RLJ Lodging Trust

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

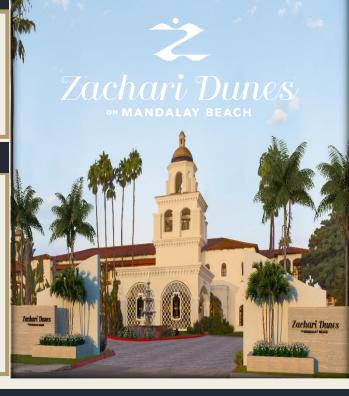
Rooms-oriented	\checkmark
High margins	\checkmark
High growth market	\checkmark
Heart of demand location	\checkmark
High RevPAR	\checkmark

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