

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



Market Highlights | Charleston

- **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
- **Phase II ROI opportunities expected to generate incremental cash flow**
 - 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