

Moxy Denver Cherry Creek

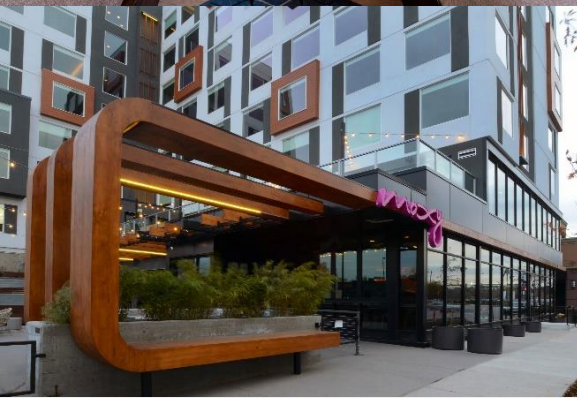
Location: Denver, CO
Acquisition Price: \$51.3M (\$301K per room)
Year Built: 2017
Rooms: 170 keys
Amenities: Moxy Bar, Beer Garden, onsite parking, fitness center

Bullseye Deal

- Rooms-oriented
- High margins
- High growth market
- Heart of demand location
- Premium brand
- High RevPAR

Investment Thesis

- Recently built property
- Top-tier, high growth market
- A+ core location
- Accretive to RLJ portfolio:
 - ~\$170 stabilized RevPAR
 - ~40% stabilized margins
 - ~8.0% – 8.5% NOI yield
- Upside from management company change



Denver / Cherry Creek Highlights

- **Denver a top growth market**
 - Growing, diversified economy attracting corporate relocations / expansions
 - #3 highest concentration of Millennials in the U.S. (2019)
 - Ranked 7th in the nation in tech talent (CBRE, 2020)
 - 2015 – 2019 RevPAR growth higher by 70 bps vs. STR Top-25 Markets
- **Denver International Airport the 3rd busiest airport in country (2020)**
 - Adding 39 new gates to increase capacity 30% by 2022
- **Cherry Creek the top upscale submarket in Denver**
 - Strong population growth trends
 - Since 2014, +36% increase in office space | +40% increase in residential units
 - 2.8M SF of office, 255K SF of retail, and numerous residential projects currently in development
 - #1 price per unit asset trades in Denver for hotel, office, and apartment
 - ADR premium over comparable Downtown Denver hotels
- **Strong CBD fundamentals**
 - Downtown Submarket RevPAR +28% higher than Denver market (CBRE, 2019)

Hotel Highlights

- **Irreplaceable real estate within core Cherry Creek**
 - A+ location with over 100 retail shops & 50 restaurants within a four-block radius
- **Marriott's Moxy brand well-suited for urban / metro areas**
- **Lean operating cost model with high margins**
- **Lively public spaces, minimalist style and beverage centric F&B**
- **High barriers to entry submarket**
 - Restrictive zoning laws limits new hotel supply