RLJ Lodging Trust
Form 10-Q
November 10, 2011
Table of Contents

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

---

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

For the quarterly period ended September 30, 2011

OR

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

For the transition period from to

Commission File Number 001-35169

RLJ LODGING TRUST

(Exact Name of Registrant as Specified in Its Charter)

Maryland	**27-4706509**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
3 Bethesda Metro Center, Suite 1000	
Bethesda, Maryland	**20814**
(Address of Principal Executive Offices)	(Zip Code)

(301) 280-7777

(Registrant s Telephone Number, Including Area Code)

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

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

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

Large accelerated filer o	Accelerated filer o
Non-accelerated filer x (do not check if a smaller reporting company)	Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). o Yes x No

Indicate the number of shares outstanding of each of the issuer s classes of common stock, as of the latest practicable date.

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

Table of Contents

TABLE OF CONTENTS

Table of Contents

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements.

RLJ Lodging Trust

Combined Consolidated Balance Sheets

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

(unaudited)

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

Preferred shares of beneficial interest, $0.01 par value, 50,000,000 shares authorized; zero shares issued and outstanding at September 30, 2011 and December 31, 2010, respectively				
Common shares of beneficial interest, $0.01 par value, 450,000,000 shares authorized; 106,300,067 and zero shares issued and outstanding at September 30, 2011 and December 31, 2010, respectively		1,063		
Additional paid-in-capital		1,835,041		
Distributions in excess of net earnings		(1,745)		
Total shareholders equity		1,834,359		
Noncontrolling interest				
Noncontrolling interest in joint venture		7,068		7,623
Noncontrolling interest in Operating Partnership		11,651		
Total noncontrolling interest		18,719		7,623
Total equity		**1,850,766**		**1,223,733**
Total liabilities and equity	**$**	**3,298,630**	**$**	**3,045,824**

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

Table of Contents

RLJ Lodging Trust

Combined Consolidated Statements of Operations

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

(unaudited)

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

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

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

Table of Contents

RLJ Lodging Trust

Combined Consolidated Statement of Changes in Equity and Comprehensive Loss

(Amounts in thousands, except share data)

(unaudited)

	Partners Capital Fund II General Partner	Partners Capital Fund II Limited Partners	Partners Capital Fund III General Partner	Partners Capital Fund III Limited Partners	Members Capital Class A	Members Capital Class B	Preferred Units Fund II	Preferred Units Fund III	Shareholders Equity Common Stock Shares	Shareholders Equity Common Stock Par Value	Shareholders Equity Additional Paid-in-Capital	Shareholders Equity Distributions in excess of net earnings	Shareholders Equity Accumulated Other Comprehensive Loss	Noncontrolling Interests Operating Partnership	Noncontrolling Interests Consolidated Joint Venture	Noncontrolling Interests Total Noncontrolling Interests
Balance at December 31, 2010	**$ (13,409)**	**$ 433,013**	**$ (23,328)**	**$ 811,918**	**$ 6,592**	**$ 4,751**	**$ 189**	**$ 190**		**$**	**$**	**$**	**$ (3,806)**	**$**	**$ 7,623**	**$ 7,623**
Components of comprehensive income:																
Net income (loss)	(7)	(9,444)		(234)	(256)	(85)						22,706		285	(55)	230
Unrealized gain on interest rate derivatives													1,494			
Total comprehensive income																
Partners contributions	4,258	3,291	5,031	114,141												
Partners distributions	(3,230)	(4,876)	(3,798)	(4,392)												
Members distributions					(2,547)	(557)										
Proceeds from sale of common stock, net									31,595,000	316	529,058					
Issuance of restricted stock									1,120,830	11	(11)					
Amortization of share based compensation											1,962					
Share grants to trustees									5,434		80					
Shares acquired to satisfy minimum required federal and state tax withholding on vesting restricted stock									(24,148)		(338)					
Forfeiture of restricted stock									(3,000)		(53)					
Exchange of owners equity for common stock and units	12,388	(421,960)	22,095	(921,396)	(3,789)	(4,109)	61	60	73,605,951	736	1,304,343			11,571		11,571
															(500)	(500)

Distributions to JV partner																	
Distributions to preferred unitholders		(24)		(37)													
Redemption of preferred units							(250)	(250)									
Distributions on common shares and units												(24,451)		(205)		(205)	
Balance at September 30, 2011	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**106,300,067**	**$ 1,063**	**$ 1,835,041**	**$ (1,745)**	**$ (2,312)**	**$ 11,651**	**$ 7,068**	**$ 18,719**	**$**

	Partners Capital Fund II General Partner	Partners Capital Fund II Limited Partners	Partners Capital Fund III General Partner	Partners Capital Fund III Limited Partners	Members Capital Class A	Members Capital Class B	Preferred Units Fund II	Preferred Units Fund III	Accumulated Other Comprehensive Loss	Total Owners Equity
Balance at December 31, 2009	**$ (11,440)**	**$ 459,903**	**$ (17,852)**	**$ 50,163**	**$ 13,643**	**$ 5,807**	**$ 189**	**$ 190**	**$ (14,856)**	**$ 485,747**
Components of comprehensive loss:										
Net (loss) income	(17)	(22,399)	(5)	(10,161)	15,351	5,116				(12,115)
Reclassification adjustment for gains included in net loss									(58)	(58)
Unrealized gain on interest rate derivatives									10,745	10,745
Total comprehensive loss										(1,428)
Partners contributions	5,017	6,483	6,037	278,392						295,929
Partners distributions	(6,483)	(6,483)	(10,283)							(23,249)
Members distributions					(21,395)	(7,131)				(28,526)
Distributions to preferred unitholders		(24)		(24)						(48)
Balance at September 30, 2010	**$ (12,923)**	**$ 437,480**	**$ (22,103)**	**$ 318,370**	**$ 7,599**	**$ 3,792**	**$ 189**	**$ 190**	**$ (4,169)**	**$ 728,425**

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

Table of Contents

RLJ Lodging Trust

Combined Consolidated Statements of Cash Flows

(Amounts in thousands)

(unaudited)

	For the nine months ended September 30, 2011	2010
Cash flows from operating activities:		
Net income (loss)	$ 12,910	$ (12,115)
Adjustments to reconcile net loss to cash flow provided by operating activities:		
Gain on sale of properties		(23,711)
Gain on extinguishment of indebtedness	(23,516)	
Depreciation and amortization	91,479	73,335
Amortization of deferred financing costs	4,816	2,322
Amortization of deferred management fees	750	750
Share grants to trustees	80	
Amortization of share based compensation	1,962	
Unrealized gain on interest rate swaps		(58)
Changes in assets and liabilities:		
Hotel receivables, net	(7,286)	(7,999)
Prepaid expense and other assets	(7,895)	328
Accounts payable and accrued expense	19,969	10,596
Advance deposits and deferred revenue	(1,300)	2,421
Accrued interest	(1,396)	1,131
Net cash flow provided by operating activities	90,573	47,000
Cash flows from investing activities:		
Acquisition of hotel properties, net of cash acquired	(194,830)	(310,209)
Purchase deposit		(5,250)
Proceeds from principal payments on investment in loans	155	
Improvements and additions to hotel properties	(51,988)	(8,543)
Additions to property and equipment	(93)	
Advances from related parties		10,724
Proceeds from sale of hotel properties		73,117
Funding of restricted cash reserves, net	(19,070)	(9,849)
Net cash flow used in investing activities	(265,826)	(250,010)
Cash flows from financing activities:		
Borrowings under credit facility		383,506
Repayments under credit facility		(399,905)
Proceeds from term loan	140,000	
Proceeds from mortgage loans		60,000
Payment of mortgage principal	(486,260)	(71,729)
Payment of members distributions	(3,104)	(28,526)
Proceeds from partners contributions	126,721	295,929
Payment of partners distributions	(16,296)	(23,249)
Distributions to preferred unitholders	(500)	
Proceeds from issuance of common shares	568,700	
Payment of offering costs	(39,379)	
Distributions to noncontrolling interest	(500)	
Repurchase of common stock	(338)	

Distributions on common shares		(8,506)		
Distributions on OP units		(71)		
Payment of preferred unitholder distributions		(61)		(32)
Payment of deferred financing costs		(4,146)		(4,093)
Net cash flow provided by financing activities		276,260		211,901
Net change in cash and cash equivalents		101,007		8,891
Cash and cash equivalents, beginning of period		267,454		151,382
Cash and cash equivalents, end of period	**$**	**368,461**	**$**	**160,273**

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

4

Table of Contents

RLJ Lodging Trust

Notes to the Combined Consolidated Financial Statements

(unaudited)

1. Organization

RLJ Lodging Trust (the Company) was formed as a Maryland real estate investment trust (REIT) on January 31, 2011. The Company is a self-advised and self-administered REIT that invests primarily in premium-branded, focused-service and compact full-service hotels. The Company completed the initial public offering of its common shares of beneficial interest (the IPO) on May 16, 2011. The IPO resulted in the sale of 27,500,000 common shares at a price per share of $18.00 and generated gross proceeds of $495.0 million. The aggregate proceeds to the Company, net of underwriters discounts in connection with the IPO, were approximately $464.1 million. On June 3, 2011, the Company issued and sold an additional 4,095,000 common shares at a price per share of $18.00 upon exercise of the underwriters overallotment option (the Overallotment), generating gross proceeds of approximately $73.7 million. The Company received aggregate proceeds, net of underwriters discounts, in connection with the Overallotment of approximately $69.1 million. Subsequent to the IPO, the Company contributed the net proceeds from the IPO, including proceeds received from the Overallotment, to the Company s operating partnership, RLJ Lodging Trust, L.P. (the Operating Partnership), which was formed as a Delaware limited partnership on January 31, 2011, in exchange for units of limited partnership interest in the Operating Partnership (OP Units). The Operating Partnership holds substantially all of the Company s assets and conducts substantially all of its business. Upon completion of the IPO, the Company owned approximately 99.1% of the aggregate OP units. The Company intends to elect and qualify to be taxed as a REIT, for U.S. federal income tax purposes, commencing with the portion of its taxable year ending December 31, 2011.

Upon completion of the IPO and related formation transactions, the Company succeeded to the operations and hotel investment and ownership platform of RLJ Development, LLC (RLJ Development), and the lodging assets of RLJ Lodging Fund II, L.P. (and its parallel fund) (Fund II) and RLJ Real Estate Fund III, L.P. (and its parallel fund) (Fund III), which collectively comprise the Company s predecessor (the RLJ Predecessor). Accordingly, the RLJ Predecessor was not a separate legal entity. RLJ Development, Fund II and Fund III were entities under the common control of Robert L. Johnson, the Company s Executive Chairman, and were formed for the purpose of acquiring and operating hotel properties. Upon completion of the IPO and formation transactions, all of the existing investors in RLJ Development, Fund II and Fund III received common shares or OP units, as applicable, as consideration for their respective interests in RLJ Development, Fund II and Fund III, and as a result became equity owners of the Company and/or the Operating Partnership, as applicable. The formation transactions, including the consideration received by the owners of RLJ Development, Fund II and Fund III, are described in greater detail in the final prospectus relating to the IPO, dated May 10, 2011, which the Company filed with the Securities and Exchange Commission (the SEC).

Due to the timing of the IPO and the formation transactions, the Company s financial condition as of December 31, 2010 and results of operations for the three and nine months ended September 30, 2010 reflect the financial condition and results of operations of the RLJ Predecessor. The Company s results of operations for the nine months ended September 30, 2011 reflect the financial condition and results of operations of the RLJ Predecessor together with the Company, while the financial condition as of September 30, 2011 reflects solely the Company.

Substantially all of the Company s assets are held by, and all of its operations are conducted through, the Operating Partnership. The Company is the sole general partner of the Operating Partnership. The Company owned, through a combination of direct and indirect interests, 99.2% of the OP units at September 30, 2011. See Note 9 for additional disclosures on OP units.

As of September 30, 2011, the Company owned interests in 140 hotels with 20,488 rooms located in 19 states and the District of Columbia. The Company owned interests in land parcels located adjacent to certain hotels. The Company, through wholly-owned subsidiaries, also owned a 100% interest in two mortgage loans secured by hotels. The Company, through wholly-owned subsidiaries, owned a 100% interest in all of its assets, with the exception of the Doubletree Metropolitan Hotel New York City, in which the Company, through wholly-owned subsidiaries, owned a 95% interest in a joint venture, DBT Met Hotel Venture, LP, which was formed to engage in hotel operations related to the Doubletree Metropolitan hotel. An independent hotel operator manages each hotel.

Table of Contents

2. Summary of Significant Accounting Policies

Basis of Presentation and Principles of Consolidation

The accompanying unaudited interim combined consolidated financial statements and related notes have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP) and in conformity with the rules and regulations of the SEC applicable to interim financial information. As such, certain information and footnote disclosures normally included in financial statements prepared in accordance with GAAP have been omitted in accordance with the rules and regulations of the SEC. All significant inter-company balances and transactions have been eliminated in consolidation. The accompanying unaudited interim financial statements include adjustments based on management s estimates (consisting of normal recurring adjustments), which the Company considers necessary for a fair statement of the combined consolidated balance sheets, statements of operations, statements of changes in equity and comprehensive loss and statements of cash flows for the interim periods presented. The financial information should be read in conjunction with the combined consolidated financial statements for the year ended December 31, 2010, included in the final prospectus relating to the IPO, dated May 10, 2011, which the Company filed with the SEC. Operating results for the three and nine months ended September 30, 2011 are not necessarily indicative of actual operating results for the entire year.

Use of Estimates

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

Reporting Periods

As of September 30, 2011, the Company owned four hotels that are managed by affiliates of Marriott International (Marriott). The Company s hotels managed by Marriott are accounted for on a fiscal year comprised of 52 or 53 weeks ending on the Friday closest to December 31. The Company s results for the three and nine months ended September 30, 2011 and 2010 include the results of operations for the Company s Marriott-managed hotels for the 36-week periods ending September 9, 2011 and September 10, 2010, respectively.

Reclassifications

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

Investment in Hotel Properties

Hotel acquisitions consist almost exclusively of land, land improvements, buildings, furniture, fixtures and equipment and inventory. The Company records the purchase price among these asset classes based on their respective fair values. When the Company acquires properties, they are acquired for use. Generally, the Company does not acquire any significant in-place leases or other intangible assets (e.g., management agreements, franchise agreements or trademarks) when hotels are acquired. The only intangible assets acquired through September 30, 2011 consisted of favorable tenant lease agreements and miscellaneous operating agreements, which are short-term in nature and at market rates. In conjunction with the acquisition of a hotel, the Company typically negotiates new franchise and management agreements with the selected brand and manager.

The Company s investments in hotels are carried at cost and are depreciated using the straight-line method over estimated useful lives of 15 years for land improvements, 40 years for buildings and improvements and three to five years for furniture, fixtures and equipment. Intangible assets arising from favorable or unfavorable leases are amortized using the straight-line method over the non-cancelable portion of the term of the agreement. Maintenance and repairs are expensed and major renewals or improvements are capitalized. Upon the sale or disposition of a fixed asset, the asset and related accumulated depreciation are removed from the accounts and the related gain or loss is included in operations.

The Company considers each individual hotel to be an identifiable component of the business. In accordance with the

Table of Contents

impairment or disposal of long-lived assets guidance, the Company does not consider a hotel as held for sale until it is probable that the sale will be completed within one year and the other requisite criteria for such classification have been met. Once a hotel is designated as held for sale the operations for that hotel are included in discontinued operations. The Company does not depreciate hotel assets so long as they are classified as held for sale. Upon designation of a hotel as being held for sale and quarterly thereafter, the Company reviews the realizability of the carrying value, less cost to sell, in accordance with the guidance. Any such adjustment in the carrying value of a hotel classified as held for sale is reflected in discontinued operations. The Company includes in discontinued operations the operating results of those hotels that are classified as held for sale.

The Company assesses the carrying values of each hotel whenever events or changes in circumstances indicate that the carrying amounts of these hotels may not be fully recoverable. Recoverability of the hotel is measured by comparison of the carrying amount of the hotel to the estimated future undiscounted cash flows which take into account current market conditions and the Company s intent with respect to holding or disposing of the hotel. If the Company s analysis indicates that the carrying value of the hotel is not recoverable on an undiscounted cash flow basis, it recognizes an impairment charge for the amount by which the carrying value exceeds the fair value of the hotel. Fair value is determined through various valuation techniques, including internally developed discounted cash flow models, comparable market transactions and third party appraisals, where considered necessary.

The use of projected future cash flows is based on assumptions that are consistent with a market participant s future expectations for the travel industry and economy in general and the Company s plans to manage the underlying hotels. However, assumptions and estimates about future cash flows and capitalization rates are complex and subjective. Changes in economic and operating conditions and the Company s ultimate investment intent that occur subsequent to a current impairment analysis could impact these assumptions and result in future impairment charges of the hotels.

Earnings Per Share

Basic earnings per share is calculated by dividing net income by the weighted-average number of common shares outstanding during the period excluding the weighted average number of unvested restricted shares (participating securities as defined in Note 11). The basic earnings per share calculation includes the effect of such participating securities. Diluted earnings per share is calculated by dividing net income by the weighted-average number of common shares outstanding during the period plus other potentially dilutive securities such as stock grants or shares that would be issued in the event of conversion of operating partnership units. No adjustment is made for shares that are anti-dilutive during a period.

Share Based Compensation

From time to time, the Company may award non-vested shares under the 2011 Equity Incentive Plan (the 2011 Plan), as compensation to officers, employees and non-employee trustees (see Note 10). The shares issued to officers and employees vest over a period of time as determined by the Board of Trustees at the date of grant. The Company recognizes compensation expense for non-vested shares on a straight-line basis over the vesting period based upon the fair market value of the shares on the date of grant, adjusted for forfeitures.

Table of Contents

3. Acquisition of Hotel Properties

The Company did not acquire any hotels during the three months ended September 30, 2011. During the nine months ended September 30, 2011, the Company, through wholly-owned subsidiaries, acquired the following hotels, which were funded by capital contributions:

Hotel	Location	Acquisition Date	Management Company	Rooms		Purchase Price		% Interest
Embassy Suites Columbus	Columbus, OH	January 11, 2011	Crescent Hotels and Resorts	221	$	9.5	million	100%
Renaissance Pittsburgh Hotel	Pittsburgh, PA	January 12, 2011	Sage Hospitality	300		47.1	million	100%
Courtyard Atlanta Buckhead	Atlanta, GA	January 18, 2011	Noble Management Group	181		27.0	million	100%
Doubletree Hotel Columbia	Columbia, MD	January 18, 2011	Urgo Hotels	152		10.5	million	100%
Denver Airport Marriott at Gateway Park	Denver, CO	January 18, 2011	Sage Hospitality	238		46.0	million	100%
Crowne Plaza Hotel West Palm Beach	West Palm Beach, FL	January 18, 2011	Windsor Capital Group	219		16.0	million	100%
Wyndham Raleigh Durham-Research Triangle Park	Durham, NC	January 24, 2011	Noble Management Group	175		7.0	million	100%
Wyndham Pittsburgh	Pittsburgh, PA	January 24, 2011	Urgo Hotels	198		21.2	million	100%
Hampton Inn Houston-Near the Galleria	Houston, TX	March 14, 2011	Interstate Management Company	176		20.3	million	100%
				1,860	$	204.6	million	

During the nine months ended September 30, 2010, the Company, through wholly-owned subsidiaries, acquired the following hotels, which were funded by capital contributions:

Hotel	Location	Acquisition Date	Management Company	Rooms		Purchase Price		% Interest
Embassy Suites Tampa	Tampa, FL	April 15, 2010	Hilton Hotels Corporation	360	$	76.9	million	100%
Fairfield Inn and Suites Washington, DC	Washington, DC	June 1, 2010	Urgo Hotels	198		40.0	million	100%
Embassy Suites Ft Myers/Estero	Ft Myers, FL	June 23, 2010	Hilton Hotels Corporation	150		13.2	million	100%
Homewood Suites Washington DC	Washington, DC	July 1, 2010	Crestline Hotels and Resorts	175		58.5	million	100%
Hilton New York/Fashion District	New York, NY	September 22, 2010	Highgate Hotels	280		121.8	million	100%
				1,163	$	310.4	million	

The allocation of purchase price for the hotel properties acquired was as follows (in thousands):

	September 30,			
	2011		2010	
Land and land improvements	$	29,131	$	50,959
Buildings and improvements		153,557		249,334