## 2022 Conversion | The Mills House Hotel

Location: Charleston, SC

Incremental Investment: \$6.0 -7.0M Conversion Relaunch: October 1, 2022

Rooms: 218 Rooms & Suites

Value Creation Summary: Addition of new premium suites, new F&B concepts, addition of a pool bar, reimagined public space, and complete guestroom

renovations

## **Bullseye Asset**

**Rooms-oriented** 

**High margins** 

High growth market **Heart of demand** 

location



**High RevPAR** 



## **Conversion Thesis**

- Irreplaceable location
- Desirable, long-term growth market
- Conversion accretive to RLJ:
  - +900 bps RevPAR index
  - +20% incremental ADR
  - 50%+ Unlevered IRR





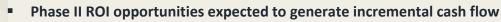


- Charleston is a drive-to, growth market with strong fundamentals
  - Population growth rate is 3x the national average
  - Over 7 million in annual visitors
  - Ranked "#1 City in U.S." (for the tenth consecutive year) by Travel + Leisure
- **Strong Lodging fundamentals** 
  - Charleston RevPAR in 2022 projected to exceed 2019 by 17% vs. 4% for the U.S.
- **Charleston Historic District is a strong submarket** 
  - Charleston CBD RevPAR +60% higher than overall market and +80% vs. U.S. (2019)



## Value Creation Highlights | The Mills House Hotel

- Repositioned lifestyle hotel affiliated with the Curio Collection by Hilton
  - Attract higher rated Hilton Honors members
  - Expands RLJ's exposure in the lifestyle segment
  - Expect to significantly increase market share by 20%
- Conversion expected to unlock significant real estate value
  - Cap-rate compression with Curio brand
  - Irreplaceable, high-barrier to entry location
  - 50%+ Unlevered IRR



- Evaluating opportunity to create new rooftop bar and catering space
- Phase II ROIs should generate an incremental \$1M in EBITDA, not included in original underwriting



