not exceed 15% of the total rent due under the lease (determined under the law in effect for the applicable period), or, with respect to leases where the rent attributable to personal property constitutes non-qualifying income, such amounts, when taken together with all other non-qualifying income, would not jeopardize our status as a REIT.

Interest Income

Interest generally will be non-qualifying income for purposes of the 75% or 95% gross income tests if it depends in whole or in part on the income or profits of any person. However, interest based on a fixed percentage or percentages of receipts or sales still may qualify under the gross income tests. We receive interest payments from our TRSs and from third parties, which constitutes qualifying income for purpose of the 95% gross income test but not necessarily the 75% gross income test. We do not expect that the interest income from these sources will affect our ability to qualify under the 75% gross income test.

Dividend Income

We may receive distributions from our TRSs or other corporations that are not REITs or QRSs. These distributions generally will be treated as dividend income to the extent of the earnings and profits of the distributing corporation. We also may recognize capital gain with respect to our investments in our TRSs or such other corporations. Such dividend income or capital gain will constitute qualifying income for purposes of the 95% gross income test, but not for purposes of the 75% gross income test. We do not expect that these amounts will affect our ability to qualify under the 75% gross income test. Any dividends that we receive from our subsidiary REITs, or capital gain

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recognized in connection with an investment in a REIT, will be qualifying income for purposes of both the 95% and 75% gross income tests.

Income from Hedging Transactions

From time to time we may enter into hedging transactions with respect to one or more of our assets or liabilities. Any such hedging transactions could take a variety of forms, including the use of derivative instruments such as interest rate swap or cap agreements, option agreements, and futures or forward contracts. Income of a REIT, including income from a pass-through subsidiary, arising from "clearly identified" hedging transactions that are entered into to manage the risk of interest rate or price changes with respect to borrowings, including gain from the disposition of such hedging transactions, to the extent the hedging transactions hedge indebtedness incurred, or to be incurred, by the REIT to acquire or carry real estate assets (each such hedge, a "Borrowings Hedge"), will not be treated as gross income for purposes of either the 95% gross income test or the 75% gross income test. Income of a REIT arising from hedging transactions that are entered into to manage the risk of currency fluctuations with respect to our investments (each such hedge, a "Currency Hedge") will not be treated as gross income for purposes of either the 95% gross income test or the 75% gross income test provided that the transaction is "clearly identified." Effective for taxable years beginning after December 31, 2015, this exclusion from the 95% and 75% gross income tests also will apply if we previously entered into a Borrowings Hedge or a Currency Hedge, a portion of the hedged indebtedness or property is disposed of, and in connection with such extinguishment or disposition we enter into a new "clearly identified" hedging transaction to offset the prior hedging position. In general, for a hedging transaction to be "clearly identified," (1) it must be identified as a hedging transaction before the end of the day on which it is acquired, originated, or entered into; and (2) the items of risks being hedged must be identified "substantially contemporaneously" with entering into the hedging transaction (generally not more than 35 days after entering into the hedging transaction). To the extent that we hedge with other types of financial instruments or in other situations, the resultant income will be treated as income that does not qualify under the 95% or 75% gross income tests unless the hedge meets certain requirements and we elect to integrate it with a specified asset and to treat the integrated position as a synthetic debt instrument. We intend to structure any hedging transactions in a manner that does not jeopardize our qualification as a REIT but there can be no assurance we will be successful in this regard.

Foreign Currency Gain

"Real estate foreign exchange gain" is excluded from the calculation of the 75% gross income test and "passive foreign exchange gain" is excluded from the calculation of the 95% gross income test. "Real estate foreign exchange gain" means (i) foreign currency gain attributable (without duplication) to (A) an item of income or gain to which the 75% gross income test applies, (B) the acquisition or ownership of obligations secured by mortgages on real property or on interests in real property, or (C) becoming or being the obligor under obligations secured by mortgages on real property or interests in real property, or (ii) foreign currency gain attributable to a "qualified business unit" or "QBU" of the REIT under Code Section 987, provided the QBU itself satisfies both the 75% gross income test and the 75% asset test described below under "Asset Tests." "Passive foreign exchange gain" is (without duplication) real estate foreign exchange gain, foreign currency gain attributable to an item of income or gain to which the 95% gross income test applies, foreign currency gain attributable to the acquisition or ownership of obligations, or foreign currency gain attributable to becoming or being the obligor under obligations.

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Prohibited Transactions Tax

Any gain realized by us on the sale of any property held as inventory or other property held primarily for sale to customers in the ordinary course of business, including our share of any such gain realized by a subsidiary partnership and taking into account any related foreign currency gains or losses, will be treated as income from a "prohibited transaction" that is subject to a 100% penalty tax. Whether property is held as inventory or primarily for sale to customers in the ordinary course of a trade or business is a question of fact that depends upon all the facts and circumstances with respect to the particular transaction. However, we will not be treated as a dealer in real property for the purpose of the 100% penalty tax if: (i) we have held the property for at least two years and for the production of rental income (unless such property was acquired through foreclosure or deed in lieu of foreclosure or lease termination); (ii) capitalized expenditures on the property in the two years preceding the year of sale are less than 30% of the net selling price of the property; and (iii) we either (a) have seven or fewer sales of property (excluding sales of foreclosure property or in connection with an involuntary conversion ("excluded sales")) for the year of sale, (b) the aggregate tax basis of property sold (other than excluded sales) during the year of sale is 10% or less of the aggregate tax basis of all of our assets as of the beginning of the taxable year, (c) the fair market value of property sold (other than excluded sales) during the year of sale is less than 10% of the fair market value of all of our assets as of the beginning of the taxable year, (d) effective for taxable years beginning after December 31, 2015, the aggregate adjusted basis of property sold during the year is 20% or less of the aggregate adjusted basis of all of our assets as of the beginning of the taxable year and the aggregate adjusted basis of property sold during the three-year period ending with the year of sale is 10% or less of the aggregate tax basis of all of our assets as of the beginning of each of the three taxable years ending with the year of sale; or (e) effective for taxable years beginning after December 31, 2015, the fair market value of property sold during the year is 20% or less of the aggregate fair market value of all of our assets as of the beginning of the taxable year and the fair market value of property sold during the three-year period ending with the year of sale is 10% or less of the aggregate fair market value of all of our assets as of the beginning of each of the three taxable years ending with the year of sale. If we rely on clauses (b), (c), (d), or (e) in the preceding sentence, substantially all of the marketing and development expenditures with respect to the property sold must be made through an independent contractor from whom we derive no income or, effective for taxable years beginning after December 31, 2015, our TRS. The sale of more than one property to one buyer as part of one transaction constitutes one sale for purposes of this "safe harbor."

We hold hotels for investment with a view to long-term appreciation, engage in the business of acquiring and owning hotels and we currently intend to make sales of hotels consistent with our investment objectives. However, some of our sales may not satisfy the "safe harbor" requirements described above and there can be no assurance that the IRS might not contend that one or more of these sales are subject to the 100% penalty tax.

Income from Foreclosure Property

We generally will be subject to tax at the maximum corporate tax rate (currently 35%) on any net income from foreclosure property, including any gain from the disposition of the foreclosure property and any foreign currency gain, other than income that constitutes qualifying income for purposes of the 75% gross income test (other than by reason of such income being income or gain from foreclosure property). Foreclosure property is real property and any personal property incident to such real property (1) that we acquire as the result of having bid on the property at foreclosure, or having otherwise reduced the property to ownership or possession by agreement or process of law, after a default (or upon imminent default) on a lease of the property or a mortgage loan held by us and secured by the property, (2) for which we acquired the related loan or lease at a time when default was not imminent or anticipated, and (3) with respect to which we made a proper election to treat the

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property as foreclosure property. Any gain from the sale of property for which a foreclosure property election has been made will not be subject to the 100% tax on gain from prohibited transactions described above, even if the property otherwise would constitute inventory or dealer property. If an unrelated third party lessee defaults under a lease, we are permitted to lease the related hotel to a TRS, in which case the hotel would not become foreclosure property. To the extent that we receive any income from property described in clause (1) above that does not qualify for purposes of the 75% gross income test, we intend to make an election to treat the related property as foreclosure property.

Failure to Satisfy the Gross Income Tests

We intend to continue to monitor our sources of income, including any non-qualifying income received by us, and manage our assets so as to ensure our compliance with the gross income tests. If we fail to satisfy one or both of the 75% or 95% gross income tests for any taxable year, we still may qualify as a REIT for such year if we are entitled to relief under applicable provisions of the Code. These relief provisions generally will be available if (1) our failure to meet these tests was due to reasonable cause and not due to willful neglect, and (2) following our identification of the failure to meet the 75% and/or 95% gross income tests for any taxable year, we file a schedule with the IRS setting forth a description of each item of our gross income that satisfies the gross income tests for such taxable year in accordance with Treasury regulations. It is not possible to state whether we would be entitled to the benefit of these relief provisions in all circumstances. As discussed above under "General," even where these relief provisions apply, the Code imposes a tax, which could be significant in amount, based upon the profit attributable to the amount by which we fail to satisfy the particular gross income test.

Certain Potential Excise Taxes on TRS Payments

Any redetermined rents, redetermined deductions, excess interest or redetermined taxable REIT subsidiary service income will be subject to a 100% penalty tax. In general, redetermined rents are rents from real property that are overstated as a result of services furnished by a TRS to our tenants, and redetermined deductions and excess interest represent items that are deducted by a TRS for amounts paid to us that are in excess of the amounts that would have been deducted and paid to us based on arm's-length negotiations. Redetermined taxable REIT subsidiary service income means gross income (less allocable deductions) of a TRS attributable to services provided to, or on behalf of, us (other than to tenants) to the extent the TRS's income (less deductions) attributable thereto is increased to clearly reflect income. While we believe that our arrangements with our TRSs reflect arm's-length terms, these determinations inherently are factual, and the IRS has broad discretion to assert that amounts paid between related parties should be reallocated to reflect accurately their respective incomes.

Asset Tests

At the close of each calendar quarter, we must satisfy the following tests relating to the nature of our assets:

at least 75% of the value of our total assets must be represented by some combination of "real estate assets," cash, cash items, U.S. government securities, and, under some circumstances, stock or debt instruments purchased with new capital. For this purpose, real estate assets include interests in real property, such as land, buildings and leasehold interests in real property, stock of other corporations that qualify as REITs (and, effective for tax years beginning after December 31, 2015, debt instruments issued by publicly offered REITs, interests in mortgages on interests in real property and personal property leased in connection with real property to the extent that rents attributable to such personal property are treated as "rents from real property"), and some types of mortgage-backed securities and mortgage loans. Assets that do

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not qualify for purposes of the 75% asset test are subject to the additional asset tests described below;

not more than 25% of our total assets may be represented by securities other than those described in the first bullet above;

except for securities described in the first bullet above and last bullet below, and securities in TRSs or QRSs, the value of any one issuer's securities owned by us may not exceed 5% of the value of our total assets;

except for securities described in the first bullet above and last bullet below, and securities in TRSs or QRSs, we may not own more than 10% of any one issuer's outstanding voting securities;

except for securities described in the first bullet above and last bullet below, securities in TRSs or QRSs, and certain types of indebtedness that are not treated as securities for purposes of this test, as discussed below, we may not own more than 10% of the total value of the outstanding securities of any one issuer;

not more than 25% (20% for tax years beginning after December 31, 2017) of our total assets may be represented by securities of one or more TRSs; and

Not more than 25% of our total assets may be represented by debt instruments issued by publicly offered REITs that are "nonqualified" debt instruments (e.g., not secured by interests in mortgages on interests in real property and personal property leased in connection with real property to the extent that rents attributable to such personal property are treated as "rents from real property").

For purposes of the asset tests, a REIT is not treated as owning the stock of a QRS or an equity interest in any entity treated as a partnership or disregarded for U.S. federal income tax purposes. Instead, a REIT is treated as owning its proportionate share of the assets held by such entity. Solely for purposes of the 10% value test, the determination of our interest in the assets of an entity treated as a partnership for federal income tax purposes in which we own an interest will be based on our proportionate interest in any securities issued by the partnership, excluding for this purpose certain securities described in the Code.

The 10% value test does not apply to certain "straight debt" and other excluded securities, as described in the Code, including (1) loans to individuals or estates, (2) obligations to pay rents from real property, (3) rental agreements described in Section 467 of the Code (generally, obligations related to deferred rental payments, other than with respect to transactions with related party tenants), (4) securities issued by other REITs, (5) certain securities issued by a state, the District of Columbia, a foreign government, or a political subdivision of any of the foregoing, or the Commonwealth of Puerto Rico, and (6) any other arrangement as determined by the IRS. In addition, (1) a REIT's interest as a partner in a partnership is not considered a security for purposes of the 10% value test; (2) any debt instrument issued by a partnership (other than straight debt or other excluded security) will not be considered a security issued by the partnership if at least 75% of the partnership's gross income is derived from sources that would qualify for the 75% REIT gross income test; and (3) any debt instrument issued by a partnership (other than straight debt or other excluded security) will not be considered a security issued by a partnership to the extent of the REIT's interest as a partner in the partnership.

For purposes of the 10% value test, "straight debt" means a written unconditional promise to pay on demand on a specified date a sum certain in money if (1) the debt is not convertible, directly or indirectly, into stock, (2) the interest rate and interest payment dates are not contingent on profits, the borrower's discretion, or similar factors, other than certain contingencies relating to the timing and

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amount of principal and interest payments, as described in the Code, and (3) in the case of an issuer which is a corporation or a partnership, securities that otherwise would be considered straight debt will not be so considered if we, and any of our "controlled TRSs" (as defined in the Code), hold securities of the corporate or partnership issuer which (a) are not straight debt or other excluded securities (prior to the application of this rule), and (b) have an aggregate value greater than 1% of the issuer's outstanding securities (including, for purposes of a partnership issuer, our interest as a partner in the partnership).

We intend to continue to maintain adequate records of the value of our assets to ensure compliance with the asset tests and to take any available actions within 30 days after the close of any quarter as may be required to cure any non-compliance with the asset tests. See " Failure to Satisfy the Asset Tests." We may not obtain independent appraisals to support our conclusions concerning the values of some or all of our assets. We do not intend to seek an IRS ruling as to the classification of our properties for purposes of the REIT asset tests. Accordingly, there can be no assurance that the IRS will not contend that our assets or our interest in other securities will not cause a violation of the REIT asset test requirements.

Failure to Satisfy the Asset Tests

The asset tests must be satisfied not only on the last day of the calendar quarter in which we, directly or through pass-through subsidiaries, acquire securities in the applicable issuer, but also on the last day of the calendar quarter in which we increase our ownership of securities in such issuer, including as a result of increasing our interest in pass-through subsidiaries. An example of such an acquisition would be an increase in our interest in the Operating Partnership as a result of the exercise of a limited partner's redemption right relating to units in the Operating Partnership or an additional capital contribution to the Operating Partnership of proceeds from an offering of shares by us. After initially meeting the asset tests at the close of any quarter, we will not lose our qualification as a REIT for failure to satisfy the asset tests at the end of a later quarter solely by reason of changes in asset values (including a failure caused solely by a change in the foreign currency exchange rate used to value a foreign asset). If we fail to satisfy the asset tests because we acquire assets during a quarter, we can cure this failure by disposing of sufficient non-qualifying assets or acquiring sufficient qualifying assets within 30 days after the close of that quarter. We intend to continue to maintain adequate records of the value of our assets to ensure compliance with the asset tests and to take any available action within 30 days after the close of any quarter as may be required to cure any non-compliance with the asset tests. Although we plan to take steps to ensure that we satisfy such tests for any quarter with respect to which testing is to occur, there can be no assurance that such steps always will be successful.

If we fail to timely cure any non-compliance with the asset tests, we would cease to qualify as a REIT, unless we satisfy certain relief provisions.

The failure to satisfy the 5% asset test, or the 10% vote or value asset tests, can be remedied even after the 30-day cure period under certain circumstances. Specifically, if we fail these asset tests at the end of any quarter and such failure is not cured within 30 days thereafter, we may dispose of sufficient assets (generally within six months after the last day of the quarter in which our identification of the failure to satisfy these asset tests occurred) in order to cure such a violation that does not exceed the lesser of 1% of our assets at the end of the relevant quarter or \$10,000,000. If we fail any of the other asset tests or our failure of the 5% and 10% asset tests results in a violation in excess of the de minimis amount described above, as long as such failure was due to reasonable cause and not willful neglect, we are permitted to avoid disqualification as a REIT, after the 30-day cure period, by taking steps including disposing of sufficient assets to meet the asset test (generally within six months after the last day of the quarter in which our identification of the failure to satisfy the REIT asset test occurred), paying a tax equal to the greater of \$50,000 or the highest corporate income tax rate (currently 35%) of the net income generated by the non-qualifying assets during the period in which we failed to satisfy

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the asset test, and filing, in accordance with applicable Treasury regulations, a schedule with the IRS that describes the assets that caused us to fail to satisfy the asset test(s). We intend to take advantage of any and all relief provisions that are available to us in order to cure any violation of the asset tests applicable to REITs. In certain circumstances, utilization of such provisions could result in us being required to pay an excise or penalty tax, which tax could be significant in amount.

Annual Distribution Requirements

In order to qualify as a REIT, we are required to distribute dividends, other than capital gain dividends, to our shareholders in an amount at least equal to:

the sum of: (1) 90% of our "REIT taxable income," computed without regard to our net capital gain and the deduction for dividends paid, and (2) 90% of our net income, after tax, if any, from foreclosure property; minus

the sum of specified items of "non-cash income."

For purposes of this test, "non-cash income" means income attributable to (1) leveled stepped rents, (2) original issue discount included in our taxable income without the receipt of a corresponding payment, (3) cancellation of indebtedness, or (4) a like-kind exchange that later is determined to be taxable.

We generally must make dividend distributions in the taxable year to which they relate. Dividend distributions may be made in the following year in two circumstances. First, we may declare a dividend in October, November, or December of any year with a record date in one of these months if we pay the dividend on or before January 31 of the following year. Such distributions are treated as both paid by us and received by our shareholders on December 31 of the year in which they are declared. Second, distributions may be made in the following year if they are declared before we timely file our tax return for the year and if made with or before the first regular dividend payment after such declaration. These distributions are taxable to our shareholders in the year in which paid, even though the distributions relate to our prior taxable year for purposes of the 90% distribution requirement.

In order for distributions to be counted as satisfying the annual distribution requirement for REITs, and to provide us with a REIT-level dividends paid deduction, the distributions must not be "preferential dividends." A distribution is not a preferential dividend if the distribution is (1) pro rata among all outstanding shares of stock within a particular class, and (2) in accordance with the preferences among different classes of shares as set forth in our organizational documents. This requirement does not apply to publicly offered REITs, including us, with respect to distributions made in tax years beginning after 2014.

To the extent that we distribute at least 90%, but less than 100%, of our "REIT taxable income," as adjusted, we will be subject to tax at ordinary corporate tax rates on the retained portion. We may elect to retain, rather than distribute, our net long-term capital gain and pay tax on such gain. In this case, we could elect for our shareholders to include their proportionate share of such undistributed long-term capital gain in their taxable income, and for them to receive a corresponding credit for their share of the tax that we paid. Our shareholders would then increase the adjusted basis of their share by the difference between (1) the amount of capital gain dividends that we designated and that they included in their taxable income, minus (2) the tax that we paid on their behalf with respect to that income.

To the extent that in the future we may have available net operating losses carried forward from prior tax years, such losses may reduce the amount of distributions that we must make in order to comply with the REIT distribution requirements. Such losses, however, (1) generally will not affect the character, in the hands of our shareholders, of any distributions that actually are made as ordinary dividends or capital gain; and (2) cannot be passed through or used by our shareholders. See "Federal Income Tax Consequences to RLJ Shareholders Taxation of Taxable U.S. Shareholders Distributions Generally."

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If we fail to distribute during each calendar year at least the sum of (1) 85% of our REIT ordinary income for such year, (2) 95% of our REIT capital gain net income for such year, and (3) any undistributed taxable income from prior periods, we would be subject to a non-deductible 4% excise tax on the excess of such required distribution over the sum of (a) the amount actually distributed, and (b) the amount of income we retained and on which we paid corporate income tax.

In addition, if we were to recognize "built-in-gain" (as defined below) on the disposition of any assets acquired from a C corporation in a transaction in which our basis in the assets was determined by reference to the C corporation's basis (for instance, if the assets were acquired in a tax-free reorganization), we would be required to distribute at least 90% of the built-in-gain, net of the tax we would pay on such gain. "Built-in-gain" is the excess of (1) the fair market value of the asset (measured at the time of acquisition) over (2) the tax basis of the asset (measured at the time of acquisition). However, the built-in gains tax will not apply if the subchapter C corporation elects to be subject to an immediate tax when the asset is acquired by us. Gain from the sale of property which we acquired in an exchange under Section 1031 (a like kind exchange) or 1033 (an involuntary conversion) of the Code is generally excluded from the application of this built-in gains tax, unless we surrendered property in the exchange that was subject to built-in gain immediately prior to the exchange.

We currently intend to make timely distributions sufficient to satisfy the annual distribution requirements. The Operating Partnership's partnership agreement authorizes us, as general partner, to take such steps as may be necessary to cause the Operating Partnership to distribute to its partners an amount sufficient to permit us to meet these distribution requirements. Our subsidiary REITs may use consent dividends, in addition to cash dividends, in order to satisfy all or a portion of their distribution requirements.

It is possible that, from time to time, we may not have sufficient cash with which to meet the distribution requirements due to timing differences between our actual receipt of cash, including receipt of distributions from our subsidiaries, and our inclusion of items in income for U.S. federal income tax purposes or for other reasons. If we do not have sufficient cash to meet our distribution requirements, it might be necessary for us to arrange for short-term, or possibly long-term, borrowings, or to pay dividends in the form of taxable in-kind distributions of property. Alternatively, we may declare a taxable dividend payable in cash or shares at the election of each shareholder, where the aggregate amount of cash to be distributed as part of such dividend may be subject to limitation.

We may be able to rectify a failure to meet the distribution requirements for a particular tax year by paying "deficiency dividends" to shareholders in a later year, which may be included in our deduction for dividends paid for the earlier year. In this case, we may be able to avoid losing REIT qualification or being taxed on amounts distributed as deficiency dividends. We will be required to pay interest to the IRS based on the amount of any deduction taken for deficiency dividends.

We calculate our REIT taxable income based upon the conclusion that the lessor is the owner of the hotels for federal income tax purposes. As a result, we expect that the depreciation deductions with respect to the hotels owned by the lessors will reduce our REIT taxable income. This conclusion is consistent with the conclusion discussed above that the leases with respect to our hotels have been and will continue to be treated as true leases for federal income tax purposes. If, however, the IRS were to challenge successfully this position, in addition to failing in all likelihood the 75% and 95% gross income tests described above, we also might be deemed retroactively to have failed to meet the REIT distribution requirements and would have to rely on the payment of a "deficiency dividend" in order to retain REIT status.

Record-Keeping Requirements

We are required to maintain records and request on an annual basis information from specified shareholders. These requirements are designed to assist us in determining the actual ownership of our

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outstanding shares and in maintaining our qualification as a REIT. Failure to comply therewith could result in monetary fines.

Failure to Qualify as a REIT

If we fail to satisfy one or more requirements for REIT qualification other than the gross income or asset tests, we could avoid disqualification if our failure is due to reasonable cause and not to willful neglect and we pay a penalty of \$50,000 for each such failure. Relief provisions are available for failures of the gross income tests and asset tests, as described above in "Gross Income Tests" and "Asset Tests."

If we fail to qualify as a REIT in any taxable year, and the relief provisions described above do not apply, we would be subject to tax, including any applicable alternative minimum tax, on our taxable income at regular corporate tax rates. We could not deduct distributions to shareholders in any year in which we were not a REIT, and we would not be required to make distributions in such a year. The cash available for distribution to our shareholders would be reduced significantly and the value of our shares could be reduced materially. Any distributions to shareholders would be taxable as regular corporate dividends to the extent of our current and accumulated earnings and profits. Unless we were entitled to relief under specific statutory provisions, we also would be disqualified from re-electing to be treated as a REIT for the four taxable years following the year during which we lost qualification. In addition, if we merge with another REIT, and we are the "successor" to the other REIT, the other REIT's disqualification from taxation as a REIT would prevent us from being taxed as a REIT for the four taxable years following the year during which the other REIT's qualification was lost. It is not possible to state whether, in all circumstances, we would be entitled to statutory relief, although we intend to take advantage of any and all relief provisions that are available to us to cure any violation of the requirements applicable to REITs.

Tax Aspects of the Operating Partnership and Other RLJ Subsidiary Partnerships

General

Substantially all of our assets are owned indirectly through the Operating Partnership, which owns hotels either directly or through certain subsidiaries (including through the subsidiary REITs). This discussion focuses on the tax aspects of RLJ's ownership of its hotel properties through partnerships and entities, such as limited liability companies, that are treated as partnerships for federal income tax purposes. In general, partnerships are "pass-through" entities that are not subject to federal income tax. Rather, partners are allocated their proportionate shares of the items of income, gain, loss, deduction and credit of a partnership, and potentially are subject to tax thereon, without regard to whether the partners receive a distribution from the partnership. We include in our gross income our proportionate share of partnership items for purposes of the gross income tests and in the computation of our REIT taxable income. Moreover, for purposes of the REIT asset tests, we include our proportionate share of assets held through the Operating Partnership and those of its subsidiaries that either are disregarded as separate entities or treated as partnerships for federal income tax purposes. See "Federal Income Taxation of the Company as a REIT Effect of Subsidiary Entities Ownership of Partnerships, Limited Liability Companies and Qualified REIT Subsidiaries" above.

Entity Classification

If the Operating Partnership or any non-corporate subsidiary were treated as an association, the entity would be taxable as a corporation and, therefore, would be subject to federal income tax on its taxable income. In such a situation, the character of our assets and items of gross income would change and could preclude us from qualifying as a REIT (see "Federal Income Taxation of the Company as a REIT Asset Tests" and "Federal Income Taxation of the Company as a REIT Gross Income Tests" above).

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We assume for purposes of this discussion that the Operating Partnership and all of its subsidiaries (other than our TRSs and the subsidiary REITs) are classified as partnerships or disregarded as separate entities for federal income tax purposes. Pursuant to Treasury regulations under Section 7701 of the Code, a partnership will be treated as a partnership for federal income tax purposes unless it elects to be treated as a corporation or would be treated as a corporation because it is a "publicly traded partnership."

Neither the Operating Partnership nor any of its non-corporate subsidiaries that is not a TRS has elected or will elect to be treated as a corporation. Therefore, subject to the disclosure below, the Operating Partnership and each such subsidiary will be treated as a partnership for federal income tax purposes (or, if such an entity only has one partner or member, a disregarded entity for federal income tax purposes).

Pursuant to Section 7704 of the Code, a partnership that does not elect to be treated as a corporation nevertheless will be treated as a corporation for federal income tax purposes if it is a "publicly traded partnership" and it does not derive at least 90% of its gross income from certain specified sources of "qualifying income" within the meaning of that section. A "publicly traded partnership" is any partnership (i) the interests of which are traded on an established securities market, or (ii) the interests of which are readily tradable on a "secondary market or the substantial equivalent thereof." Operating Partnership Common Units currently are not and in the future will not be traded on an established securities market. There is a significant risk, however, that the Operating Partnership Common Units could be considered readily tradable on the substantial equivalent of a secondary market. In that event, the Operating Partnership could be treated as a "publicly traded partnership," but even then it only would be taxable as a corporation if less than 90% of its gross income were to constitute "qualifying income." Treasury regulations under Section 7704 of the Code set forth certain "safe harbors" under which interests will not be treated as "readily tradable on a secondary market (or the substantial equivalent thereof)" within the meaning of Section 7704 of the Code (the "Safe Harbors").

"Qualifying income," for purposes of the "qualifying income" exception, generally is real property rents and other types of passive income. We believe that the Operating Partnership has had and will continue to have sufficient qualifying gross income so that it would be taxed as a partnership even if it were considered a publicly traded partnership. The gross income requirements applicable to us in order for us to qualify as a REIT under the Code and the definition of qualifying income under the publicly traded partnership rules are very similar. Although differences exist between these two income tests, we do not believe that these differences would cause the Operating Partnership not to satisfy the 90% gross income test applicable to publicly traded partnerships.

If the Operating Partnership were taxable as a corporation, most, if not all, of the tax consequences described herein would be inapplicable. In particular, we would not qualify as a REIT because the value of our ownership interest in the Operating Partnership would exceed 5% of our assets and we would be considered to hold more than 10% of the voting securities (and more than 10% of the value of the outstanding securities) of another corporation (see "Asset Tests" above). In this event, the value of our shares could be materially adversely affected (see "Failure to Qualify as a REIT" above).

Except with regard to the exercise of the right to redeem Operating Partnership Common Units and certain "permitted transfers" (generally among related individuals or entities) under the Operating Partnership's partnership agreement, no limited partner may transfer Operating Partnership Common Units without our prior written consent, as general partner of the Operating Partnership, which consent may be withheld in our sole discretion. The Operating Partnership's partnership agreement provides that we shall take such actions, if any, that are reasonably necessary or appropriate to prevent the Operating Partnership from being classified as a publicly traded partnership and, except as provided otherwise in the partnership agreement, to permit the Operating Partnership to insure that at least one

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of the Safe Harbors is met. We may exercise our authority, as general partner, under the partnership agreement to impose limitations on the right to redeem Operating Partnership Common Units only to the extent that outside tax counsel provides to us an opinion to the effect that, in the absence of such limitation or restriction, there is a significant risk that the Operating Partnership will be treated as a publicly traded partnership and, by reason thereof, taxable as a corporation. These limitations, if imposed, could adversely affect the interests of holders of Operating Partnership Common Units.

Partnership Tax Allocations

A partnership agreement generally will determine the allocation of income and loss among partners. However, such allocations will be disregarded for federal income tax purposes if they do not comply with the provisions of Section 704(b) of the Code and the regulations promulgated thereunder. Generally, Section 704(b) of the Code and the regulations promulgated thereunder require that partnership allocations respect the economic arrangement of the partners.

If an allocation is not recognized for federal income tax purposes, the item subject to the allocation will be reallocated in accordance with the partners' interests in the partnership, which will be determined by taking into account all of the facts and circumstances relating to the economic arrangement of the partners with respect to such item. The allocations of taxable income and loss provided for in the Operating Partnership's partnership agreement and the partnership agreements and operating agreements of the non-corporate subsidiaries are intended to comply with the requirements of Section 704(b) of the Code and the regulations promulgated thereunder.

Tax Allocations with Respect to the Hotels

Pursuant to Section 704(c) of the Code, income, gain, loss and deduction attributable to appreciated or depreciated property, such as the hotels, that is contributed to a partnership in exchange for an interest therein must be allocated in a manner such that the contributing partner is charged with, or benefits from, the difference between the adjusted tax basis and the fair market value of such property at the time of contribution. This difference is known as built-in gain or built-in loss. The Operating Partnership's partnership agreement requires that such allocations be made in a manner consistent with Section 704(c) of the Code. In general, the partners of the Operating Partnership, including us, who contributed appreciated assets with built-in gain are allocated depreciation deductions for federal income tax purposes that are lower than such deductions would be if determined on a pro rata basis. Thus, the carryover basis of the contributed assets in the hands of the Operating Partnership may cause us to be allocated lower depreciation and other deductions, and therefore to be effectively allocated more income, which might adversely affect our ability to comply with the REIT distribution requirements and/or cause a higher proportion of our distributions to our shareholders to be taxed as dividends. See "Federal Income Taxation of the Company as a REIT Annual Distribution Requirements" above.

In addition, in the event of the disposition of any of the contributed assets with built-in gain, all income attributable to the built-in gain generally will be allocated to the contributing partners, even though the proceeds of such sale would be distributed proportionately among all the partners and could be retained by us rather than distributed to our shareholders. Thus, if the Operating Partnership were to sell a hotel with built-in gain that was contributed to the Operating Partnership by us, we generally would be allocated all of the income attributable to the built-in gain, which amount could exceed the economic, or "book," income allocated to us as a result of such sale. Such an allocation might cause us to recognize taxable income in excess of cash proceeds, which might adversely affect our ability to comply with the REIT distribution requirements. It should be noted that, as the general partner of the Operating Partnership, we will determine whether or not to sell a hotel that we contributed to the Operating Partnership.

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As the general partner of the Operating Partnership, we have the authority to elect the method to be used to account for built-in gain with respect to assets contributed to the Operating Partnership. Any property purchased by the Operating Partnership initially will have an adjusted tax basis equal to its fair market value, and Section 704(c) of the Code will not apply.

Federal Income Tax Consequences to RLJ Shareholders

The following discussion describes the material federal income tax consequences to you of owning and disposing of our shares. This summary does not address state, local or non-U.S. tax consequences.

This discussion assumes that you hold our shares as "capital assets" (generally, property held for investment within the meaning of Section 1221 of the Code). This discussion is not intended to constitute, and should not be construed as, tax advice and does not purport to discuss all aspects of U.S. federal income taxation that may be important to a particular investor in light of its investment or tax circumstances, or to investors subject to special tax rules, including:

tax-exempt organizations, except to the extent discussed below in " Taxation of Tax-Exempt U.S. Shareholders";

broker-dealers;

traders in securities that elect to mark to market;

trusts, estates, regulated investment companies, REITs, financial institutions, insurance companies or S corporations;

investors subject to the alternative minimum tax provisions of the Code;

investors that hold their shares as part of a "hedge," "straddle," "conversion transaction," "synthetic security," or other integrated investment;

investors that hold their shares through a partnership or similar pass-through entity;

holders who receive our shares through the exercise of employee share options or otherwise as compensation;

persons holding 10% or more (by vote or value) of our outstanding shares, except to the extent discussed below;

non-U.S. shareholders (as defined in I. Material United States Federal Income Tax Consequences the Mergers), including "qualified shareholders" as defined in Section 897(k)(3)(A) of the Code, except to the extent discussed below in " Taxation of Non-U.S. Shareholders";

foreign (non-U.S.) governments;

persons with a "functional currency" other than the U.S. dollar;

U.S. expatriates; or

investors who are otherwise subject to special tax treatment under the Code.

Taxation of Taxable U.S. Shareholders

This section summarizes the U.S. federal income taxation of U.S. shareholders (as defined in I. Material United States Federal Income Tax Consequences the Mergers) that are not tax-exempt.

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Distributions Generally

The distributions that we make to our taxable U.S. shareholders out of current or accumulated earnings and profits that we do not designate as capital gain dividends or as qualified dividend income will be taken into account by shareholders as ordinary income when actually or constructively received. As long as we qualify as a REIT, these distributions will not be eligible for the dividends-received deduction for U.S. shareholders that are corporations. In determining the extent to which a distribution with respect to our shares constitutes a dividend for federal income tax purposes, our earnings and profits will be allocated first to distributions with respect to our preferred shares, if any, and then to our common shares. Except for dividends that we designate as qualified dividend income, dividends received from REITs are not eligible to be taxed at the preferential qualified dividend income tax rates currently available to individual U.S. shareholders who receive dividends from taxable C corporations.

Distributions from us in excess of our current and accumulated earnings and profits will not be taxable to a U.S. shareholder to the extent that they do not exceed the adjusted basis of the U.S. shareholder's shares in respect of which the distributions were made. Rather, the distribution will reduce the adjusted basis of these shares. To the extent that such distributions exceed the adjusted basis of a U.S. shareholder's shares, the U.S. shareholder generally must include such distributions in income as long-term capital gain, or short-term capital gain if the shares have been held for one year or less. In addition, any dividend that we declare in October, November or December of any year and that is payable to a shareholder of record on a specified date in any such month will be treated as both paid by us and received by the shareholder on December 31 of such year, provided that we actually pay the dividend before the end of January of the following calendar year.

To the extent that we have available net operating losses and capital losses carried forward from prior tax years, such losses may reduce the amount of distributions that we must make in order to comply with the REIT distribution requirements. See "Federal Income Taxation of the Company as a REIT Annual Distribution Requirements." Such losses, however, are not passed through to U.S. shareholders and may not be used to offset income of U.S. shareholders from other sources on their income tax returns. Such losses would not affect the character of any distributions that we make, which generally are subject to tax in the hands of U.S. shareholders to the extent that we have current or accumulated earnings and profits.

Capital Gain Dividends

We may elect to designate distributions of our net capital gain as "capital gain dividends." Distributions that we designate as capital gain dividends generally will be taxed to U.S. shareholders as long-term capital gain, without regard to the period during which the U.S. shareholder that receives such distribution has held its shares, to the extent that such gain does not exceed our actual net capital gain for the taxable year. Designations made by us only will be effective to the extent that they comply with Revenue Ruling 89-81, which requires that distributions made to different classes of shares be composed proportionately of dividends of a particular type. If we designate any portion of a dividend as a capital gain dividend, a U.S. shareholder will receive an IRS Form 1099-DIV indicating the amount that will be taxable to the U.S. shareholder as capital gain. Corporate U.S. shareholders may be required to treat up to 20% of some capital gain dividends as ordinary income. Recipients of capital gain dividends from us that are taxed at corporate income tax rates will be taxed at the normal corporate income tax rates on these dividends.

We may elect to retain and pay taxes on some or all of our net long term capital gain, in which case U.S. shareholders will be treated as having received, solely for U.S. federal income tax purposes, our undistributed capital gain as well as a corresponding credit or refund, as the case may be, for taxes that we paid on such undistributed capital gain. The U.S. shareholder will increase the basis in its shares by the difference between the amount of capital gain included in its income and the amount of tax it is deemed to have paid. Our earnings and profits, and the earnings and profits of U.S.

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shareholders that are corporations, will be adjusted for the undistributed capital gains in accordance with Treasury regulations to be prescribed by the IRS. See "Federal Income Taxation of the Company as a REIT Annual Distribution Requirements."

We will classify portions of any designated capital gain dividend or undistributed capital gain as either:

a long-term capital gain distribution, which would be taxable to non-corporate U.S. shareholders at a maximum rate of up to 23.8% (which rate takes into account the maximum capital gain rate of 20% and the 3.8% Medicare tax on net investment income, described below under " Medicare Tax on Net Investment Income"), and taxable to U.S. shareholders that are corporations at a maximum rate of 35%; or

an "unrecaptured Section 1250 gain" distribution, which would be taxable to non-corporate U.S. shareholders at a maximum rate of 25%, to the extent of previously claimed real property depreciation deductions.

The maximum amount of dividends that we may designate as capital gain and as "qualified dividend income" (discussed below) with respect to any taxable year (effective for distributions in tax years beginning after December 31, 2014) may not exceed the dividends actually paid by us with respect to such year, including dividends paid by us in the succeeding tax year that relate back to the prior tax year for purposes of determining our dividends paid deduction.

Qualified Dividend Income

We may elect to designate a portion of our distributions paid to such U.S. shareholders as "qualified dividend income." A portion of a distribution that is properly designated as qualified dividend income is taxable to non-corporate U.S. shareholders as capital gain, provided that the U.S. shareholder has held the shares with respect to which the distribution is made for more than 60 days during the 121-day period beginning on the date that is 60 days before the date on which such shares became ex-dividend with respect to the relevant distribution. The maximum amount of our distributions eligible to be designated as qualified dividend income for a taxable year is equal to the sum of:

the qualified dividend income received by us during such taxable year from non-REIT corporations (including any TRS in which we own an interest);

the excess of any "undistributed" REIT taxable income recognized during the immediately preceding year over the U.S. federal income tax paid by us with respect to such undistributed REIT taxable income; and

the excess of any income recognized during the immediately preceding year attributable to the sale of a built-in-gain asset that was acquired in a carry-over basis transaction from a non-REIT C corporation over the U.S. federal income tax paid by us with respect to such built-in gain.

Generally, dividends that we receive will be treated as qualified dividend income for purposes of the first bullet above if (1) the dividends are received from (a) a U.S. corporation (other than a REIT or a RIC), (b) any TRS that we may form, or (c) a "qualifying foreign corporation," and (2) specified holding period requirements and other requirements are met. If we designate any portion of a dividend as qualified dividend income, a U.S. shareholder will receive an IRS Form 1099-DIV indicating the amount that will be taxable to the holder as qualified dividend income.

Passive Activity Losses and Investment Interest Limitations

Distributions made by us and gain arising from the sale or exchange by a U.S. shareholder of our shares will not be treated as passive activity income. As a result, U.S. shareholders will not be able to apply any "passive losses" against income or gain relating to our shares. Distributions made by us, to

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the extent they do not constitute a return of capital, generally will be treated as investment income for purposes of computing the investment interest limitation. A U.S. shareholder that elects to treat capital gain dividends, capital gain from the disposition of shares, or qualified dividend income as investment income for purposes of the investment interest limitation will be taxed at ordinary income rates on such amounts. We intend to notify U.S. shareholders regarding the portions of distributions for each year that constitute ordinary income, return of capital and capital gain in compliance with the applicable IRS guidance.

Dispositions of Our Shares

In general, a U.S. shareholder will realize gain or loss upon the sale, redemption or other taxable disposition of our shares in an amount equal to the difference between the sum of the fair market value of any property and the amount of cash received in such disposition and the U.S. shareholder's adjusted tax basis in the shares at the time of the disposition. In general, a U.S. shareholder's adjusted basis will equal the U.S. shareholder's acquisition cost, increased by the excess for net capital gain deemed distributed to the U.S. shareholder (discussed above) less tax deemed paid on it and reduced by returns of capital.

In general, capital gain recognized by individuals and other non-corporate U.S. shareholders upon the sale or disposition of our shares will be subject to a maximum federal income tax rate of up to 23.8% (which rate takes into account the maximum capital gain rate of 20% and the 3.8% Medicare tax on net investment income, described below), if our shares are held for more than one year, and will be taxed at ordinary income tax rates of up to 43.4% (which rate takes into account the maximum ordinary income tax rate of 39.6% and the 3.8% Medicare tax on net investment income, described below) if the shares are held for one year or less. Gains recognized by U.S. shareholders that are corporations are subject to federal income tax at a maximum rate of 35%, whether or not such gains are classified as long-term capital gain or ordinary income.

A capital loss recognized by a U.S. shareholder upon the disposition of our shares that were held for more than one year at the time of disposition will be considered a long-term capital loss, which generally is available only to offset capital gain of the shareholder, but not ordinary income (except in the case of individuals, who may offset up to \$3,000 of ordinary income each year). In addition, any loss upon a sale or exchange of our shares by a U.S. shareholder who has held the shares for six months or less, after applying holding period rules, will be treated as a long-term capital loss to the extent of distributions that we make that are required to be treated by the U.S. shareholder as long-term capital gain.

Medicare Tax on Net Investment Income

High-income U.S. individuals, estates, and trusts are subject to an additional 3.8% tax on net investment income. Net investment income, for this purpose, includes dividends and gain from the sale of stock. In the case of an individual, the tax will be 3.8% of the lesser of the individual's net investment income or the excess of the individual's modified adjusted gross income over an amount equal to (1) \$250,000, in the case of a married individual filing a joint return or a surviving spouse, (2) \$125,000, in the case of a married individual filing a separate return, or (3) \$200,000 in the case of a single individual.

U.S. shareholders should consult their tax advisors regarding the effect, if any, of this legislation on their ownership and disposition of our shares.

Withholding on Payments in Respect of Certain Foreign Accounts

Certain future payments made to "foreign financial institutions" and "non-financial foreign entities" may be subject to withholding at a rate of 30%. U.S. shareholders should consult their tax

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advisors regarding the effect, if any, of this withholding provision on their ownership and disposition of our shares. See " Taxation of Non-U.S. Shareholders Foreign Account Tax Compliance Act."

Information Reporting Requirements and Backup Withholding

We will report to our shareholders and to the IRS the amount of dividends we pay during each calendar year and the amount of tax we withhold, if any. Generally, dividend payments are not subject to withholding; however, they may be subject to backup withholding. A shareholder may be subject to backup withholding at a rate of 28% with respect to dividends, unless the holder:

is a corporation or is considered exempt therefrom pursuant to certain other exempt categories and, when required, demonstrates this fact; or

provides a taxpayer identification number, certifies as to no loss of exemption from backup withholding, and otherwise complies with the applicable requirements of the backup withholding rules.

A shareholder who does not provide us with its correct taxpayer identification number also may be subject to penalties imposed by the IRS. Any amount paid as backup withholding will be creditable against the shareholder's U.S. federal income tax liability. In addition, we may be required to withhold a portion of any capital gain dividends paid to any shareholders who fail to certify their non-foreign status to us. For a discussion of the backup withholding rules as applied to non-U.S. shareholders, see " Taxation of Non-U.S. Shareholders."

Taxation of Tax-Exempt U.S. Shareholders

U.S. tax-exempt entities, including qualified employee pension and profit sharing trusts and individual retirement accounts, generally are exempt from federal income taxation. Such entities, however, may be subject to taxation on their unrelated business taxable income, or UBTI. While some investments in real estate may generate UBTI, the IRS has ruled that dividend distributions from a REIT to a tax-exempt entity generally do not constitute UBTI. Based on that ruling, and provided that (1) a tax-exempt shareholder has not held our shares as "debt financed property" within the meaning of the Code (i.e., where the acquisition or holding of the property is financed through a borrowing by the U.S. tax-exempt shareholder), and (2) our shares are not otherwise used in an unrelated trade or business, dividend income from us and gain from the sale of our shares generally should not give rise to UBTI to a U.S. tax-exempt shareholder.

Tax-exempt U.S. shareholders that are social clubs, voluntary employee benefit associations, supplemental unemployment benefit trusts, and qualified group legal services plans exempt from federal income taxation under Sections 501(c)(7), (c)(9), (c)(17) or (c)(20) of the Code, respectively, or single parent title-holding corporations exempt under Section 501(c)(2) of the Code whose income is payable to any of the aforementioned tax-exempt organizations, are subject to different UBTI rules. These rules generally require such shareholders to characterize distributions from us as UBTI unless the organization is able to claim properly a deduction for amounts set aside or placed in reserve for certain purposes so as to offset the income generated by its investment in our shares. These shareholders should consult with their own tax advisors concerning these set aside and reserve requirements.

In certain circumstances, a pension trust (1) that is described in Section 401(a) of the Code, (2) that is tax exempt under Section 501(a) of the Code, and (3) that owns more than 10% of our shares, could be required to treat a percentage of the dividends as UBTI, if we are a "pension-held REIT." We will not be a pension-held REIT unless:

either (1) one pension trust owns more than 25% of the value of our shares, or (2) one or more pension trusts, each individually holding more than 10% of the value of our shares, collectively own more than 50% of the value of our shares; and

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we would not have qualified as a REIT but for the fact that Section 856(h)(3) of the Code provides that shares owned by such trusts shall be treated as owned by the beneficiaries of such trusts for purposes of the requirement that not more than 50% of the value of the outstanding shares of a REIT may be owned, directly or indirectly, by five or fewer "individuals" (as defined in the Code to include certain entities).

As a result of restrictions on the ownership and transfer of our shares contained in our declaration of trust, we do not expect to be classified as a "pension-held REIT," and, as a result, the tax treatment described above should be inapplicable to our shareholders. However, because our shares are publicly traded, we cannot guarantee that this always will be the case.

Tax-exempt U.S. shareholders are urged to consult their tax advisors regarding the U.S. federal, state, local and foreign income and other tax consequences of owning our shares.

Taxation of Non-U.S. Shareholders

The following is a discussion of rules governing the federal income tax taxation of the ownership and disposition of our shares by our non-U.S. shareholders. For purposes of this summary, a "non-U.S. shareholder" is a beneficial owner of our shares that is not a U.S. shareholder (as defined above under "Federal Income Tax Consequences to RLJ Shareholders") or an entity that is treated as a partnership for U.S. federal income tax purposes. Except as specifically noted below, the discussion does not address the federal income taxation of the ownership and disposition of our shares by non-U.S. shareholders who have held more than 10% of our shares or by non-U.S. shareholders who are "qualified shareholders" as defined in Section 897(k)(3)(A) of the Code. These rules are complex, and no attempt is made herein to provide more than a brief summary of such rules. Accordingly, the discussion does not address all aspects of federal income taxation, and we urge non-U.S. shareholders to consult with their tax advisors regarding the effect of federal, state, local and non-U.S. income tax laws on the ownership and disposition of our shares.

Distributions Generally

As described in the discussion below, distributions made by us with respect to our shares will be treated for U.S. federal income tax purposes as:

ordinary income dividends;

return of capital distributions; or

long-term capital gain.

This discussion assumes that our shares will continue to be considered regularly traded on an established securities market for purposes of the Foreign Investment in Real Property Tax Act of 1980, or FIRPTA, provisions described below. If our shares no longer are regularly traded on an established securities market, the tax consequences described below would materially differ.

Ordinary Income Dividends

A distribution made by us to a non-U.S. shareholder will be treated as an ordinary income dividend if the distribution is payable out of our earnings and profits and:

is not attributable to our net capital gain, or

the distribution is attributable to our net capital gain from the sale of "U.S. real property interests," or USRPIs, and the non-U.S. shareholder owns 10% or less of the value of a class of our shares at all times during the one-year period ending on the date of the distribution.

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In general, non-U.S. shareholders will not be considered to be engaged in a U.S. trade or business solely as a result of their ownership of our shares. In cases where the dividend income from a non-U.S. shareholder's investment in our shares is, or is treated as, effectively connected with the non-U.S. shareholder's conduct of a U.S. trade or business, the non-U.S. shareholder generally will be subject to U.S. federal income tax at graduated rates in the same manner as U.S. shareholders are taxed with respect to such dividends. Such income generally must be reported on a U.S. income tax return filed by or on behalf of the non-U.S. shareholder. The income also may be subject to the 30% branch profits tax in the case of a non-U.S. shareholder that is a corporation.

Generally, we will withhold and remit to the IRS 30% of dividend distributions (including distributions that later may be determined to have been made in excess of current and accumulated earnings and profits) that could not be treated as FIRPTA gain distributions with respect to the non-U.S. shareholder (and that are not deemed to be capital gain dividends for purposes of FIRPTA withholding rules described below) unless:

a lower treaty rate applies and the non-U.S. shareholder files with us an IRS Form W-8BEN or W-8BEN-E evidencing eligibility for that reduced treaty rate;

the non-U.S. shareholder files an IRS Form W-8ECI with us claiming that the distribution is income effectively connected with the non-U.S. shareholder's trade or business; or

the non-U.S. shareholder is a foreign sovereign or controlled entity of a foreign sovereign and also provides an IRS Form W-8EXP claiming an exemption from withholding under section 892 of the Code.

Tax treaties may reduce the withholding obligations on our distributions. Under most tax treaties, however, taxation rates below 30% that are applicable to ordinary income dividends from U.S. corporations may not apply to ordinary income dividends from a REIT or may apply only if the REIT meets certain additional requirements. If the amount of tax withheld with respect to a distribution to a non-U.S. shareholder exceeds the non-U.S. shareholder's U.S. federal income tax liability with respect to the distribution, the non-U.S. shareholder may file for a refund of the excess from the IRS.

Return of Capital Distributions

Unless (A) our shares constitute a USRPI, as described in "Dispositions of Our Shares" below, or (B) either (1) the non-U.S. shareholder's investment in our shares is effectively connected with a U.S. trade or business conducted by such non-U.S. shareholder (in which case the non-U.S. shareholder will be subject to the same treatment as U.S. shareholders with respect to such gain), or (2) the non-U.S. shareholder is a nonresident alien individual who was present in the U.S. for 183 days or more during the taxable year and has a "tax home" in the U.S. (in which case the non-U.S. shareholder will be subject to a 30% tax on the individual's net capital gain for the year), distributions that we make which are not dividends out of our earnings and profits and are not FIRPTA gain distributions will not be subject to U.S. federal income tax. If we cannot determine at the time a distribution is made whether or not the distribution will exceed our current and accumulated earnings and profits, the distribution will be subject to withholding at the rate applicable to dividends. The non-U.S. shareholder may seek a refund from the IRS of any amounts withheld if it subsequently is determined that the distribution was, in fact, in excess of our current and accumulated earnings and profits. If our shares constitute a USRPI, as described below, distributions that we make in excess of the sum of (1) the non-U.S. shareholder's proportionate share of our earnings and profits, and (2) the non-U.S. shareholder's basis in its shares, will be taxed under FIRPTA at the rate of tax, including any applicable capital gain rates, that would apply to a U.S. shareholder of the same type (e.g., an individual or a corporation, as the case may be), and the collection of the tax will be enforced by a refundable withholding tax at a rate of 10% of the amount by which the distribution exceeds the non-U.S. shareholder's share of our earnings and profits.

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Capital Gain Dividends

Subject to the discussion below under the section titled " FIRPTA Distributions," a distribution made by us to a non-U.S. shareholder will be treated as long-term capital gain if the distribution is made out of our current or accumulated earnings and profits, the distribution is attributable to our net capital gain (other than from the sale of a USRPI) and we timely designate the distribution as a capital gain dividend.

Long-term capital gain that a non-U.S. shareholder is deemed to receive from a capital gain dividend that is not attributable to the sale of a USRPI generally will not be subject to U.S. federal income tax in the hands of the non-U.S. shareholder unless:

the non-U.S. shareholder's investment in our shares is effectively connected with a U.S. trade or business of the non-U.S. shareholder, in which case the non-U.S. shareholder will be subject to the same treatment as U.S. shareholders with respect to any such gain, except that a non-U.S. shareholder that is a corporation also may be subject to the 30% branch profits tax; or

the non-U.S. shareholder is a nonresident alien individual who is present in the United States for 183 days or more during the taxable year and has a "tax home" in the United States, in which case the nonresident alien individual will be subject to a 30% tax on any such capital gains.

FIRPTA Distributions

From time to time, some of our distributions may be of amounts attributable to gain from the sale or exchange of USRPIs. Such distributions to a non-U.S. shareholder generally will be subject to the taxation and withholding regime applicable to ordinary income dividends only if (1) dividends are received with respect to a class of shares that is "regularly traded" on a domestic "established securities market," both as defined by applicable Treasury regulations, and (2) the non-U.S. shareholder does not own more than 10% of that class of shares at any time during the one-year period ending on the date of distribution. If both of these conditions are satisfied, qualifying non-U.S. shareholders will not be subject to FIRPTA withholding or reporting with respect to such dividends, and will not be required to pay branch profits tax. Instead, these dividends will be subject to U.S. federal income tax and withholding as ordinary dividends, currently at a 30% tax rate, unless reduced by applicable treaty. Although there can be no assurance in this regard, we believe that our common shares are "regularly traded" on a domestic "established securities market" within the meaning of applicable Treasury regulations; however, we can provide no assurance that our common shares are or will continue to be "regularly traded" on a domestic "established securities market" in future taxable years.

Except as discussed above, for any year in which we qualify as a REIT, distributions that are attributable to gain from the sale or exchange of a USRPI are taxed to a non-U.S. shareholder as if these distributions were gains effectively connected with a trade or business in the U.S. conducted by the non-U.S. shareholder. A non-U.S. shareholder that does not qualify for the special rule discussed above will be taxed on these amounts at the normal rates applicable to a U.S. shareholder and will be required to file a U.S. federal income tax return reporting these amounts. If such a non-U.S. shareholder is a corporation, it also may owe the 30% branch profits tax under Section 884 of the Code in respect of these amounts. We or other applicable withholding agents will be required to withhold from distributions to such non-U.S. shareholders, and to remit to the IRS 35% of the amount treated as gain from the sale or exchange of USRPIs. The amount of any tax so withheld is creditable against the non-U.S. shareholder's U.S. federal income tax liability, and the non-U.S. shareholder may file for a refund from the IRS of any amount of withheld tax in excess of that tax liability.

A non-U.S. shareholder who has held more than 10% of our shares or a non-U.S. shareholder who is a "qualified shareholder" as defined in Section 897(k)(3)(A) of the Code should consult its own tax

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advisors concerning the tax consequences of the our distributions attributable to gain from the sale or exchange of USRPIs.

Undistributed Capital Gain

Although the law is not entirely clear on the matter, it appears that amounts designated by us as undistributed capital gains in respect of our shares held by non-U.S. shareholders generally should be treated in the same manner as actual distributions by us of capital gain dividends. Under this approach, the non-U.S. shareholder would be able to offset as a credit against its U.S. federal income tax liability resulting therefrom its proportionate share of the tax paid by us on the undistributed capital gains treated as long-term capital gains to the non-U.S. shareholder, and receive from the IRS a refund to the extent its proportionate share of the tax paid by us were to exceed the non-U.S. shareholder's actual U.S. federal income tax liability on such long-term capital gain. If we were to designate any portion of our net capital gain as undistributed capital gain, a non-U.S. shareholder should consult its tax advisors regarding taxation of such undistributed capital gain.

Dispositions of Our Shares

Unless our shares constitute a USRPI, a sale of our shares by a non-U.S. shareholder generally will not be subject to U.S. federal income taxation under FIRPTA.

Generally, with respect to any particular shareholder, our shares will constitute a USRPI only if each of the following three statements is true.

Fifty percent or more of our assets throughout a prescribed testing period consists of interests in real property located within the United States, excluding for this purpose, interests in real property solely in a capacity as creditor. We believe that 50% or more of our assets will consist of interests in U.S. real property.

We are not a "domestically-controlled qualified investment entity." A domestically-controlled qualified investment entity includes a REIT less than 50% of the value of which is held directly or indirectly by non-U.S. shareholders at all times during a specified testing period. Although we expect that we likely will be domestically-controlled, we cannot make any assurance that we are or will remain a domestically-controlled qualified investment entity.

Either (a) our shares are not "regularly traded," as defined by applicable Treasury regulations, on an established securities market; or (b) our shares are "regularly traded" on an established securities market but the selling non-U.S. shareholder has held over 10% of that outstanding class of shares any time during the five-year period ending on the date of the sale. We expect that our common shares will continue to be regularly traded on an established securities market.

In addition, dispositions of our capital stock by qualified shareholders are exempt from FIRPTA, except to the extent owners of such qualified shareholders that are not also qualified shareholders own, actually or constructively, more than 10% of our capital stock. An actual or deemed disposition of our capital stock by such shareholders may also be treated as a dividend. Furthermore, dispositions of our capital stock by "qualified foreign pension funds" or entities all of the interests of which are held by "qualified foreign pension funds" are exempt from FIRPTA. Non-U.S. stockholders should consult their tax advisors regarding the application of these rules.

Specific wash sale rules applicable to sales of shares in a domestically-controlled qualified investment entity could result in gain recognition, taxable under FIRPTA, upon the sale of our shares even if we are a domestically-controlled qualified investment entity. These rules would apply if a non-U.S. shareholder (1) disposes of our shares within a 30-day period preceding the ex-dividend date of a distribution, any portion of which, but for the disposition, would have been taxable to such non-U.S. shareholder as gain from the sale or exchange of a USRPI, (2) acquires, or enters into a contract or option to acquire, other shares during the 61-day period that begins 30 days prior to such

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ex-dividend date, and (3) if our shares are "regularly traded" on an established securities market in the United States, such non-U.S. shareholder has owned more than 10% of such class of outstanding shares at any time during the one-year period ending on the date of such distribution.

If gain on the sale of our shares were subject to taxation under FIRPTA, the non-U.S. shareholder would be required to file a U.S. federal income tax return and would be subject to the same treatment as a U.S. shareholder with respect to such gain, subject to the applicable alternative minimum tax and a special alternative minimum tax in the case of non-resident alien individuals, and the purchaser of the shares could be required to withhold 15% of the purchase price and remit such amount to the IRS.

Gain from the sale of our shares that otherwise would not be subject to FIRPTA will nonetheless be taxable in the United States to a non-U.S. shareholder as follows: (1) if the non-U.S. shareholder's investment in our shares is effectively connected with a U.S. trade or business conducted by such non-U.S. shareholder, the non-U.S. shareholder will be subject to the same treatment as a U.S. shareholder with respect to such gain, or (2) if the non-U.S. shareholder is a nonresident alien individual who was present in the United States for 183 days or more during the taxable year and has a "tax home" in the United States, the nonresident alien individual will be subject to a 30% tax on the individual's capital gain.

Backup Withholding and Information Reporting

The sale of our shares by a non-U.S. shareholder through a non-U.S. office of a broker generally will not be subject to information reporting or backup withholding. The sale generally is subject to the same information reporting applicable to sales through a U.S. office of a U.S. or foreign broker if the sale of shares is effected at a non-U.S. office of a broker that is:

a U.S. person;

a controlled foreign corporation for U.S. tax purposes;

a foreign person 50% or more of whose gross income is effectively connected with the conduct of a U.S. trade or business for a specified three-year period; or

a foreign partnership, if at any time during its tax year: (1) one or more of its partners are "U.S. persons," as defined in U.S. Treasury regulations, who, in the aggregate, hold more than 50% of the income or capital interest in the foreign partnership; or (2) such foreign partnership is engaged in the conduct of a U.S. trade or business.

Backup withholding generally does not apply if the broker does not have actual knowledge or reason to know that you are a United States person and the applicable documentation requirements are satisfied. Generally, a non-U.S. shareholder satisfies the information reporting requirements by providing the IRS with Form W-8BEN or Form W-8BEN-E or an acceptable substitute. Backup withholding is not an additional tax. Any amounts that we withhold under the backup withholding rules will be refunded or credited against the non-U.S. shareholder's federal income tax liability if certain required information is furnished to the IRS. The application of information reporting and backup withholding varies depending on the shareholder's particular circumstances and, therefore, a non-U.S. shareholder is advised to consult its tax advisor regarding applicable information reporting and backup withholding requirements.

Foreign Account Tax Compliance Act

The Foreign Account Tax Compliance Act ("FATCA") imposes a 30% withholding tax on dividends on, and gross proceeds from the sale or other disposition of, our shares if paid to a foreign entity, unless either (i) the foreign entity is a "foreign financial institution" that undertakes certain due diligence, reporting, withholding, and certification obligations, or in the case of a foreign financial institution that is a resident in a jurisdiction that has entered into an intergovernmental agreement to

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implement FATCA, the entity complies with the diligence and reporting requirements of such agreement, (ii) the foreign entity is not a "foreign financial institution" and identifies certain of its U.S. investors, or (iii) the foreign entity otherwise is excepted under FATCA. The required withholding began July 1, 2014 with respect to dividends on our shares, and will begin January 1, 2019 with respect to gross proceeds from a sale or other disposition of our shares.

If withholding is required under FATCA on a payment related to our shares, investors that otherwise would not be subject to withholding (or that otherwise would be entitled to a reduced rate of withholding) generally will be required to seek a refund or credit from the IRS to obtain the benefit of such exemption or reduction (provided that such benefit is available). Prospective investors should consult their tax advisors regarding the effect of FATCA in their particular circumstances.

Other Tax Considerations

Legislative or Other Actions Affecting REITs

The rules dealing with federal income taxation are constantly under review by persons involved in the legislative process and by the IRS and the U.S. Treasury Department. We cannot give you any assurances as to whether, or in what form, any proposals affecting REITs or their shareholders will be enacted. Changes to the federal tax laws and interpretations thereof could adversely affect an investment in our shares.

State, Local and Foreign Taxes

We, our subsidiaries, and/or our shareholders may be subject to state, local or foreign taxation in various jurisdictions, including those in which we or they transact business, own property or reside. We own properties located in numerous U.S. jurisdictions and may be required to file tax returns in some or all of those jurisdictions. Our state and local tax treatment and the state, local and foreign tax treatment of our shareholders may not conform to the federal income tax treatment discussed above. Prospective shareholders should consult their tax advisors regarding the application and effect of state, local and foreign income and other tax laws on an investment in our shares.

A portion of our income is earned through our TRSs. The TRSs are subject to federal, state and local income tax at the full applicable corporate rates. In addition, a TRS will be limited in its ability to deduct interest payments in excess of a certain amount made directly or indirectly to us. To the extent that our TRSs and we are required to pay federal, state or local taxes, we will have less cash available for distribution to shareholders.

Tax Shelter Reporting

If a holder of our shares recognizes a loss as a result of a transaction with respect to our shares of at least (1) \$2 million or more in a single taxable year or \$4 million or more in a combination of taxable years, for a shareholder that is an individual, S corporation, trust, or a partnership with at least one non-corporate partner, or (2) \$10 million or more in a single taxable year or \$20 million or more in a combination of taxable years, for a shareholder that is either a corporation or a partnership with only corporate partners, such shareholder may be required to file a disclosure statement with the IRS on Form 8886. Direct holders of portfolio securities are in many cases exempt from this reporting requirement, but holders of REIT securities currently are not exempt. The fact that a loss is reportable under these Treasury regulations does not affect the legal determination of whether the taxpayer's treatment of the loss is proper. The Code imposes significant penalties for failure to comply with these requirements. Shareholders should consult their tax advisers concerning any possible disclosure obligation with respect to the receipt or disposition of our shares, or transactions that we might undertake directly or indirectly. Moreover, shareholders should be aware that we and other participants in the transactions in which we are involved (including their advisors) might be subject to disclosure or other requirements pursuant to these regulations.

Table of Contents**COMPARATIVE SHARE PRICES AND DIVIDENDS**

RLJ Common Shares are listed for trading on the NYSE under the symbol "RLJ." FelCor Common Stock is listed for trading on the NYSE under the symbol "FCH." The following table presents trading information for RLJ Common Shares and FelCor Common Stock on April 21, 2017, the last trading day before public announcement of the Mergers, and July 14, 2017, the latest practicable trading day before the date of this joint proxy statement/prospectus.

Date	RLJ Common Shares			FelCor Common Stock		
	High	Low	Close	High	Low	Close
April 21, 2017	\$ 23.73	\$ 23.53	\$ 23.60	\$ 7.36	\$ 7.29	\$ 7.32
July 14, 2017	\$ 19.81	\$ 19.42	\$ 19.67	\$ 7.10	\$ 6.95	\$ 7.08

For illustrative purposes, the following table provides FelCor equivalent per share information on each of the specified dates. FelCor equivalent per share amounts are calculated by multiplying the per share price of each RLJ Common Share by 0.362, the Common Exchange Ratio, and rounded up or down to the nearest cent.

Date	RLJ Common Shares			FelCor Common Stock		
	High	Low	Close	High	Low	Close
April 21, 2017	\$ 23.73	\$ 23.53	\$ 23.60	\$ 8.59	\$ 8.52	\$ 8.54
July 14, 2017	\$ 19.81	\$ 19.42	\$ 19.67	\$ 7.17	\$ 7.03	\$ 7.12

Market Prices and Dividend Data

The following tables set forth the high and low prices of RLJ Common Shares and FelCor Common Stock as reported on the NYSE, and the quarterly cash dividends per share, for the calendar quarters indicated.

RLJ

	High	Low	Dividend
2017			
Third Quarter (through July 14, 2017)	\$ 20.51	\$ 19.24	
Second Quarter	\$ 23.98	\$ 19.12	\$ 0.33
First Quarter	\$ 25.01	\$ 21.86	\$ 0.33
2016			
First Quarter	\$ 23.33	\$ 16.15	\$ 0.33
Second Quarter	\$ 22.81	\$ 18.86	\$ 0.33
Third Quarter	\$ 24.60	\$ 20.58	\$ 0.33
Fourth Quarter	\$ 25.10	\$ 18.92	\$ 0.33
2015			
First Quarter	\$ 36.25	\$ 29.90	\$ 0.33
Second Quarter	\$ 32.09	\$ 28.73	\$ 0.33
Third Quarter	\$ 32.14	\$ 25.00	\$ 0.33
Fourth Quarter	\$ 27.52	\$ 21.48	\$ 0.33
2014			
First Quarter	\$ 27.28	\$ 23.65	\$ 0.22
Second Quarter	\$ 29.00	\$ 25.00	\$ 0.22
Third Quarter	\$ 30.64	\$ 27.76	\$ 0.30
Fourth Quarter	\$ 34.47	\$ 27.95	\$ 0.30
2013			
First Quarter	\$ 22.82	\$ 19.72	\$ 0.21
Second Quarter	\$ 24.00	\$ 20.53	\$ 0.21
Third Quarter	\$ 24.70	\$ 22.28	\$ 0.21
Fourth Quarter	\$ 25.57	\$ 22.60	\$ 0.24

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	High	Low	Dividend
2017			
Third Quarter (through July 14, 2017)	\$ 7.43	\$ 6.95	
Second Quarter	\$ 8.20	\$ 6.74	\$ 0.06
First Quarter	\$ 9.13	\$ 7.00	\$ 0.06
2016			
First Quarter	\$ 8.17	\$ 5.47	\$ 0.06
Second Quarter	\$ 8.08	\$ 5.68	\$ 0.06
Third Quarter	\$ 7.19	\$ 6.00	\$ 0.06
Fourth Quarter	\$ 8.44	\$ 6.07	\$ 0.06
2015			
First Quarter	\$ 12.43	\$ 9.70	\$ 0.04
Second Quarter	\$ 12.29	\$ 9.64	\$ 0.04
Third Quarter	\$ 10.87	\$ 6.88	\$ 0.04
Fourth Quarter	\$ 8.63	\$ 6.83	\$ 0.06
2014			
First Quarter	\$ 9.35	\$ 7.49	\$ 0.02
Second Quarter	\$ 10.61	\$ 8.59	\$ 0.02
Third Quarter	\$ 10.92	\$ 9.16	\$ 0.02
Fourth Quarter	\$ 11.18	\$ 8.99	\$ 0.04
2013			
First Quarter	\$ 6.03	\$ 4.71	
Second Quarter	\$ 6.47	\$ 5.38	
Third Quarter	\$ 6.33	\$ 5.49	
Fourth Quarter	\$ 8.23	\$ 5.83	\$ 0.02

Because the Common Exchange Ratio will not be adjusted for changes in the market price of either RLJ Common Shares or shares of FelCor Common Stock, the market value of the shares of RLJ Common Shares that holders of FelCor Common Stock will have the right to receive on the date the Mergers are completed may vary significantly from the market value of the RLJ Common Shares that holders of FelCor Common Stock would receive if the Mergers were completed on the date of this joint proxy statement/prospectus. As a result, you should obtain recent market prices of RLJ Common Shares and shares of FelCor Common Stock prior to voting your shares. See "Risk Factors Risks Related to the Mergers" beginning on page 35.

Table of Contents**UNAUDITED COMPARATIVE PER SHARE INFORMATION**

The following table sets forth for the year ended December 31, 2016 and the three months ended March 31, 2017, selected per share information for RLJ Common Shares on a historical and pro forma combined basis and for FelCor Common Stock on a historical and pro forma equivalent basis. Except for the historical information as of and for the year ended December 31, 2016, the information in the table is unaudited. You should read the table below together with the historical consolidated financial statements and related notes thereto of RLJ and FelCor contained in RLJ's Annual Report on Form 10-K for the year ended December 31, 2016 and FelCor's Annual Report on Form 10-K for the year ended December 31, 2016, as amended, and each of RLJ's and FelCor's respective Quarterly Reports on Form 10-Q for the quarter ended March 31, 2017, which are incorporated herein by reference into this joint proxy statement/prospectus. See "Where You Can Find More Information and Incorporation by Reference" beginning on page 210.

The FelCor pro forma equivalent per common share amounts were calculated by multiplying the RLJ pro forma amounts by the exchange ratio of 0.362.

	RLJ		FelCor	
	Historical	Pro Forma Combined	Historical(1)	Pro Forma Combined(2)
For the year ended December 31, 2016				
Net income per common share, basic and diluted	\$ 1.61	\$ 1.07	\$ 0.01	\$ 0.39
Dividends declared per share	\$ 1.32	N/A(3)	\$ 0.24	N/A(3)
For the quarter ended March 31, 2017				
Net income (loss) per common share, basic and diluted	\$ 0.17	\$ (0.11)	\$ (0.30)	\$ (0.04)
Dividends declared per share	\$ 0.33	N/A(3)	\$ 0.06	N/A(3)
As of March 31, 2017				
Net book value per common share	\$ 17.73	\$ 19.84	\$ 0.93	\$ 7.18

- (1) The FelCor historical per share information has been adjusted to reflect a probable significant disposition as if it occurred on January 1, 2016 and March 31, 2017 for the operating results and financial position, respectively.
- (2) Represents per share of FelCor Common Stock results based on equivalent RLJ Common Shares to be issued under the Merger Agreement as of June 26, 2017 and based on RLJ's closing price on June 26, 2017.
- (3) Pro forma dividends per common share is not presented as the dividend policy for the Combined Company will be determined by the RLJ Board following the completion of the Mergers. It is anticipated that the initial per share dividend will be \$1.32 annually paid on a quarterly basis.

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DESCRIPTION OF RLJ CAPITAL SHARES

General

The following is a summary of some of the terms of RLJ's capital shares, the RLJ declaration of trust, as amended, RLJ's bylaws, as amended, and certain provisions of the Maryland REIT law. You should read the RLJ declaration of trust and the RLJ bylaws and the applicable provisions of Maryland law for complete information on RLJ's capital shares. The following summary is not complete and is subject to, and qualified in its entirety by reference to, the provisions of the RLJ declaration of trust and bylaws. To obtain copies of these documents, see "Where You Can Find More Information and Incorporation by Reference" beginning on page 210.

The description of RLJ capital shares in this section applies to the capital shares of the Combined Company after the REIT Merger. For additional information, see "Comparison of Rights of RLJ Shareholders and FelCor Stockholders" beginning on page 190.

Shares Authorized

RLJ's declaration of trust provides that RLJ may issue up to 450,000,000 RLJ Common Shares and 50,000,000 preferred shares of beneficial interest, par value \$0.01 per share (the "RLJ Preferred Shares"). RLJ's declaration of trust authorizes the RLJ Board to amend the declaration of trust to increase or decrease the aggregate number of authorized common shares or the number of shares of any class or series without shareholder approval.

Shares Outstanding

As of July 6, 2017, 124,639,939 RLJ Common Shares were issued and outstanding and no RLJ Preferred Shares were issued and outstanding. Upon consummation of the REIT Merger, the Combined Company is expected to have approximately 175,312,607 million RLJ Common Shares and 12,879,475 RLJ Series A Preferred Shares issued and outstanding.

Common Shares

Voting Rights

Subject to the provisions of RLJ's declaration of trust regarding the restrictions on transfer and ownership of shares of beneficial interest and except as may otherwise be specified in the terms of any class or series of shares of beneficial interest, each outstanding RLJ Common Share entitles the holder to one vote on all matters submitted to a vote of shareholders, including the election of trustees, and, except as provided with respect to any other class or series of shares of beneficial interest, the holders of such RLJ Common Shares will possess the exclusive voting power. There is no cumulative voting in the election of trustees.

Under the Maryland statute governing REITs formed under the laws of that state (the "Maryland REIT law"), a Maryland REIT generally cannot amend its declaration of trust or merge with another entity unless declared advisable by a majority of its board of trustees and approved by the affirmative vote of shareholders holding at least two-thirds of the shares entitled to vote on the matter unless a lesser percentage (but not less than a majority of all the votes entitled to be cast on the matter) is set forth in the REIT's declaration of trust. RLJ's declaration of trust provides that these actions (other than certain amendments to the provisions of the declaration of trust related to the removal of trustees, the restrictions on ownership and transfer of shares and the termination of RLJ's existence) may be taken if declared advisable by a majority of the RLJ Board and approved by the vote of shareholders holding a majority of the votes entitled to be cast on the matter.

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Dividends, Distributions, Liquidation and Other Rights

Subject to the preferential rights of any other class or series of shares and to the provisions of RLJ's declaration of trust regarding the restrictions on transfer and ownership of shares, holders of RLJ Common Shares are entitled to receive dividends on such RLJ Common Shares if, as and when authorized by the RLJ Board, and declared by RLJ out of assets legally available therefor. Such holders also are entitled to share ratably in the assets of RLJ legally available for distribution to shareholders in the event of RLJ's liquidation, dissolution or winding up after payment or establishment of reserves for all debts and other liabilities of RLJ and any shares with preferential rights related thereto.

Holders of RLJ Common Shares have no preference, conversion, exchange, sinking fund or redemption rights, have no preemptive rights to subscribe for any securities of RLJ and have no appraisal rights. Subject to the provisions of RLJ's declaration of trust regarding the restrictions on transfer and ownership of shares, RLJ Common Shares will have equal dividend, liquidation and other rights.

Preferred Shares

Pursuant to articles supplementary to be filed by RLJ prior to the REIT Merger effective time, RLJ will issue 12,950,000 RLJ Preferred Shares as \$1.95 Series A Cumulative Convertible Preferred Shares, par value \$0.01 per share (the RLJ Series A Preferred Shares).

Preemptive Rights

The holders of RLJ Series A Preferred Shares have no preemptive rights and are not subject to any sinking fund. Unless converted or redeemed by RLJ into RLJ Common Shares, RLJ Series A Preferred Shares will have a perpetual term, with no maturity.

Ranking

RLJ Series A Preferred Shares will rank senior to RLJ Common Shares, with respect to the payment of dividends and any distributions upon liquidation, dissolution or winding up. So long as any RLJ Series A Preferred Shares are outstanding, RLJ may authorize, reclassify, create or increase the authorized amount of any class of shares having rights senior to RLJ Series A Preferred Shares only if such action is approved by the affirmative vote of at least $66\frac{2}{3}\%$ of the votes entitled to be cast by the holders of RLJ Series A Preferred Shares and every other series of parity shares outstanding, acting as a single class regardless of series, in addition to any other vote of RLJ's shareholders required by law. However, no such vote of the holders of RLJ Series A Preferred Shares shall be required in connection with such authorization, creation, or increase in the authorized amount of a senior class if provision is made for the redemption of all RLJ Series A Preferred Shares at the time outstanding. RLJ may create additional classes of securities, increase the authorized number of preferred shares or issue series of preferred shares ranking junior to, or on parity with, RLJ Series A Preferred Shares, without the vote or consent of any holder of RLJ Series A Preferred Shares.

Dividends

Holders of RLJ Series A Preferred Shares are entitled to receive, when, as and if declared by the RLJ Board, out of funds legally available for payment, cash dividends in an amount per share equal to the greater of \$1.95 per annum or the cash distributions declared or paid for the corresponding period (determined as of the record date for each of the respective quarterly dividend payment dates referred to below) on the number of RLJ Common Shares, or portion thereof, into which an RLJ Series A Preferred Share is then convertible. Dividends on RLJ Series A Preferred Shares, for the quarterly periods commencing January 1, April 1, July 1 and October 1 of each year, are payable quarterly in

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arrears on the last calendar day of January, April, July and October of each year. Dividends are cumulative and accumulations of dividends on the shares of RLJ Series A Preferred Shares do not bear interest. Dividends payable on RLJ Series A Preferred Shares are computed on the basis of a 360-day year consisting of twelve 30-day months.

Except as provided in the next sentence, no dividend will be declared or paid, or set apart for payment, on any parity shares unless full cumulative dividends have been, or contemporaneously are, declared and paid, or set apart for payment, on RLJ Series A Preferred Shares for all prior dividend periods and the then current dividend period. If accrued dividends on RLJ Series A Preferred Shares and any parity shares for all prior dividend periods have not been paid in full, then any dividend declared on RLJ Series A Preferred Shares and any parity shares for any dividend period will be declared ratably in proportion to accrued and unpaid dividends on RLJ Series A Preferred Shares and any parity shares.

Unless full cumulative dividends then required to be paid on RLJ Series A Preferred Shares and any parity shares have been, or contemporaneously are, declared and paid, or set apart for payment, RLJ will not declare, pay or set apart funds for the payment of any dividend or other distribution with respect to any junior shares or redeem, purchase or otherwise acquire for consideration any junior shares, subject to certain exceptions as described in RLJ's declaration of trust. Notwithstanding the foregoing limitations, RLJ may, at any time, acquire shares of RLJ Common Shares, without regard to rank, for the purpose of preserving its status as a REIT.

As used for these purposes,

the term "dividend" does not include dividends or distributions payable solely in shares of junior shares, or in options, warrants or rights to holders of junior shares to subscribe for or purchase any junior shares;

the term "junior shares" shall mean RLJ Common Shares and any other class or series of shares of RLJ over which RLJ Series A Preferred Shares has preference or priority in the payment of dividends or in the distribution of assets on any liquidation, dissolution or winding up of RLJ.; and

the term "parity shares" means any other class or series of RLJ shares now or hereafter issued and outstanding that ranks equally with RLJ Series A Preferred Shares as to the payment of dividends and amounts upon the liquidation, dissolution or winding up of RLJ.

Optional Redemption

RLJ may exercise its option to redeem the RLJ Series A Preferred Shares, in whole or in part, only if, for 20 trading days within any period of 30 consecutive trading day period, including the last trading day of that period, the closing price of the RLJ Common Shares on the NYSE equals or exceeds the conversion price per share (initially, \$89.09 per share, subject to adjustment as described below). In order to exercise this redemption option, RLJ must issue a press release announcing the redemption prior to the opening of business on the second trading day after the foregoing conditions have been met. Notice of redemption will be given by mail or by publication in *The Wall Street Journal* or *The New York Times* or, if neither is then being published, in any other daily newspaper of national circulation (with subsequent prompt notice by mail) to the holders of RLJ Series A Preferred Shares not more than four business days after RLJ issues the press release.

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Upon redemption in accordance with this procedure, each RLJ Series A Preferred Shares so redeemed shall be, at the option of RLJ:

converted into a number of shares of RLJ Common Shares equal to the liquidation preference (excluding any accrued and unpaid dividends) of the RLJ Series A Preferred Shares divided by the conversion price as of the opening of business on the call date; or

redeemed in cash at a per share amount equal to the aggregate market value (determined as of the date of the notice of redemption) of such number of RLJ Common Shares into which the RLJ Series A Preferred Shares are then convertible divided by the then current conversion price.

On the redemption date, RLJ must pay on each share of RLJ Series A Preferred Shares to be redeemed any accrued and unpaid dividends, in arrears, for any full dividend period ending on or prior to the redemption date. In the case of a redemption date falling after a dividend payment record date and prior to the related payment date, the holders of RLJ Series A Preferred Shares at the close of business on that record date will be entitled to receive the dividend payable on those shares on the corresponding dividend payment date, notwithstanding the redemption of their shares prior to the dividend payment date. Except as provided for in the preceding sentence, no payment or allowance will be made for accrued dividends on any RLJ Series A Preferred Shares called for redemption or on the RLJ Common Shares issuable upon that redemption.

Unless full cumulative dividends then required to be paid on RLJ Series A Preferred Shares and any parity shares have been, or contemporaneously are, declared and paid, or declared and a sum sufficient for the payment thereof set apart for payment, RLJ Series A Preferred Shares may not be redeemed in whole or in part, and RLJ may not, except as set forth in the following sentence, redeem, purchase or otherwise acquire for consideration any RLJ Series A Preferred Shares, other than pursuant to a purchase or exchange offer made on the same terms to all holders of RLJ Series A Preferred Shares. Notwithstanding the foregoing limitations, RLJ may, at any time, acquire RLJ Common Shares, without regard to rank, for the purpose of preserving its status as a REIT.

On and after the date fixed for redemption, provided that RLJ has made available at the office of the registrar and transfer agent a sufficient number of RLJ Common Shares or a sufficient amount of cash to effect the redemption, dividends will cease to accrue on RLJ Series A Preferred Shares called for redemption, those shares shall no longer be deemed to be outstanding and all rights of the holders of those RLJ Series A Preferred Shares shall cease, except for the right to receive the RLJ Common Shares or any cash payable upon redemption, without interest from the date of redemption, and except that, in the case of a redemption date after a dividend payment record date and prior to the related dividend payment date, holders of RLJ Series A Preferred Shares on the dividend payment record date will be entitled on the dividend payment date to receive the dividend payable on those shares. At the close of business on the redemption date, each holder of RLJ Series A Preferred Shares (unless RLJ defaults in the delivery of the RLJ Common Shares or cash) will be, without any further action, deemed a holder of the number of RLJ Common Shares for which RLJ Series A Preferred Shares is redeemable, or be entitled to receive the cash amount applicable to those shares.

Fractional shares will not be issued upon redemption of RLJ Series A Preferred Shares, but, in lieu thereof, RLJ will pay a cash adjustment based on the current market price of RLJ Common Shares on the day prior to the redemption date.

Liquidation Preference

The holders of RLJ Series A Preferred Shares are entitled to receive, in the event of any liquidation, dissolution or winding up of RLJ, whether voluntary or involuntary, a liquidation preference (the "Series A Liquidation Preference") of \$25.00 per share of RLJ Series A Preferred Shares, plus an amount per share of RLJ Series A Preferred Shares equal to all accrued and unpaid

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dividends, whether or not earned or declared, to the date of final distribution to such holders and will not be entitled to any other payment.

Until the holders of RLJ Series A Preferred Shares have been paid the Series A Liquidation Preference in full, no payment will be made to any holder of junior shares upon the liquidation, dissolution or winding up of RLJ. If, upon any liquidation, dissolution or winding up of RLJ, the assets of RLJ or proceeds thereof distributable among the holders of RLJ Series A Preferred Shares and any parity shares are insufficient to pay in full the Series A Liquidation Preference and the liquidation preference applicable to any parity shares, then those assets will be distributed among the holders of RLJ Series A Preferred Shares and any parity shares, ratably, in accordance with the respective amounts that would be payable on those shares if all amounts payable on those shares were to be paid in full. Neither a consolidation nor merger of RLJ with another corporation, a statutory share exchange by RLJ, nor a sale or transfer of all or substantially all of RLJ's assets will be considered a liquidation, dissolution or winding up, voluntary or involuntary, of RLJ.

Voting Rights

If six quarterly dividends, whether or not consecutive, payable on RLJ Series A Preferred Shares, or any parity shares, are in arrears, whether or not earned or declared, the number of trustees then constituting the RLJ Board will be increased by two, and the holders of shares of RLJ Series A Preferred Shares and any other parity shares, voting together as a single class, which are referred to as the voting preferred shares, will have the right to elect two additional trustees to serve on the RLJ Board. This voting right will be applicable to any annual meeting or special meeting of shareholders, or a properly called special meeting of the holders of the voting preferred shares, until all the delinquent dividends on the voting preferred shares have been paid and dividends for the then current dividend period have been paid or declared and set aside for payment.

The approval by the affirmative vote of at least 66²/₃% of the votes entitled to be cast by the holders of the outstanding RLJ Series A Preferred Shares and any parity shares similarly affected, voting together as a single class, is required in order to:

amend RLJ's declaration of trust to affect materially and adversely the rights, preferences or voting power of the holders of RLJ Series A Preferred Shares and the parity shares; or

authorize, reclassify, create or increase the authorized amount of any class of stock having rights senior to RLJ Series A Preferred Shares with respect to the payment of dividends or amounts upon the liquidation, dissolution or winding up of RLJ.

RLJ may, however, increase the authorized number of shares of preferred shares and may create additional classes of parity shares and junior shares, increase the authorized number of shares of parity shares junior shares and issue additional series of parity shares and junior shares, all without the consent of any holder of RLJ Series A Preferred Shares.

Except as required by law, the holders of RLJ Series A Preferred Shares will not be entitled to vote on any merger or consolidation involving RLJ or a sale, lease or transfer of all or substantially all of RLJ's assets. See "Conversion Price Adjustments" below.

Conversion Rights

RLJ Series A Preferred Shares are convertible, in whole or in part, at any time, at the option of the holders, into a number of RLJ Common Shares obtained by dividing the aggregate liquidation preference (equal to \$25.00 per share of RLJ Series A Preferred Shares), excluding any accrued but unpaid dividends, by an initial conversion price of \$89.09 per share of RLJ Common Shares (equivalent to a conversion rate of 0.2806 shares of RLJ Common Shares for each share of RLJ Series A Preferred Shares), subject to adjustment as described below ("Conversion Price Adjustments"). The right to

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convert shares of RLJ Series A Preferred Shares called for redemption will terminate at the close of business on the redemption date. For information as to notices of redemption, see "Optional Redemption" above.

Conversion of RLJ Series A Preferred Shares, or a specified portion thereof, may be effected by delivering a certificate or certificates evidencing these shares, together with written notice of conversion and a proper assignment of the certificate or certificates to RLJ or in blank, to the office or agency to be maintained by RLJ for that purpose. That office is currently the principal corporate trust office of Wells Fargo Shareowners Services.

Each conversion will be deemed to have been effected immediately prior to the close of business on the date on which the certificates for RLJ Series A Preferred Shares shall have been surrendered and notice shall have been received by RLJ as aforesaid (and if applicable, payment of an amount equal to the dividend payable on those shares shall have been received by RLJ as described below), and the conversion shall be at the conversion price in effect at that time and date.

Holders of RLJ Series A Preferred Shares at the close of business on a dividend payment record date will be entitled to receive the dividend payable on those shares on the corresponding dividend payment date, notwithstanding the conversion of those shares following the dividend payment record date and prior to the dividend payment date. RLJ Series A Preferred Shares surrendered for conversion during the period between the close of business on any dividend payment record date and the opening of business on the corresponding dividend payment date (except shares converted after the issuance by RLJ of a notice of redemption providing for a redemption date during that period, which shares will be entitled to the dividend), however, must be accompanied by payment of an amount equal to the dividend payable on those shares on the dividend payment date. A holder of RLJ Series A Preferred Shares on a dividend payment record date who (or whose transferee) tenders any shares for conversion into RLJ Common Shares on a dividend payment date will receive the dividend payable by RLJ on those RLJ Series A Preferred Shares on that date, and the converting holder need not include payment of the amount of the dividend upon surrender of RLJ Common Shares for conversion. Except as provided above, RLJ will make no payment or allowance for unpaid dividends, whether or not in arrears, on converted shares or for dividends on the RLJ Common Shares issued upon conversion.

Fractional shares will not be issued upon conversion, but, in lieu thereof, RLJ will pay a cash adjustment based on the current market price of the RLJ Common Shares on the day prior to the conversion date.

Conversion Price Adjustments

The conversion price is subject to adjustment upon certain events, including:

payments of dividends (and other distributions) in RLJ Common Shares;

subdivisions, combinations and reclassifications of RLJ Common Shares; and

distributions to all holders of RLJ Common Shares of shares of capital stock (other than RLJ Common Shares) or evidences of RLJ's indebtedness or assets (including securities, but excluding those dividends, rights, warrants and distributions referred to above for which an adjustment previously has been made and excluding permitted common shares cash distributions, as described below); or

issuances to all holders of RLJ Common Shares certain rights, options or warrants entitling them to subscribe for or purchase RLJ Common Shares at a price per share less than the fair market value per share of RLJ Common Shares.

As used for these purposes, "permitted common shares cash distribution" means cash dividends and distributions paid with respect to RLJ Common Shares after December 31, 2016, not in excess of

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the sum of RLJ's cumulative undistributed net earnings at December 31, 2016, plus the cumulative amount of funds from operations, as determined by the RLJ Board on a basis consistent with RLJ's financial reporting practices, after December 31, 2016, minus the cumulative amount of dividends accrued or paid on RLJ Series A Preferred Shares or any other class of preferred stock after January 1, 2017.

In addition to the foregoing adjustments, RLJ will be permitted to make such reductions in the conversion price as it considers to be advisable in order that any event treated for federal income tax purposes as a dividend of stock or stock rights will not be taxable to the holders of RLJ Common Shares, or, if that is not possible, to diminish any income taxes that are otherwise payable because of such event.

In case RLJ shall be a party to any transaction (including, without limitation, a merger, consolidation, statutory share exchange, tender offer for all or substantially all of the RLJ Common Shares or sale of all or substantially all of RLJ's assets), in each case as a result of which RLJ Common Shares will be converted into the right to receive stock, securities or other property (including cash or any combination thereof), each share of RLJ Series A Preferred Shares, if convertible after the consummation of the transaction, will thereafter be convertible into the kind and amount of shares of stock and other securities and property receivable (including cash or any combination thereof) upon the consummation of such transaction by a holder of that number of shares, or fraction thereof, of RLJ Common Shares into which one share of RLJ Series A Preferred Shares was convertible immediately prior to such transaction (assuming that a holder of RLJ Common Shares failed to exercise any rights of election and received per share the kind and amount received per share by a plurality of non-electing shares). RLJ may not become a party to any of these transactions unless the terms thereof are consistent with the foregoing.

No adjustment of the conversion price will be required to be made in any case until cumulative adjustments amount to one percent or more of the conversion price. Any adjustments not so required to be made will be carried forward and taken into account in subsequent adjustments.

Power to Reclassify the Unissued RLJ Common Shares or RLJ Preferred Shares

RLJ's declaration of trust authorizes the RLJ Board to classify and reclassify any unissued RLJ Common Shares or RLJ Preferred Shares into other classes or series of shares and to establish the number of shares in each class or series and to set the preferences, conversion and other rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications or terms or conditions of redemption for each such class or series.

Power to Increase or Decrease Authorized RLJ Common Shares and Issue Additional RLJ Common Shares and RLJ Preferred Shares

The RLJ Board may amend RLJ's declaration of trust to increase or decrease the aggregate number of shares or the number of shares of any class or series that RLJ has the authority to issue, without shareholder approval.

Certain Provisions of Maryland Law and RLJ's Declaration of Trust and Bylaws

The RLJ Board of Trustees

RLJ's declaration of trust and bylaws provide that the number of trustees of RLJ may be established by the RLJ Board, but may not be fewer than two nor more than 15. RLJ's declaration of trust and bylaws provide that any vacancy, including a vacancy created by an increase in the number of trustees, may be filled only by a majority of the remaining trustees, even if the remaining trustees do

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not constitute a quorum. Any individual elected to fill such vacancy will serve for the remainder of the full term and until a successor is duly elected and qualifies.

Pursuant to RLJ's bylaws, each of RLJ's trustees will be elected by RLJ's shareholders to serve until the next annual meeting of shareholders and until his or her successor is duly elected and qualifies under Maryland law. Holders of RLJ Common Shares will have no right to cumulative voting in the election of trustees. Trustees will be elected by a majority of all the votes cast at a meeting of shareholders duly called and at which a quorum is present; provided, however, that if on the record date for such meeting the number of trustee nominees exceeds the number of trustees to be elected, then a plurality of all the votes cast at a meeting of shareholders duly called and at which a quorum is present shall be sufficient. For purposes of the election of trustees, a majority of the votes cast means the number of shares voted for a trustee must exceed the number of shares voted against that trustee. Any incumbent trustee who does not receive a majority of the votes cast by shareholders entitled to vote with respect to the election of that trustee shall tender his or her resignation to the RLJ Board for consideration by the nominating and corporate governance committee of the RLJ Board. The nominating and corporate governance committee will make a recommendation to the RLJ Board on whether to accept or reject the resignation, or whether other action should be taken. The RLJ Board will act on the recommendation and publicly disclose its decision and the rationale behind it within 90 days from the date of the certification of the election results. Notwithstanding the foregoing, RLJ's bylaws require the RLJ Board to accept any such resignation if the nominee has received more votes against than for his or her election at each of two consecutive annual meetings of shareholders.

RLJ's bylaws provide that at least a majority of RLJ's trustees must be "independent," with independence being defined in the manner established by the RLJ Board and in a manner consistent with listing standards established by the NYSE.

Removal of Trustees

RLJ's declaration of trust provides that, subject to the rights of holders of one or more classes or series of RLJ Preferred Shares to elect or remove one or more trustees, a trustee may be removed only for cause (as defined in RLJ's declaration of trust) and only by the affirmative vote of at least two-thirds of the votes entitled to be cast generally in the election of trustees and that the RLJ Board has the exclusive power to fill vacant trusteeships, even if the remaining trustees do not constitute a quorum. These provisions may preclude shareholders from removing incumbent trustees and filling the vacancies created by such removal with their own nominees.

Business Combinations

Under provisions of the MGCL that apply to Maryland REITs, certain "business combinations" (including a merger, consolidation, share exchange or, in certain circumstances specified under the statute, an asset transfer or issuance or reclassification of equity securities) between a Maryland REIT and any interested shareholder, or an affiliate of such an interested shareholder, are prohibited for five years after the most recent date on which the interested shareholder becomes an interested shareholder. Maryland law defines an interested shareholder as:

any person who beneficially owns, directly or indirectly, 10% or more of the voting power of the trust's outstanding voting shares; or

an affiliate or associate of the trust who, at any time within the two-year period prior to the date in question, was the beneficial owner, directly or indirectly, of 10% or more of the voting power of the then-outstanding voting shares of the trust.

A person is not an interested shareholder under the statute if the RLJ Board approves in advance the transaction by which the person otherwise would have become an interested shareholder. In

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approving a transaction, however, the RLJ Board may provide that its approval is subject to compliance at or after the time of the approval, with any terms and conditions determined by the RLJ Board.

After the five-year prohibition, unless, among other conditions, the trust's common shareholders receive a minimum price (as described under Maryland law) for their shares and the consideration is received in cash or in the same form as previously paid by the interested shareholder for its shares, any business combination between the trust and an interested shareholder generally must be recommended by the board of trustees and approved by the affirmative vote of at least:

80% of the votes entitled to be cast by holders of outstanding voting shares of the trust; and

two-thirds of the votes entitled to be cast by holders of voting shares of the trust other than shares held by the interested shareholder with whom (or with whose affiliate) the business combination is to be effected or shares held by an affiliate or associate of the interested shareholder.

These provisions of the MGCL do not apply, however, to business combinations that are approved or exempted by a trust's board of trustees prior to the time that the interested shareholder becomes an interested shareholder. Pursuant to the statute, the RLJ Board has determined to opt out of the business combination provisions of the MGCL and, consequently, the five-year prohibition and, accordingly, the supermajority vote requirements will not apply to business combinations between RLJ and an interested shareholder, unless the RLJ Board in the future alters or repeals this resolution. As a result, any person who later becomes an interested shareholder may be able to enter into business combinations with RLJ without compliance by RLJ with the supermajority vote requirements and the other provisions of the statute.

The RLJ Board may not determine to become subject to such business combination provisions in the future without shareholder approval. An alteration or repeal of the resolution of the RLJ Board will not have any effect on any business combinations that have been consummated or upon any agreements existing at the time of such modification or repeal.

Control Share Acquisitions

Maryland law provides that "control shares" of a Maryland REIT acquired in a "control share acquisition" have no voting rights except to the extent approved at a special meeting of shareholders by the affirmative vote of two-thirds of the votes entitled to be cast on the matter, excluding shares in a Maryland REIT in respect of which any of the following persons is entitled to exercise or direct the exercise of the voting power of such shares in the election of trustees: (1) a person who makes or proposes to make a control share acquisition; (2) an officer of the trust; or (3) an employee of the trust who is also a trustee of the trust. "Control shares" are voting shares that, if aggregated with all other such shares previously acquired by the acquirer or in respect of which the acquirer is able to exercise or direct the exercise of voting power (except solely by virtue of a revocable proxy), would entitle the acquirer to exercise voting power in electing trustees within one of the following ranges of voting power:

one-tenth or more but less than one-third;

one-third or more but less than a majority; or

a majority or more of all voting power.

Control shares do not include shares the acquiring person is then entitled to vote as a result of having previously obtained shareholder approval. A "control share acquisition" means the acquisition, directly or indirectly, of ownership of, or the power to direct the exercise of voting power with respect to, issued and outstanding control shares, subject to certain exceptions.

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A person who has made or proposes to make a control share acquisition, upon satisfaction of certain conditions (including an undertaking to pay expenses and making an "acquiring person statement" as described in the MGCL), may compel the RLJ Board to call a special meeting of shareholders to be held within 50 days of demand to consider the voting rights of the control shares. If no request for a special meeting is made, RLJ may present the question at any shareholders meeting.

If voting rights of control shares are not approved at the meeting or if the acquiring person does not deliver an "acquiring person statement" as required by Maryland law, then, subject to certain conditions and limitations, the trust may redeem any or all of the control shares (except those for which voting rights have previously been approved) for fair value. Fair value is determined, without regard to the absence of voting rights for the control shares, as of the date of the last control share acquisition by the acquirer or of any meeting of shareholders at which the voting rights of such shares are considered and not approved. If voting rights for control shares are approved at a shareholders meeting and the acquirer becomes entitled to vote a majority of the shares entitled to vote, all other shareholders may exercise appraisal rights, unless appraisal rights are eliminated under the declaration of trust. RLJ's declaration of trust eliminates all appraisal rights of shareholders. The control share acquisition statute does not apply (1) to shares acquired in a merger, consolidation or share exchange if RLJ is a party to the transaction or (2) to acquisitions approved or exempted by the declaration of trust or bylaws of the trust.

RLJ's bylaws contain a provision exempting from the control share acquisition statute any and all acquisitions by any person of RLJ Common Shares. The RLJ Board may not amend or eliminate such provision without shareholder approval.

Subtitle 8 of Title 3 of the Maryland General Corporation Law

Subtitle 8 of Title 3 of the MGCL ("Section 8") permits a Maryland REIT with a class of equity securities registered under the Exchange Act and at least three independent trustees to elect to be subject, by provision in its declaration of trust or bylaws or a resolution of its board of trustees and notwithstanding any contrary provision in the declaration of trust or bylaws, to any or all of the following five provisions:

a classified board;

a two-thirds shareholder vote requirement for removing a trustee;

a requirement that the number of trustees be fixed only by vote of the trustees;

a requirement that a vacancy on the board be filled only by the remaining trustees and for the remainder of the full term of the class of trustees in which the vacancy occurred; and

a requirement that requires the request of the holders of at least a majority of all votes entitled to be cast to call a special meeting of shareholders.

RLJ has opted out of all of the provisions of Subtitle 8 and must receive the approval of a majority of shareholders casting votes on the matter to opt in to any of the provisions of Subtitle 8; however, pursuant to provisions in RLJ's declaration of trust and bylaws unrelated to Subtitle 8, RLJ currently (1) requires the affirmative vote of the holders of not less than two-thirds of all of the votes entitled to be cast on the matter for the removal of any trustee from the RLJ Board, which removal will be allowed only for cause, and (2) requires, unless called by the Executive Chairman of the RLJ Board, the President or Chief Executive Officer or the RLJ Board, the written request of shareholders entitled to cast a majority of all votes entitled to be cast at such meeting to call a special meeting. In addition, provisions in RLJ's declaration of trust and bylaws provide that the number of trustees may be determined by the RLJ Board and that RLJ's trustees may fill vacancies on the RLJ Board and, therefore, pursuant to provisions in the MGCL, shareholders will not have the authority to determine the number of trustees on the RLJ Board or to fill vacancies on the RLJ Board other than vacancies resulting from the removal of a trustee.

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Amendment of RLJ's Declaration of Trust and Bylaws and Approval of Extraordinary Transactions

Under the Maryland REIT law, a Maryland REIT generally cannot amend its declaration of trust or merge with another entity unless declared advisable by a majority of the board of trustees and approved by the affirmative vote of shareholders entitled to cast at least two-thirds of the votes entitled to be cast on the matter unless a lesser percentage, but not less than a majority of all of the votes entitled to be cast on the matter, is set forth in the REIT's declaration of trust. RLJ's declaration of trust provides that such actions (other than certain amendments to the provisions of RLJ's declaration of trust related to the removal of trustees, the restrictions on ownership and transfer of RLJ's shares and termination of the trust) may be taken if declared advisable by a majority of the RLJ Board and approved by the vote of shareholders holding a majority of the votes entitled to be cast on the matter.

RLJ's bylaws may be altered, amended or repealed, and new bylaws adopted, by the vote of a majority of the entire RLJ Board or by a vote of the holders of not less than a majority of all the shares of RLJ then outstanding and entitled to be cast on the matter.

Meetings of Shareholders

Under RLJ's bylaws, annual meetings of shareholders will be held each year at a date and time as determined by the RLJ Board. Special meetings of shareholders may be called only by a majority of the trustees then in office, by the Executive Chairman of the RLJ Board, RLJ's President or RLJ's Chief Executive Officer. Additionally, subject to the provisions of RLJ's bylaws, special meetings of the shareholders shall be called by RLJ's Secretary upon the written request of shareholders entitled to cast at least a majority of the votes entitled to be cast at such meeting. Only matters set forth in the notice of the special meeting may be considered and acted upon at such a meeting. Maryland law and RLJ's bylaws provide that any action required or permitted to be taken at a meeting of shareholders may be taken without a meeting by unanimous written consent, if that consent sets forth that action and is signed by each shareholder entitled to vote on the matter.

Advance Notice of Trustee Nominations and New Business

RLJ's bylaws provide that, with respect to an annual meeting of shareholders, nominations of persons for election to the RLJ Board and the proposal of business to be considered by shareholders at the annual meeting may be made only:

pursuant to RLJ's notice of the meeting;

by or at the direction of the RLJ Board; or

by a shareholder who was a shareholder of record both at the time of giving of the notice of the meeting and at the time of the annual meeting, who is entitled to vote at the meeting and who has complied with the advance notice procedures set forth in RLJ's bylaws.

With respect to special meetings of shareholders, only the business specified in RLJ's notice of meeting may be brought before the meeting of shareholders. The proposal of business to be considered by shareholders at a special meeting may be made only at the written request of a majority of all votes entitled to be cast at such meeting, which complies with the procedures set forth in RLJ's bylaws pertaining to special meetings.

The purpose of requiring shareholders to give advance notice of nominations and other proposals is to afford the RLJ Board the opportunity to consider the qualifications of the proposed nominees or the advisability of the other proposals and, to the extent considered necessary by the RLJ Board, to inform shareholders and make recommendations regarding the nominations or other proposals. The advance notice procedures also permit a more orderly procedure for conducting RLJ shareholder meetings. Although RLJ's bylaws do not give the RLJ Board the power to disapprove timely

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shareholder nominations and proposals, RLJ's bylaws may have the effect of precluding a contest for the election of trustees or proposals for other action if the proper procedures are not followed, and of discouraging or deterring a third party from conducting a solicitation of proxies to elect its own slate of trustees to the RLJ Board or to approve its own proposal.

Anti-takeover Effect of Certain Provisions of Maryland Law and RLJ's Declaration of Trust and Bylaws

The provisions of RLJ's declaration of trust on removal of trustees and the advance notice provisions of RLJ's bylaws could delay, defer or prevent a transaction or a change in control of RLJ that might involve a premium price for holders of RLJ Common Shares or otherwise be in the best interests of RLJ's shareholders. Likewise, if the RLJ Board were to opt into the business combination provisions of the MGCL or certain of the provisions of Subtitle 8 of Title 3 of the MGCL, with shareholder approval, if the provision in RLJ's bylaws opting out of the control share acquisition provisions of the MGCL were amended or rescinded or if the RLJ Board opted in to the Maryland Business Combination Act (Subtitle 6 of Title 3 of the MGCL), these provisions of the MGCL could have similar anti-takeover effects.

Indemnification and Limitation of Trustees' and Officers' Liability

The Maryland REIT law permits a Maryland REIT to include in its declaration of trust a provision limiting the liability of its trustees and officers to the trust and its shareholders for money damages except for liability resulting from actual receipt of an improper benefit or profit in money, property or services or active and deliberate dishonesty established by a final judgment as being material to the cause of action. RLJ's declaration of trust contains such a provision that eliminates such liability to the maximum extent permitted by Maryland law.

The Maryland REIT law permits a Maryland REIT to indemnify and advance expenses to its trustees, officers, employees and agents to the same extent as permitted by the MGCL for directors and officers of a Maryland corporation. The MGCL permits a corporation to indemnify its present and former directors and officers, among others, against judgments, penalties, fines, settlements and reasonable expenses actually incurred by them in connection with any proceeding to which they may be made or are threatened to be made a party by reason of their service in those or other capacities unless it is established that:

the act or omission of the director or officer was material to the matter giving rise to the proceeding and (1) was committed in bad faith or (2) was the result of active and deliberate dishonesty;

the director or officer actually received an improper personal benefit in money, property or services; or

in the case of any criminal proceeding, the director or officer had reasonable cause to believe that the act or omission was unlawful.

However, under the MGCL, a Maryland corporation may not indemnify a director or officer for an adverse judgment in a suit by or in the right of the corporation or if the director or officer was adjudged liable on the basis that personal benefit was improperly received, unless in either case a court orders indemnification and then only for expenses.

In addition, the MGCL permits a corporation to advance reasonable expenses to a director or officer upon the corporation's receipt of:

a written affirmation by such director or officer of his or her good faith belief that he or she has met the standard of conduct necessary for indemnification by the corporation; and

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a written undertaking by such director or officer or on such director's or officer's behalf to repay the amount paid or reimbursed by the corporation if it is ultimately determined that the director did not meet the standard of conduct.

RLJ's declaration of trust and bylaws obligate RLJ, to the maximum extent permitted by Maryland law in effect from time to time, to indemnify and to pay or reimburse reasonable expenses in advance of final disposition of a proceeding to:

any present or former trustee or officer (including any individual who, at RLJ's request, serves or has served as a director, trustee, officer, partner, member, employee or agent of another REIT, corporation, partnership, company, joint venture, trust, employee benefit plan or any other enterprise) against any claim or liability to which he or she may become subject by reason of service in such capacity; and

any present or former trustee or officer who has been successful in the defense of a proceeding to which he or she was made a party by reason of service in such capacity.

RLJ's declaration of trust and bylaws also permit RLJ, with the approval of the RLJ Board, to indemnify and advance expenses to any person who served a predecessor of RLJ's in any of the capacities described above and to any employee or agent of RLJ's company or a predecessor of RLJ's company.

In addition, upon completion of RLJ's initial public offering, RLJ entered into indemnification agreements with each of RLJ's trustees and executive officers that provide for indemnification to the maximum extent permitted by Maryland law.

Insofar as the foregoing provisions permit indemnification of trustees, officers or persons controlling RLJ for liability arising under the Securities Act, RLJ has been informed that, in the opinion of the SEC, this indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

Restrictions on Ownership and Transfer

In order to qualify as a REIT under the Code, RLJ's shares must be beneficially owned by 100 or more persons during at least 335 days of a taxable year of 12 months (other than the first year for which an election to be a REIT has been made) or during a proportionate part of a shorter taxable year. Also, no more than 50% of the value of RLJ's outstanding shares (after taking into account options to acquire common shares) may be owned, directly, indirectly, or through attribution, by five or fewer individuals (as defined in the Code to include certain entities) at any time during the last half of a taxable year (other than the first year for which an election to be a REIT has been made).

Because the RLJ Board believes that it is essential for RLJ to qualify as a REIT, RLJ's declaration of trust, subject to certain exceptions, contains restrictions on the number of RLJ's shares of beneficial interest that a person may own.

In order to assist RLJ in complying with the limitations on the concentration of ownership of RLJ's shares imposed by the Code, RLJ's declaration of trust generally prohibits any person or entity (other than a person or entity who has been granted an exception) from directly or indirectly, beneficially or constructively, owning more than 9.8% of the aggregate of RLJ's outstanding common shares, by value or by number of shares, whichever is more restrictive, or 9.8% of the aggregate of the outstanding preferred shares of any class or series, by value or by number of shares, whichever is more restrictive. However, RLJ's declaration of trust permits (but does not require) exceptions to be made for shareholders provided that the RLJ Board determines that such exceptions will not jeopardize RLJ's qualification as a REIT.

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RLJ's declaration of trust also prohibits any person from (1) beneficially or constructively owning RLJ's shares of beneficial interest that would result in RLJ being "closely held" under Section 856(h) of the Code, (2) transferring RLJ's shares if such transfer would result in RLJ being beneficially owned by fewer than 100 persons (determined without regard to any rules of attribution), (3) beneficially or constructively owning RLJ's shares that would result in RLJ owning (directly or constructively) 10% or more of the ownership interest in a tenant of its real property if income derived from such tenant for RLJ's taxable year would result in more than a de minimis amount of non-qualifying income for purposes of the REIT tests that, taking into account any other non-qualifying gross income of RLJ's, would cause RLJ to fail to satisfy an applicable REIT gross income requirement, and (4) beneficially or constructively owning RLJ's shares that would cause RLJ otherwise to fail to qualify as a REIT, including, but not limited to, as a result of any "eligible independent contractor" (as defined in Section 856(d)(9)(A) of the Code) that operates a "qualified lodging facility" (as defined in Section 856(d)(9)(D)(i) of the Code) on behalf of a taxable REIT subsidiary, or TRS, failing to qualify as such. Any person who acquires or attempts or intends to acquire beneficial ownership of RLJ's shares that will or may violate any of the foregoing restrictions on transferability and ownership will be required to give notice immediately to RLJ and provide RLJ with such other information as RLJ may request in order to determine the effect of such transfers on RLJ's qualification as a REIT. The foregoing restrictions on transferability and ownership will not apply if the RLJ Board determines that it is no longer in RLJ's best interest to attempt to qualify, or to qualify, or to continue to qualify, as a REIT. In addition, the RLJ Board may determine that compliance with the foregoing restrictions is no longer required for RLJ's qualification as a REIT.

The RLJ Board, in its sole discretion, may waive the 9.8% ownership limit for common shares or preferred shares for a shareholder that is not an individual if such shareholder provides information and makes representations to the board that are satisfactory to the board, in its reasonable discretion, to establish that such person's ownership in excess of the 9.8% limit for common or preferred shares would not jeopardize RLJ's qualification as a REIT. As a condition of granting the waiver, the RLJ Board, in its sole discretion, may require a ruling from the IRS, or an opinion of counsel in either case in form and substance satisfactory to the RLJ Board in order to determine or ensure RLJ's qualification as a REIT.

In addition, the RLJ Board from time to time may increase the share ownership limits. However, the share ownership limits may not be increased if, after giving effect to such increase, five or fewer individuals could own or constructively own in the aggregate, more than 49.9% in value of the shares then outstanding.

If any transfer of RLJ's shares of beneficial interest occurs which, if effective, would result in any person beneficially or constructively owning shares in excess, or in violation, of the above transfer or ownership limitations, known as a prohibited owner, then that number of shares, the beneficial or constructive ownership of which otherwise would cause such person to violate the transfer or ownership limitations (rounded up to the nearest whole share), will be automatically transferred to a charitable trust for the exclusive benefit of a charitable beneficiary, and the prohibited owner will not acquire any rights in such shares. This automatic transfer will be considered effective as of the close of business on the business day before the violative transfer. If the transfer to the charitable trust would not be effective for any reason to prevent the violation of the above transfer or ownership limitations, then the transfer of that number of shares that otherwise would cause any person to violate the above limitations will be void. RLJ shares held in the charitable trust will continue to constitute issued and outstanding shares. The prohibited owner will not benefit economically from ownership of any shares held in the charitable trust, will have no rights to dividends or other distributions and will not possess any rights to vote or other rights attributable to the shares held in the charitable trust. The trustee of the charitable trust will be designated by RLJ and must be unaffiliated with RLJ or any prohibited owner and will have all voting rights and rights to dividends or other distributions with respect to

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shares held in the charitable trust, and these rights will be exercised for the exclusive benefit of the trust's charitable beneficiary. Any dividend or other distribution paid before RLJ's discovery that shares have been transferred to the trustee will be paid by the recipient of such dividend or distribution to the trustee upon demand, and any dividend or other distribution authorized but unpaid will be paid when due to the trustee. Any dividend or distribution so paid to the trustee will be held in trust for the trust's charitable beneficiary. Subject to Maryland law, effective as of the date that such shares have been transferred to the charitable trust, the trustee, in its sole discretion, will have the authority to:

rescind as void any vote cast by a prohibited owner prior to RLJ's discovery that such shares have been transferred to the charitable trust; and

recast such vote in accordance with the desires of the trustee acting for the benefit of the trust's charitable beneficiary.

However, if RLJ has already taken irreversible corporate action, then the trustee will not have the authority to rescind and recast such vote.

Within 20 days of receiving notice from RLJ that shares have been transferred to the charitable trust, and unless RLJ buys the shares first as described below, the trustee will sell the shares held in the charitable trust to a person, designated by the trustee, whose ownership of the shares will not violate the share ownership limits in RLJ's declaration of trust. Upon the sale, the interest of the charitable beneficiary in the shares sold will terminate and the trustee will distribute the net proceeds of the sale to the prohibited owner and to the charitable beneficiary. The prohibited owner will receive the lesser of:

the price paid by the prohibited owner for the shares or, if the prohibited owner did not give value for the shares in connection with the event causing the shares to be held in the charitable trust (for example, in the case of a gift or devise), the market price of the shares on the day of the event causing the shares to be held in the charitable trust; and

the price per share received by the trustee from the sale or other disposition of the shares held in the charitable trust (less any commission and other expenses of a sale).

The trustee may reduce the amount payable to the prohibited owner by the amount of dividends and distributions paid to the prohibited owner and owed by the prohibited owner to the trustee. Any net sale proceeds in excess of the amount payable to the prohibited owner will be paid immediately to the charitable beneficiary. If, before RLJ's discovery that RLJ's shares have been transferred to the charitable trust, such shares are sold by a prohibited owner, then:

such shares will be deemed to have been sold on behalf of the charitable trust; and

to the extent that the prohibited owner received an amount for such shares that exceeds the amount that the prohibited owner was entitled to receive as described above, the excess must be paid to the trustee upon demand.

In addition, shares held in the charitable trust will be deemed to have been offered for sale to RLJ, or RLJ's designee, at a price per share equal to the lesser of:

the price per share in the transaction that resulted in such transfer to the charitable trust (or, in the case of a gift or devise, the market price at the time of the gift or devise); and

the market price on the date we, or RLJ's designee, accepts such offer.

RLJ may reduce the amount payable to the prohibited owner by the amount of dividends and distributions paid to the prohibited owner and owed by the prohibited owner to the trustee. RLJ may pay the amount of such reduction to the trustee for the benefit of the charitable beneficiary. RLJ will have the right to accept the offer until the trustee has sold the shares held in the charitable trust. Upon

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such a sale to RLJ, the interest of the charitable beneficiary in the shares sold will terminate and the trustee will distribute the net proceeds of the sale to the prohibited owner and any dividends or other distributions held by the trustee will be paid to the charitable beneficiary.

All certificates representing RLJ's shares will bear a legend referring to the restrictions described above.

Every shareholder of record of more than 5% (or such lower percentage as required by the Code or the regulations promulgated thereunder) in value of the outstanding shares will be required to give written notice to RLJ within 30 days after the end of each taxable year stating the name and address of each actual owner, the number of shares of each class and series of shares that the each actual owner beneficially owns and a description of the manner in which such shares are held. Each such shareholder shall provide to RLJ such additional information as RLJ may request in order to determine the effect, if any, of such beneficial ownership on RLJ's status as a REIT and to ensure compliance with the ownership limitations. In addition, each shareholder shall upon demand be required to provide to RLJ such information as RLJ may request, in good faith, in order to determine RLJ's status as a REIT and to comply with the requirements of any taxing authority or governmental authority or to determine such compliance.

These share ownership limitations could delay, deter or prevent a transaction or a change in control that might involve a premium price for holders of RLJ Common Shares or might otherwise be in the best interest of RLJ's shareholders.

REIT Qualification

RLJ's declaration of trust provides that the RLJ Board may revoke or otherwise terminate RLJ's REIT election, without approval of RLJ's shareholders, if RLJ determines that it is no longer in RLJ's best interests to attempt to qualify, or to continue to qualify, as a REIT.

Stock Exchange Listing

RLJ Common Shares are listed on the NYSE under the symbol "RLJ."

Following the REIT Merger, the RLJ Series A Preferred Shares will be listed on the NYSE under the symbol "RLJprA."

Transfer Agent and Registrar

The transfer agent and registrar for RLJ Common Shares and RLJ Series A Preferred Shares is Wells Fargo Shareowners Services, a division of Wells Fargo Bank N.A.

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COMPARISON OF RIGHTS OF RLJ SHAREHOLDERS AND FELCOR STOCKHOLDERS

Both RLJ and FelCor are organized in Maryland. The rights of RLJ shareholders are governed by the Maryland REIT Law, the RLJ declaration of trust and bylaws and certain provisions of the Maryland General Corporation Law, or the MGCL, that are incorporated in the Maryland REIT Law. The rights of FelCor stockholders are governed by the MGCL and FelCor's articles of amendment and restatement (the "FelCor Charter") and bylaws. Upon consummation of the Mergers, the rights of the former FelCor stockholders who receive RLJ Common Shares or RLJ Series A Preferred Shares will be governed by the Maryland REIT Law and the RLJ declaration of trust and bylaws of RLJ. Upon consummation of the Mergers, holders of FelCor Series A Preferred Stock will receive RLJ Series A Preferred Shares having the preferences, rights and privileges materially unchanged from the preferences, rights and privileges of the FelCor Series A Preferred Stock as described above in "Description of RLJ Capital Shares Preferred Shares."

The following is a summary of the material differences as of the date of this joint proxy statement/prospectus between the rights of RLJ shareholders and the rights of FelCor stockholders under the governing documents of RLJ and FelCor and the above-described laws which govern RLJ and FelCor. The following summary is qualified in its entirety by reference to the relevant provisions of (i) Maryland law, (ii) the RLJ declaration of trust, (iii) the FelCor Charter, (iv) the RLJ bylaws and (v) the FelCor bylaws.

As a general matter, the laws relating to entities governed by the MGCL and entities governed by the Maryland REIT Law are comparable, although there are some differences and as a general matter the Maryland REIT Law grants fewer express statutory rights to shareholders and provides greater flexibility to the entity to establish rights and terms in the RLJ declaration of trust. Pursuant to the RLJ declaration of trust, RLJ has elected to be subject to certain provisions of the MGCL.

This section does not include a complete description of all differences between the rights of RLJ shareholders and FelCor stockholders, nor does it include a complete description of the specific rights of such holders. Furthermore, the identification of some of the differences in the rights of such holders is not intended to indicate that other differences that may be equally important do not exist. You are urged to read carefully the relevant provisions of Maryland law, as well as the governing instruments of each of RLJ and FelCor, each as amended, restated, supplemented or otherwise modified from time to time, copies of which are available, without charge, to any person, including any beneficial owner to whom this joint proxy statement/prospectus is delivered, by following the instructions listed under "Where You Can Find More Information" beginning on page 210.

	Rights of RLJ common shareholders (which will be the rights of common shareholders of the Combined Company following the REIT Merger)	Rights of FelCor common stockholders
Corporate Governance	<p>RLJ is a Maryland REIT, formed pursuant to the Maryland REIT Law, that has elected to be taxed as a REIT.</p> <p>The rights of RLJ shareholders are governed by the Maryland REIT Law, the RLJ declaration of trust and the RLJ bylaws.</p>	<p>FelCor is a Maryland corporation, incorporated pursuant to the MGCL, that has elected to be taxed as a REIT.</p> <p>The rights of FelCor stockholders are governed by the MGCL, the FelCor Charter and the FelCor bylaws.</p>
Authorized Capital Stock	<p>RLJ is authorized to issue 500,000,000 shares, consisting of (i) 450,000,000 common shares of beneficial interest, \$0.01 par value per share and (ii) 50,000,000 preferred shares of beneficial interest, \$0.01 par value per share.</p> <p>As of July 6, 2017, there were 124,639,939 RLJ Common Shares outstanding. RLJ has no preferred shares outstanding.</p>	<p>FelCor is authorized to issue 220,000,000 shares of stock, consisting of (i) 200,000,000 shares of common stock, having a par value of \$0.01 per share and (ii) 20,000,000 shares of preferred stock, having a par value of \$0.01 per share.</p> <p>As of July 6, 2017, there were 138,421,753 shares of FelCor Common Stock and 12,879,475 shares of FelCor Series A Preferred Stock outstanding.</p>

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Voting Rights	<p>Rights of RLJ common shareholders (which will be the rights of common shareholders of the Combined Company following the REIT Merger) Subject to the provisions of any class or series of shares then outstanding or as otherwise required by law, each holder of RLJ shares is entitled to one vote per share on each matter presented to the RLJ shareholders.</p> <p>Subject to the provisions of any class or series of shares then outstanding or as otherwise required by law, the RLJ shareholders are entitled to vote only on the following matters: (i) election and removal of trustees; (ii) amendment of the RLJ declaration of trust; (iii) termination of RLJ; (iv) merger or consolidation RLJ, or the sale or disposition of all or substantially all of the assets of RLJ; (v) such other matters with respect to which the RLJ Board has adopted a resolution declaring that a proposed action is advisable and directing that the matter be submitted to the RLJ shareholders for approval or ratification; and (f) such other matters as may be properly brought before a meeting by an RLJ shareholder pursuant to the RLJ bylaws. With the exception of the election and removal of trustees and any matter as may be properly brought before a meeting by an RLJ shareholder, no action that would bind RLJ and the trustees may be taken without the prior recommendation of the trustees.</p>	<p>Rights of FelCor common stockholders Each holder of FelCor Common Stock is entitled to one vote per share on all matters upon which the FelCor stockholders are entitled to vote.</p> <p>Subject to the rights of the holders of any series of preferred stock, the holders of FelCor Common Stock possess all of the voting power of the capital stock of FelCor and have the exclusive right to vote upon, authorize and approve any and all matters which may properly come before the FelCor stockholders.</p>
Size of Board	<p>The number of trustees, which must be between two and fifteen, may be changed by the RLJ Board. Currently, the RLJ Board consists of seven directors.</p> <p>Upon completion of the Mergers, the board of trustees of the Combined Company will be increased to eight trustees.</p>	<p>The number of directors, which must be between three and nine, unless otherwise determined from time to time by resolution adopted by the affirmative vote of at least 80% of the members of the FelCor Board, may be changed by the FelCor Board. Currently, the FelCor Board consists of 10 directors.</p>
Election of Trustees and Directors	<p>The RLJ bylaws provide that trustees must receive a majority of all votes at a meeting of shareholders duly called and at which a quorum is present in order to be elected; provided, however, that if the number of trustee nominees exceeds the number of trustees to be elected, then a plurality of all the votes cast at a meeting of shareholders duly called and at which a quorum is present shall be sufficient.</p>	<p>The FelCor bylaws provide that directors must receive a majority of all votes at a meeting of stockholders duly called and at which a quorum is present in order to be elected; provided, however, that if the number of director nominees exceeds the number of directors to be elected, then a plurality of all the votes cast at a meeting of stockholders duly called and at which a quorum is present shall be sufficient.</p>
Removal of Trustees and Directors	<p>Subject to the rights of holders of one or more classes or series of RLJ preferred shares to elect or remove one or more trustees, any trustee may be removed at any time, but only for cause and then only by the affirmative vote of the holders of not less than two-thirds of the votes entitled to be cast generally in the election of trustees.</p>	<p>Any director or the entire FelCor Board may be removed by the holders of a majority of the shares entitled to vote at an election of directors; provided, however, any such removal shall be for cause; and provided, further, that if the FelCor stockholders of any class of the capital stock are entitled separately to elect one or more directors, such directors may not be removed except by the affirmative vote of a majority of all of the</p>

shares of such class or series entitled to vote
for such directors.

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<p>Filling Vacancies on Board</p>	<p>Rights of RLJ common shareholders (which will be the rights of common shareholders of the Combined Company following the REIT Merger) Any vacancy on the RLJ Board shall be filled, at any regular meeting or at any special meeting called for that purpose, by a majority of the trustees, even if the remaining trustees do not constitute a quorum.</p>	<p>Rights of FelCor common stockholders Except with respect to any directors who have been or may be elected separately by the holders of FelCor preferred stock, should a vacancy in the FelCor Board occur, such vacancy shall be filled by the affirmative vote of a majority of the remaining directors, even though less than a quorum of the FelCor Board. Any director so elected may qualify as an independent director only if such director has received the affirmative vote of at least a majority of the remaining independent directors, if any.</p>
<p>Amendment of the RLJ declaration of trust and the FelCor Charter</p>	<p>Under the Maryland REIT Law, a Maryland REIT generally cannot amend its declaration of trust unless declared advisable by its board of trustees and approved by the affirmative vote of the RLJ shareholders entitled to cast at least two-thirds of the votes entitled to be cast on the matter. However, a Maryland REIT may provide in its declaration of trust for approval of an amendment to the declaration of trust by a lesser percentage, but not less than a majority of all of the votes entitled to be cast on the matter. The RLJ declaration of trust provides that an amendment to the RLJ declaration of trust may be approved by the affirmative vote of the holders of a majority of the total number of shares entitled to vote, except that the affirmative vote of the holders of not less than two-thirds of the shares outstanding and entitled to be cast on the matter shall be necessary to amend Section 5.3, Article VII or Section 12.2 of the RLJ declaration of trust.</p>	<p>Under the MGCL, a Maryland corporation generally cannot amend its charter unless declared advisable by the board of directors and approved by the affirmative vote of the FelCor stockholders entitled to cast at least two-thirds of the votes entitled to be cast on the matter. However, a Maryland corporation may provide in its charter for approval of a charter amendment by a lesser percentage, but not less than a majority of all of the votes entitled to be cast on the matter. The FelCor Charter provides for a majority vote on these matters, except that (i) amendments to Article IV, Sections D., E. or G. of the FelCor Charter shall be valid only if approved by the affirmative vote of the majority of the members of the FelCor Board and adopted by the affirmative vote of at least two-thirds of all votes entitled to be cast on the matter and (ii) amendments to Article V of the FelCor Charter shall be valid only if approved by the affirmative vote of at least 80% of the members of the FelCor Board and approved by the affirmative vote of at least three-fourths of all votes entitled to be cast on the matter.</p>
<p>Amendment of Bylaws</p>	<p>The RLJ bylaws may be altered, amended or repealed by the vote of a majority of the entire RLJ Board or by a vote of the holders of not less than a majority of all the shares of RLJ then outstanding and entitled to be cast on the matter.</p>	<p>The FelCor Board has the sole and exclusive power and authority to make, alter or repeal the FelCor bylaws.</p>
<p>Special Meetings of Shareholders / Stockholders</p>	<p>RLJ's bylaws provide that special meeting of stockholders may be called by the Executive Chairman or Chairman of the RLJ Board, the Chief Executive Officer, the President or a majority of the trustees. A special meeting of the shareholders shall be called by the Secretary of RLJ upon the written request of the RLJ shareholders entitled to cast not less than a majority of all votes entitled to be cast at any such meeting. Such request shall state the purpose or purposes of the meeting and the matters proposed to be acted on at such</p>	<p>FelCor's bylaws and the FelCor Charter provide that special meetings of the stockholders, for any purpose or purposes, unless otherwise provided by statute or by the FelCor Charter, may be called at any time by the Chairman, the Chief Executive Officer or the President and shall be called by the Secretary at the request in writing of a majority of the FelCor Board, a majority of the independent directors, or, subject to the provisions of Sections 2-502(b) and (c) of the MGCL, at the request in writing of the FelCor</p>

meeting.

stockholders entitled to cast not less than 25%
of the votes entitled to be cast at the meeting.

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Rights of RLJ common shareholders (which will be the rights of common shareholders of the Combined Company following the REIT Merger)

Rights of FelCor common stockholders
Business transacted at the special meeting of stockholders will be limited to the purposes stated in the notice.

Advance Notice Provisions for Shareholder / Stockholder Nominations and Shareholder / Stockholder Business Proposals

The RLJ bylaws provide that, with respect to an annual meeting of shareholders, nominations of individuals for election to the RLJ Board and the proposal of business other than nominations of trustees to be considered by the RLJ shareholders at an annual meeting of shareholders may be made only:

The FelCor bylaws provide that only such business shall be conducted at an annual meeting of stockholders as has been properly brought before the meeting. For business to be properly brought before the meeting it must be:

pursuant to the notice of the meeting (or any supplement thereto) given by or at the direction of the RLJ Board;

authorized by the FelCor Board and specified in the notice, or a supplemental notice, of the meeting;

otherwise by or at the direction of the RLJ Board; or

otherwise brought before the meeting by or at the direction of the FelCor Board or the chairman of the meeting; or

by an RLJ shareholder who was an RLJ shareholder of record both at the time of giving of notice of the meeting and at the time of the annual meeting, who is entitled to vote at the meeting in the election of trustees or on the proposal of other business, as the case may be, and who complied with the notice provisions as set forth in the RLJ bylaws

otherwise properly brought before the meeting by a FelCor stockholder, whether such business is included in FelCor's proxy statement or information statement or a proxy statement prepared by one or more FelCor stockholders.

In general, notice of shareholder nominations or business for an annual meeting must be delivered not earlier than 150 days nor later than 120 days prior to the first anniversary of the date of the proxy statement for the preceding year's annual meeting, unless the annual meeting is advanced or delayed more than 30 days from the anniversary of the date of the preceding year's annual meeting, in which case notice must be delivered not earlier than the 150th day nor later than the later of the 120th day prior to the annual meeting or the 10th day following the day on which public announcement of the date of the meeting is first made. Notice of shareholder nominations for a special meeting must be delivered not earlier than the 150th day prior to the special meeting, and not later than the later of the 120th day prior to the special meeting or the 10th day following the day on which public announcement is first made of the date of the special meeting and the nominees proposed by

In general, notice of stockholder nominations or business for an annual meeting must be delivered not earlier than 120 days nor later than 90 days prior to the anniversary date of the preceding year's annual meeting of stockholders, unless no annual meeting was held in the previous year or the annual meeting is advanced or delayed more than 30 days from the anniversary of the date of the preceding year's annual meeting, in which case notice must be delivered not later than the later of the 10th day following the day on which the first public disclosure of the date of the annual meeting was made or the 90th day before the date of the meeting. Notice of stockholder nominations for a special meeting must be delivered not later than the later of the 10th day following the day on which the first public disclosure of the date of the annual meeting was made or the 90th day before the date of the meeting.

Notice of Shareholder / Stockholder Meetings

the RLJ Board to be elected at such meeting. Not less than 10 days nor more than 90 days before each meeting of shareholders, the secretary shall give notice to each RLJ shareholder entitled to vote at such meeting and to each RLJ shareholder not entitled to vote who is entitled to notice of the meeting. In the case of special meetings, such notice must state the purpose for which the meeting is called.

Unless otherwise provided by law, the notice of any stockholder meeting shall be given not less than 10 days nor more than 90 days before the date of the meeting, to each FelCor stockholder entitled to vote at the meeting and to each other FelCor stockholder entitled to notice of the meeting. In the case of special meetings, such notice must state the purpose for which the meeting is called.

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Limits on Ownership and Transfer of Shares

Rights of RLJ common shareholders (which will be the rights of common shareholders of the Combined Company following the REIT Merger)

Except with regard to any persons exempted by the RLJ Board, no person may at any time beneficially own or constructively own shares of any class of RLJ shares in excess of 9.8% of the total number of shares of such class of equity shares outstanding. In addition, no person shall beneficially own or constructively own shares of RLJ to the extent that (1) such beneficial ownership constructive ownership of shares would result in RLJ being "closely held" under Section 856(h) of the Code, (2) such beneficial ownership or constructive ownership would result in (a) RLJ owning (directly or indirectly) an interest in a tenant that is described in Section 856(d)(2)(B) of the Code if the income derived be RLJ from such tenant for the taxable year of RLJ during which such determination is being made would reasonably be expected to equal or exceed the lesser of (I) one percent (1%) of RLJ's gross income (as determined for purposes of Section 856(c) of the Code), or (II) an amount that would cause RLJ to fail to satisfy any of the gross income requirements of Section 856(c) of the Code or (b) any manager or operator of a "qualified lodging facility," within the meaning of Section 856(d)(9)(D) of the Code, leased by RLJ (or any subsidiary of RLJ) to one of its taxable REIT subsidiaries with respect to RLJ failing to qualify as an "eligible independent contractor," within the meaning of Section 856(d)(9)(A) of the Code, in either case if the income derived by RLJ from such tenant or such taxable REIT subsidiary, taking into account any other income of RLJ that would not qualify under the gross income requirements of Section 856(c) of the Code, would (or in the sole judgment of the RLJ Board, could) cause RLJ to fail to satisfy any of such gross income requirements; or (3) such beneficial ownership or constructive ownership of shares would result in RLJ otherwise failing to qualify as a REIT.

Rights of FelCor common stockholders

Except with regard to any persons exempted by the FelCor Board, no person may at any time beneficially own or constructively own shares of any class of FelCor stock in excess of 9.9% of the total number of shares of such class of equity stock outstanding. In addition, no person shall (1) beneficially own FelCor stock that would result in FelCor being "closely held" under Section 856(h) of the Code or (2) constructively own FelCor stock which would result in FelCor constructively owning 10% or more of the ownership interests in any tenant or subtenant of FelCor's real property within the meaning of Section 856(d)(2)(B) of the Code.

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<p>Limitation of Liability and Indemnification of Trustees or Directors and Officers</p>	<p>Rights of RLJ common shareholders (which will be the rights of common shareholders of the Combined Company following the REIT Merger)</p>	<p>Rights of FelCor common stockholders</p>
	<p>The RLJ declaration of trust provides that, to the maximum extent permitted by Maryland law, no present or former trustee or officer of RLJ shall be liable to RLJ or to any RLJ shareholder for money damages.</p>	<p>The FelCor Charter provides that, to the fullest extent permitted by Maryland statutory or decisional law, as amended or interpreted, no director or officer of FelCor shall be personally liable to FelCor or the FelCor stockholders for money damages.</p>
	<p>The RLJ declaration of trust provides that, to the maximum extent permitted by Maryland law in effect from time to time, and in accordance with applicable provisions of the RLJ bylaws and any indemnification agreement or resolution of the RLJ Board in effect from time to time, RLJ shall indemnify, and pay or reimburse the reasonable expenses in advance of final disposition of a proceeding to, (i) any present or former trustee or officer of RLJ against any claim or liability to which he or she may become subject by reason of service in such capacity and (ii) any individual who, while a trustee or officer of RLJ and at the request of RLJ, serves or has served as a director, officer, partner, trustee, employee or agent of another REIT, corporation, partnership, joint venture, trust, limited liability company, other enterprise or employee benefit plan, from and against any claim or liability to which such person may become subject or which such person may incur by reason of his or her service in such capacity. In addition, RLJ may, with the approval of the RLJ Board, provide such indemnification and advancement of expenses to any individual who served a predecessor of RLJ in any of the capacities described in (i) or (ii) above and to any employee or agent of RLJ or a predecessor of RLJ.</p>	<p>FelCor's bylaws provides that, to the maximum extent permitted by Maryland law in effect from time to time, FelCor shall indemnify and, without requiring a preliminary determination of the ultimate entitlement to indemnification, shall pay or reimburse reasonable expenses in advance of final disposition of a proceeding to (a) any individual who is a present or former director or officer of FelCor and who is made a party to the proceeding by reason of his or her service in that capacity or (b) any individual who, while a director or officer of FelCor and at the request of FelCor, serves or has served as director, officer, partner or trustee of another corporation, partnership, joint venture, trust, employee benefit plan or other entity or enterprise and who is made a party to the proceeding by reason of his or her service in that capacity. FelCor may, with the approval of the FelCor Board, provide such indemnification and advance of expenses to a person who served a predecessor of the corporation in any of the capacities described in (a) or (b) above and to any employee or agent of the corporation or a predecessor of the corporation.</p>
<p>Maryland Business Combination Act</p>	<p>As permitted by the MGCL, the RLJ Board has adopted a resolution exempting RLJ from the business combination provisions of Subtitle 6 of Title 3 of the MGCL relating to business combinations with interested shareholders or affiliates of interested shareholders. The RLJ Board cannot repeal this resolution without shareholder approval.</p>	<p>As permitted by the MGCL, the FelCor Board has adopted a resolution exempting FelCor from the business combination provisions of Subtitle 6 of Title 3 of the MGCL relating to business combinations with interested stockholders or affiliates of interested stockholders.</p>

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Subtitle 8 of Title 3 of the MGCL

Rights of RLJ common shareholders (which will be the rights of common shareholders of the Combined Company following the REIT Merger)

Under certain provisions of the MGCL, a Maryland corporation or Maryland REIT with a class of equity securities registered under the Exchange Act and at least three independent trustees may elect to be subject, by provision in its declaration of trust or bylaws or by resolution of its board of trustees and notwithstanding any contrary provision in the declaration of trust or bylaws, to any or all of five following provisions: (i) a classified board (Section 3-803 of the MGCL), (ii) a 2/3 vote requirement for removing a trustee (Section 3-804(a) of the MGCL), (iii) a requirement that the number of trustees be fixed only by vote of the trustees (Section 3-804(b) of the MGCL), (iv) that any and all vacancies on the board of trustees may be filled only by the remaining trustees, even if the remaining trustees do not constitute a quorum, and for the remainder of the full term of the class of trustees in which the vacancy occurred (Section 3-804(c) of the MGCL) and (v) a majority requirement for the calling of a shareholder-requested special meeting of shareholders (Section 3-805 of the MGCL).

Through provisions in its declaration of trust, RLJ is prohibited from electing to be subject to Sections 3-803, 3-804(a) and 3-805 of the MGCL; provided, however that such prohibition may be repealed, in whole or in part, if such repeal is approved by the RLJ shareholders by the affirmative vote of a majority of the votes entitled to be cast on the matter.

Through provisions in the RLJ declaration of trust and bylaws unrelated to Subtitle 8 of Title 3 of the MGCL, RLJ already (i) vests in the RLJ Board the exclusive power to fix the number of trustees and (ii) requires, unless called by a majority of the trustees, the executive chairman or chairman of the RLJ Board, the president or the chief executive officer, the request of shareholders entitled to cast at least a majority of the votes entitled to be cast on any matter that may properly be considered at a meeting of shareholders to call a special meeting to act on such matter.

Pursuant to Subtitle 8, RLJ has elected that, except as may be provided by the RLJ Board in setting the terms of any class or series of preferred shares, any and all vacancies on the RLJ Board may be filled only by the affirmative vote of a majority of the remaining trustees in office, even if the remaining trustees do not constitute a quorum, and any trustee elected to fill a vacancy will serve for the

Rights of FelCor common stockholders

Through provisions in the FelCor Charter, FelCor is prohibited from electing to be subject to Sections 3803, 3-804(a), 3-804(b) and 3-805 of the MGCL, unless such election is first approved by the affirmative vote of a majority of the votes cast on the matter by stockholders entitled to vote generally in the election of directors.

Through provisions in its charter and bylaws unrelated to Subtitle 8 of Title 3 of the MGCL, although FelCor has not opted into Section 3-804(c) of the MGCL, FelCor vests in the FelCor Board the exclusive power to fix the number of directors.

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remainder of the full term of the trusteeship in
which the vacancy occurred.

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Distributions	Rights of RLJ common shareholders (which will be the rights of common shareholders of the Combined Company following the REIT Merger) The Maryland REIT law contains no restrictions on the payment of distributions by a Maryland REIT.	Rights of FelCor common stockholders Subject to certain exceptions pertaining to distributions from recent net earnings, the MGCL provides that no distribution may be made by a Maryland corporation if, after giving effect to the distribution, the corporation would be unable to pay its indebtedness as the indebtedness becomes due in the usual course of business or the corporation's total assets would be less than the sum of its total liabilities plus, unless its charter permits otherwise, the amount that would be needed, if the corporation were to be dissolved at the time of the distribution, to satisfy the preferential rights upon dissolution of the FelCor stockholders whose preferential rights on dissolution are superior to those receiving the distribution.
REIT Qualification	The RLJ declaration of trust provides that the RLJ Board may revoke or otherwise terminate RLJ's REIT election, without approval of the RLJ shareholders, if it determines that it is no longer in RLJ's best interests to continue to be qualified as a REIT.	The FelCor Charter provides that the FelCor Board may not cause FelCor not to qualify as a REIT or to otherwise revoke FelCor's election to be taxed as a REIT without the affirmative vote of the holders of 66 ² / ₃ % of the outstanding shares of capital stock of FelCor entitled to vote on such matter.

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DESCRIPTION OF POLICIES OF RLJ

The following is a discussion of RLJ's investment policies and its policies with respect to certain other activities, including financing matters and conflicts of interest. These policies may be amended or revised from time to time at the discretion of the RLJ Board without shareholder approval. No assurance can be given that RLJ's investment objectives will be attained. Since it entered into the Merger Agreement, RLJ's ability to pursue and implement certain of the objectives and policies described below have been constrained by the restrictions contained in the covenants of the Merger Agreement. See "The Merger Agreement Conduct of Business by RLJ and the Operating Partnership Pending the Mergers" beginning on page 123.

Investments in Real Estate or Interests in Real Estate

RLJ conducts substantially all of its investment activities through the Operating Partnership and its subsidiaries. RLJ's primary business objective is to enhance shareholder value over time by generating strong risk-adjusted returns for the RLJ shareholders. RLJ invests principally in hotels located in the United States. RLJ targets primarily premium-branded, focused-service and compact full-service hotels that are consistent with its investment and growth strategies. RLJ also may selectively invest in loans secured by these types of hotels or ownership interests in entities owning these types of hotels to the extent the investment provides RLJ with an opportunity to acquire the underlying real estate, and subject to the applicable requirements for qualifying as a REIT.

RLJ intends to engage in future investment activities in a manner that is consistent with the requirements applicable to REITs for federal income tax purposes. RLJ primarily pursues its investment objectives through the ownership by the Operating Partnership of hotels, but it may also make equity investments in other entities, including joint ventures that own hotels. RLJ's management team identifies and negotiates acquisition and other investment opportunities, subject to the approval by the RLJ Board.

RLJ may enter into joint ventures from time to time, if it determines that doing so would be the most cost-effective and efficient means of raising capital. Equity investments may be subject to existing mortgage financing and other indebtedness or such financing or indebtedness may be incurred in connection with acquiring investments. Any such financing or indebtedness will have priority over RLJ's equity interest in such property. Investments are also subject to RLJ's policy not to be treated as an investment company under the Investment Company Act of 1940, as amended.

RLJ does not have a specific policy to acquire assets primarily for capital gain or primarily for income. From time to time, RLJ may make investments in pursuit of its business and growth strategies that do not provide current cash flow. RLJ believes investments that do not generate current cash flow may be, in certain instances, consistent with enhancing shareholder value over time.

RLJ does not have any specific policy as to the amount or percentage of its assets which will be invested in any specific asset, other than the tax rules applicable to REITs. Additionally, no limits have been set on the concentration of investments in any one geographic location, hotel type or franchise brand. RLJ currently anticipates that its real estate investments will continue to be concentrated in premium-branded, focused-service and compact full-service hotels. RLJ anticipates that its real estate investments will continue to be diversified in terms of geographic market.

Investments in Real Estate Mortgages

While RLJ emphasizes equity real estate investments in hotels, RLJ may selectively acquire loans secured by hotels or entities that own hotels to the extent that those investments are consistent with its qualification as a REIT and provide it with an opportunity to acquire the underlying real estate. RLJ does not generally originate any secured or unsecured real estate loans or purchase any debt securities

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as a stand-alone, long-term investment, but, in limited circumstances, it may from time to time provide a short-term loan to a hotel owner as a means of securing an acquisition opportunity. The mortgages in which RLJ may invest may be first-lien mortgages or subordinate mortgages secured by hotels. The subordinated mezzanine loans in which RLJ may invest may include mezzanine loans secured by a pledge of ownership interests in an entity owning a hotel or group of hotels. Investments in real estate mortgages and subordinated real estate loans are subject to the risk that one or more borrowers may default and that the collateral securing mortgages may not be sufficient or, in the case of subordinated mezzanine loans, available to enable RLJ to recover its full investment.

Investments in Securities or Interests in Entities Primarily Engaged in Real Estate Activities and Investments in Other Securities

Subject to the gross income and asset requirements for qualifying as a REIT, RLJ may invest in securities of entities engaged in real estate activities or securities of other issuers, including for the purpose of exercising control over such entities. RLJ does not currently have any policy limiting the types of entities in which it may invest or the proportion of assets to be so invested, whether through acquisition of an entity's common shares, limited liability or partnership interests, interests in another REIT or entry into a joint venture.

Purchase and Sale of Investments

RLJ invests in hotels primarily for generation of current income and long-term capital appreciation. RLJ may deliberately and strategically dispose of assets in the future and redeploy funds into new acquisitions and redevelopment, renovation and expansion opportunities that align with its investment and growth strategies or for other business purposes.

Lending Policies

RLJ does not have a policy limiting its ability to make loans to other persons, although its ability to do so may be limited by applicable law, such as the Sarbanes-Oxley Act of 2002. Subject to tax rules applicable to REITs, RLJ may make loans to unaffiliated third parties. For example, RLJ may consider offering purchase money financing in connection with the disposition of assets in instances where the provision of that financing would increase the value to be received by it for the asset sold. RLJ may choose to guarantee debt of certain joint ventures with third parties. Consideration for those guarantees may include, but is not limited to, fees, long-term management contracts, options to acquire additional ownership interests and promoted equity positions. The RLJ Board may adopt a formal lending policy without notice to or consent of the RLJ shareholders.

Issuance of Additional Securities

If the RLJ Board determines that obtaining additional capital would be advantageous to it, RLJ may, without shareholder approval, issue debt or equity securities, including causing the Operating Partnership to issue additional Operating Partnership Common Units, retain earnings (subject to the REIT distribution requirements for federal income tax purposes) or pursue a combination of these methods. As long as the Operating Partnership is in existence, the proceeds of all equity capital raised by RLJ will be contributed to the Operating Partnership in exchange for additional Operating Partnership Common Units, which will dilute the ownership interests of any other limited partners.

RLJ may offer the RLJ Common Shares, Operating Partnership Common Units, or other debt or equity securities in exchange for cash, real estate assets or other investment targets, and to repurchase or otherwise re-acquire the RLJ Common Shares, Operating Partnership Common Units or other debt or equity securities. RLJ may issue preferred shares from time to time, in one or more classes or series,

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as authorized by the RLJ Board without the need for shareholder approval. RLJ has not adopted a specific policy governing the issuance of senior securities at this time.

Distribution Policy

RLJ plans to continue to pay a consistent distribution on a quarterly basis, with distributions based on anticipated cash generated from operations. The anticipated initial annual distribution rate after the Mergers is expected to be \$0.33 per RLJ Common Share quarterly (\$1.32 per share annually) and \$1.95 per RLJ Series A Preferred Share annually. RLJ may use financing, including its unsecured revolving credit facility, to maintain the consistency of the quarterly distribution rate, taking into consideration any acquisitions, dispositions, capital improvements and economic cycles. Any distribution is subject to approval of the RLJ Board and there can be no assurance of the classification or duration of distributions at the anticipated initial annual distribution rate after the Mergers. The RLJ Board monitors the company's distribution rate relative to the performance of its hotels on an ongoing basis and may make adjustments to the distribution rate as determined to be prudent in relation to other cash requirements of RLJ.

Reporting Policies

RLJ makes available to its shareholders audited annual financial statements and annual reports. RLJ is subject to the information reporting requirements of the Exchange Act, pursuant to which it files periodic reports, proxy statements and other information, including audited financial statements, with the SEC.

Conflict of Interest Policies

Relationship with the Operating Partnership

Conflicts of interest could arise in the future as a result of the relationships between RLJ, on the one hand, and the Operating Partnership or any limited partner thereof, on the other. RLJ's trustees and officers have duties to RLJ and the RLJ shareholders under applicable Maryland law in connection with their management of RLJ. At the same time, RLJ, as general partner, has fiduciary duties and obligations to the Operating Partnership and to its limited partners under Delaware law and the partnership agreement of the Operating Partnership in connection with the management of the Operating Partnership. RLJ's duties as general partner to the Operating Partnership and its partners may come into conflict with the duties of RLJ's trustees and officers to RLJ and the RLJ shareholders.

Unless otherwise provided for in the relevant partnership agreement, Delaware law generally requires a general partner of a Delaware limited partnership to adhere to fiduciary duty standards under which it owes its limited partners the highest duties of good faith, fairness and loyalty and which generally prohibit such general partner from taking any action or engaging in any transaction as to which it has a conflict of interest.

The partnership agreement of the Operating Partnership provides that the provisions limiting RLJ's liability, as the general partner, to the Operating Partnership and the limited partners act as an express limitation of any fiduciary or other duties that it would otherwise owe the Operating Partnership and the limited partners. The provisions of Delaware law that allow the common law fiduciary duties of a general partner to be modified by a partnership agreement have not been resolved in a court of law, and RLJ has not obtained an opinion of counsel covering the provisions set forth in the partnership agreement that purport to waive or restrict its fiduciary duties that would be in effect under common law were it not for the partnership agreement.

The partnership agreement of the Operating Partnership expressly limits RLJ's liability by providing that neither RLJ, as the general partner of the Operating Partnership, nor any of RLJ's

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trustees or officers, will be liable or accountable in damages to the Operating Partnership, the limited partners or assignees for errors in judgment, mistakes of fact or law or for any act or omission if RLJ, or such trustee or officer, acted in good faith. In addition, the Operating Partnership is required to indemnify RLJ, and RLJ's officers, trustees, employees, agents and designees to the fullest extent permitted by applicable law from and against any and all claims arising from operations of the Operating Partnership, unless it is established that (1) the act or omission was material to the matter giving rise to the proceeding and was committed in bad faith or was the result of active and deliberate dishonesty, (2) the indemnified party actually received an improper personal benefit in money, property or services or (3) in the case of a criminal proceeding, the indemnified person had reasonable cause to believe that the act or omission was unlawful.

Policies Applicable to All Trustees and Officers

RLJ has adopted certain policies that are designed to eliminate or minimize certain potential conflicts of interest, including a policy for the review, approval or ratification of any material related party transaction, which is any transaction or series of transactions in which RLJ or any of its subsidiaries are to be a participant, the amount involved exceeds \$120,000, and a "related person" (as defined under SEC rules) has a direct or indirect material interest. This policy provides that the audit committee of the RLJ Board will review the relevant facts and circumstances of each related party transaction, including whether the transaction is on terms comparable to those that could be obtained in arm's-length dealings with an unrelated third party. Based on its consideration of all of the relevant facts and circumstances, the audit committee will decide whether or not to approve such transaction. If RLJ becomes aware of an existing related party transaction that has not been pre-approved under this policy, the transaction will be referred to the audit committee, which will evaluate all options available, including ratification, revision or termination of such transaction. This policy also requires any trustee who may be interested in a related party transaction to recuse himself or herself from any consideration of such related party transaction. Further, RLJ has adopted a code of business conduct and ethics that prohibits conflicts of interest between RLJ, on the one hand, and RLJ's employees, officers and trustees, on the other hand, unless such transactions are approved by a majority of its disinterested trustees or otherwise comply with its related party transaction policy. In addition, the RLJ Board is subject to certain provisions of Maryland law that are designed to eliminate or minimize conflicts. However, RLJ cannot assure you that these policies or provisions of law will always be successful in eliminating the influence of such conflicts. If such policies or provisions of law are not successful, decisions could be made that are not in the best interests of the RLJ shareholders.

Changes in Objectives and Policies

The objectives and policies may be amended or waived at the discretion of the RLJ Board without a vote of the RLJ shareholders. RLJ has no present intention to modify any of these objectives and policies, and it is anticipated that any modification would occur only if business and economic factors affecting RLJ make its stated objectives and policies unworkable or imprudent.

Table of Contents**PRINCIPAL AND MANAGEMENT SHAREHOLDERS OF RLJ**

The following table sets forth certain information regarding the beneficial ownership of the RLJ Common Shares and the Operating Partnership Common Units, as of July 6, 2017 by (a) each of RLJ's trustees, (b) each of RLJ's named executive officers, (c) all of RLJ's trustees and executive officers as a group, and (d) each person known to RLJ to be the beneficial owner of more than five percent of the RLJ Common Shares. The Operating Partnership Common Units are redeemable for an equal number of RLJ Common Shares or cash, at RLJ's election, beginning one year after the date of issuance. Unless otherwise indicated, all RLJ Common Shares and Operating Partnership Common Units are owned directly and the indicated person has sole voting and dispositive power with respect to such RLJ Common Shares or Operating Partnership Common Units. The SEC has defined "beneficial ownership" of a security to mean the possession, directly or indirectly, of voting power and/or dispositive power with respect to such security. A shareholder is also deemed to be, as of any date, the beneficial owner of all securities that such shareholder has the right to acquire within 60 days after that date through (a) the exercise of any option, warrant or right, (b) the conversion of a security, (c) the power to revoke a trust, discretionary account or similar arrangement, or (d) the automatic termination of a trust, discretionary account or similar arrangement.

Unless otherwise indicated, the address of each person listed below is c/o RLJ Lodging Trust, 3 Bethesda Metro Center, Suite 1000, Bethesda, MD 20814.

Name and Position	Number of Shares and OP Units Beneficially Owned	% of All Shares(1)	% of All Shares and OP Units(2)
Robert L. Johnson(3)	1,203,540	*	*
Ross H. Bierkan(4)	677,771	*	*
Leslie D. Hale(5)	371,023	*	*
Evan Bayh(5)	35,642	*	*
Nathaniel A. Davis(5)	82,928	*	*
Robert M. La Forgia(5)	32,528	*	*
Glenda G. McNeal(5)	30,335	*	*
Arthur Collins(5)	5,669	*	*
All trustees and executive officers as a group (8 persons)	2,439,436	2.0%	1.9%
<i>More than Five Percent Beneficial Owners</i>			
The Vanguard Group 23-1945930(6)	19,292,967	15.5%	15.4%
Invesco, Ltd.(7)	9,572,085	7.7%	7.6%
Vanguard Specialized Funds Vanguard REIT Index Fund 23-2834924(8)	9,436,115	7.6%	7.5%
BlackRock, Inc.(9)	10,972,206	8.8%	8.8%
Goldman Sachs Asset Management(10)	13,397,956	10.7%	10.7%
FMR, LLC(11)	8,395,252	6.7%	6.7%
LaSalle Investment Management Securities(12)	6,953,054	5.6%	5.5%

*
Less than 1%

(1) The total number of RLJ Common Shares deemed outstanding and used in calculating this percentage for the named person(s) is the sum of (a) 124,639,939 RLJ Common Shares outstanding as of July 6, 2017 and (b) the number of RLJ Common Shares issuable to such person(s) upon redemption of Operating Partnership Common Units owned by such person(s). Amounts shown for individuals assume that all Operating Partnership Common Units held by the person have been redeemed for RLJ Common Shares, and amounts for all trustees and executive officers as a group assume all Operating Partnership Common Units held by such persons, if any, have been redeemed for RLJ Common Shares.

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- (2) The total number of RLJ Common Shares and Operating Partnership Common Units deemed outstanding and used in calculating this percentage for the named person(s) is the sum of (a) 124,639,939 RLJ Common Shares outstanding as of July 6, 2017 and (b) 125,198,689 Operating Partnership Common Units outstanding as of July 6, 2017 (other than such units held by us).
- (3) Includes 335,250 Operating Partnership Common Units received by Mr. Johnson in connection with the formation transactions effected in connection with RLJ's initial public offering and restricted common shares subject to time vesting.
- (4) Includes 67,050 Operating Partnership Common Units received by Mr. Bierkan in connection with the formation transactions effected in connection with RLJ's initial public offering and restricted common shares subject to time vesting.
- (5) Includes restricted common shares subject to time vesting.
- (6) Based on information provided by The Vanguard Group in a Schedule 13G/A filed with the SEC on February 10, 2017. The Vanguard Group, Inc. is the beneficial owner of 19,292,967 shares, of which it has sole voting power with respect to 307,237 shares, sole dispositive power with respect to 19,006,012 shares, shared voting power with respect to 146,430 shares and shared dispositive power with respect to 286,955 shares. The address of The Vanguard Group as reported by it in the Schedule 13G/A, is 100 Vanguard Blvd., Malvern, PA 19355.
- (7) Based on information provided by Invesco, Ltd. in a Schedule 13G/A filed with the SEC on February 14, 2017. Invesco, Ltd. is the beneficial owner of 9,572,085 shares, of which it has sole voting power with respect to 3,614,268 shares and sole dispositive power with respect to all of the shares. The address of Invesco, Ltd., as reported by it in the Schedule 13G/A, is 1555 Peachtree Street NE, Suite 1800, Atlanta, GA 30309.
- (8) Based on information provided by Vanguard Specialized Funds Vanguard REIT Index Fund 23-2834924 (the "Vanguard REIT Index Fund") in a Schedule 13G/A filed with the SEC on February 14, 2017. The Vanguard REIT Index Fund is the beneficial owner of 9,436,115 shares. The Vanguard REIT Index Fund has sole voting power with respect to all of the shares. The address of the Vanguard REIT Index Fund, as reported by it in the Schedule 13G/A, is 100 Vanguard Blvd., Malvern, PA 19355.
- (9) Based on information provided by BlackRock, Inc. in a Schedule 13G/A filed with the SEC on January 25, 2017. BlackRock, Inc. is the beneficial owner of 10,972,206 shares, of which it has sole voting power with respect to 10,559,244 shares and sole dispositive power with respect to all of the shares. The address of BlackRock, Inc., as reported by it in the Schedule 13G/A, is 55 East 52nd Street, New York, NY 10055.
- (10) Based on information provided by Goldman Sachs Asset Management in a Schedule 13G filed with the SEC on February 10, 2017. Goldman Sachs Asset Management is the beneficial owner of 13,397,956 shares, of which it has shared voting power with respect to 13,124,179 shares and shared dispositive power with respect to all of the shares. The address of Goldman Sachs Asset Management, as reported by it in the Schedule 13G, is 200 West Street, New York, NY 10282.
- (11) Based on information provided by FMR LLC in a Schedule 13G filed with the SEC on February 14, 2017. FMR LLC is the beneficial owner of 8,395,252 shares, of which it has sole voting power with respect to 6,113,190 shares and sole dispositive power with respect to all of the shares. The address of FMR LLC as reported by it in the Schedule 13G, is 245 Summer Street, Boston, MA 02210.
- (12) Based on information provided by LaSalle Investment Management Securities, LLC in a Schedule 13G filed with the SEC on February 14, 2017. LaSalle Investment Management Securities, LLC is the beneficial owner of 6,953,054 shares, of which it has sole voting power with respect to 330,544 shares and sole dispositive power with respect to 6,622,510 shares. The address of LaSalle Investment Management Securities, LLC as reported by it in the Schedule 13G, is 100 East Pratt Street, Baltimore, MD 21202.

Table of Contents**PRINCIPAL AND MANAGEMENT STOCKHOLDERS OF FELCOR**

The following table shows how much of the FelCor Common Stock and the FelCor Series A Preferred Stock was beneficially owned on July 6, 2017 by all current directors and executive officers of FelCor individually, and as a group and each person known to FelCor to be the beneficial owner of more than five percent of the FelCor Common Stock. Unless otherwise indicated, each person owns directly the number of shares shown after his or her name in the table below and has sole voting and investment power with respect to such shares. None of the shares owned by such persons are subject to any pledge. The address of each of the persons listed below is c/o FelCor Lodging Trust Incorporated, 125 E. John Carpenter Freeway, Suite 1600, Irving, TX 75062.

Name of Beneficial Owner	Amount and Nature of Beneficial Ownership of Common Stock(a)		Amount and Nature of Beneficial Ownership of Series A Preferred Stock	
	Amount	Percent of Class(b)	Amount	Percent of Class(b)
Glenn A. Carlin	103,364	*		*
Thomas J. Corcoran, Jr.	418,163(c)	*	4,000	*
Robert F. Cotter	143,116(d)	*		*
Patricia L. Gibson	27,028	*		*
Steven R. Goldman	3,651(e)	*	4,710	*
Dana Hamilton	29,167	*		*
Christopher J. Hartung	34,023	*		*
Thomas C. Hendrick	129,319	*		*
Michael C. Hughes	143,193	*		*
Charles A. Ledsinger, Jr.	92,371	*		*
Robert H. Lutz, Jr.	79,173(f)	*		*
Troy A. Pentecost	467,441	*		*
Mark D. Rozells	73,751(g)	*		*
Jonathan H. Yellen	267,543(h)	*		*
All executive officers and directors, as a group (14 persons)	2,011,303	1.5%	8,710	*
<i>More than Five Percent Beneficial Owners</i>				
The Vanguard Group, Inc.	20,201,975(i)	14.6%		
Black Rock Inc.	11,814,844(j)	8.5%		
Vanguard Specialized Funds	9,977,747(k)	7.2%		
Land & Buildings Investment Management, LLC	8,821,554(l)	6.4%		

*

Represents less than 1% of the outstanding shares of such class.

(a)

With respect to Messrs. Goldman, Hendrick, Hughes, Pentecost and Yellen, the number of shares shown do not include shares that may be issued to them if and when unvested FelCor RSUs, previously awarded to them vest, none of which are eligible to vest before December 27, 2017.

(b)

Based upon 138,421,753 shares of FelCor Common Stock and 12,879,475 shares of FelCor Series A Preferred Stock as of July 6, 2017.

(c)

The shares beneficially owned by Mr. Corcoran include (i) 3,101 shares of FelCor Common Stock issuable upon the conversion of 4,000 shares of FelCor Series A Preferred Stock; (ii) 30,000 shares of FelCor Common Stock held by TCOR Holdings, LLC, of which he is the sole beneficial owner; and (iii) 2,847 shares of FelCor Common Stock held in his individual retirement account.

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- (d) The shares beneficially owned by Mr. Cotter include (i) 15,918 shares held by a revocable trust, over which Mr. Cotter retains control and (ii) 10,898 shares held by a corporation controlled by Mr. Cotter.
- (e) The shares beneficially owned by Mr. Goldman consist of 3,651 shares of FelCor Common Stock issuable upon conversion of 4,710 shares of FelCor Series A Preferred Stock.
- (f) The shares beneficially owned by Mr. Lutz include (i) 2,500 shares owned by Mr. Lutz's spouse and (ii) 7,700 shares held in his individual retirement account.
- (g) The shares held by Mr. Rozells include (i) 25,000 shares held in his individual retirement account and (ii) 48,751 shares held by a trust.
- (h) The shares beneficially owned by Mr. Yellen include 30,592 shares of FelCor Common Stock held by trusts for the benefit of Mr. Yellen's minor children. Mr. Yellen is not the trustee of those trusts and disclaims any beneficial interest in, or control over, those shares.
- (i) Based upon Amendment No. 12 to its Schedule 13G filed on February 10, 2017. The Vanguard Group, Inc., an investment advisor, reported that it had sole voting power with respect to 428,203 shares and shared voting power with respect to 165,561 shares, and sole dispositive power with respect to 19,787,522 shares and shared dispositive power with respect to 414,453 shares.
- (j) Based upon Amendment No. 7 to its Schedule 13G filed on January 24, 2017. Black Rock Inc. reported that it had sole dispositive power with respect to these shares and sole voting power with respect to 11,337,755 shares.
- (k) Based upon Amendment No. 7 to its Schedule 13G filed on February 13, 2017. Vanguard Specialized Funds reported that it had sole voting power with respect to these shares.
- (l) Based on the Schedule 13D filed on September 19, 2016 by Land & Buildings Investment Management, LLC ("L&B Management") and the other reporting persons named therein. L&B Management, an investment manager, reported that it had sole voting power and sole dispositive power with respect to these shares. Jonathan Litt, the managing principal of L&B Management, reported shared voting power and shared dispositive power with respect to these shares. The sh