

2022 Conversion | Zachari Dunes on Mandalay Beach

Location: Mandalay Beach, CA
Incremental Investment: \$12.0 -13.0M
Conversion Relaunch: October 1, 2022
Rooms: 250 Suites
Value Creation Summary: Reimagined arrival experience including fully renovated lobby, addition of multiple F&B concepts, complete guestroom renovation, enhanced public space, and meeting space expansion and renovation



Bullseye Asset

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

Conversion Thesis

- High-quality lifestyle resort
- Irreplaceable beach front location
- Significant Update:
 - +800 bps RevPAR index
 - +20% incremental ADR
 - 40%+ Unlevered IRR



Market Highlights | Mandalay Beach

- **Mandalay Beach is an attractive beachfront location**
 - Attracts experiential travelers looking for a Coastal California experience
- **Located within drive-to distance of two major cities and a short scenic drive to / from LAX**
 - Mandalay Beach is optimally located between Los Angeles and Santa Barbara
 - 17 million people within driving distance of the resort
- **Growing high-end Leisure and Group demand**
 - Demand driven by inland residents, traveling families, out of state travelers as well as social and corporate group events



Conversion Highlights | Zachari Dunes on Mandalay Beach

- **Reinvented as a “curated” lifestyle resort**
 - Enhances RLJ’s exposure to the experiential, lifestyle segment
- **Affiliation with Curio Collection by Hilton**
 - Attract higher rated guests and top Hilton Honors members
 - Resort is one of only two beachfront Hilton affiliated hotels on the Pacific coast
- **Positioned to capture higher rated demand and profitability**
 - Consists of premium suites with ocean / beach views
 - Re-imagined outdoor space and added indoor meeting space to drive events
 - Re-concepted F&B and elimination of complimentary services to drive profitability
- **Conversion expected to unlock significant value**
 - Increase ADR by 20% and market share by 800 bps
 - Cap rate compression with up-branding
 - 40%+ Unlevered IRR

