



ASSET MANAGEMENT & STRATEGIC ADVISORY



**We align the operation of a hotel
with the owner's investment goals**

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HVS Asset Management Experience



Success Story: JW Marriott Indianapolis

Property

1,005 Room – JW Marriott
Convention Center Hotel

Location

Indianapolis, Indiana

Client

City of Indianapolis

Type of Assignment

Asset management, strategic
advisory, and feasibility evaluation



Highlights of Results

- \$425-million development project broke ground in May 2008.
- Despite collapse of financial markets, project continues to move forward due to the financial strength of the developer selected.
- Debt provided by the City remains current.

Property Features

- 1,005-room hotel
- 105,000 square feet of meeting space
- Three F&B outlets
- Scheduled to open Q1 2011

Success Story: JW Marriott Indianapolis

Property

1,005 Room – JW Marriott
Convention Center Hotel

Location

Indianapolis, Indiana

Client

City of Indianapolis

Type of Assignment

Asset management, strategic
advisory, and feasibility evaluation



Highlights of Engagement

- HVS Asset Management and Strategic Advisory, and HVS Consulting & Valuation collaborated to provide this public-sector client comprehensive hotel advice.
- HVS developed and oversaw the selection process to identify the best developer/operator team:
- Brought qualified developers and operators into a competitive RFP process.
- Chaired the hotel selection advisory committee.
- Coordinated developer site visits and due diligence.
- Selected team of REI Real Estate Services and White Lodging as the project's developer/operator.
- Negotiated project agreement in conjunction with client's counsel.
- Provided competitive market intelligence through a hotel market review.
- Provided on-going representation of the client's interests throughout the development period by:
- Visiting the site regularly to monitor the construction progress leading to an on-time and on-budget opening.
- Monitoring sales and marketing staffing and pre-booking pace leading to a quick ramp-up of operations and market penetration.
- Meeting and communicating with the developer's internal asset management group.

Success Story: Renaissance Schaumburg

Property

500-Room Renaissance Hotel and
130,000-square-foot Convention Center

Location

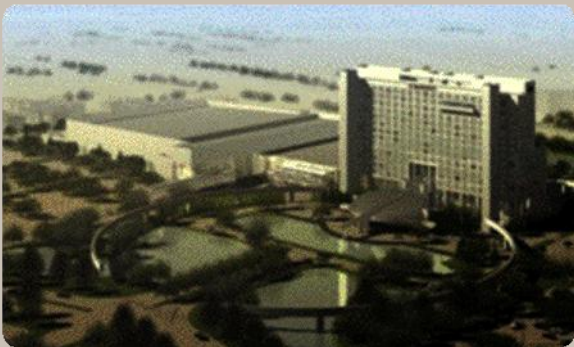
Schaumburg, Illinois

Client

Village of Schaumburg

Type of Assignment

Asset management and feasibility
analysis



Highlights of Results

- Property was named 2007 Renaissance Hotel of the Year by Marriott.
- General manager was named “General Manager of the Year” in 2008 by Marriott.
- Property has consistently achieved highest Renaissance customer satisfaction scores in North America.
- Property regularly achieves RevPAR penetration in the 155%-to-165% range.

Property Features

- 500-room hotel
- 149,000 combined square feet of meeting and convention center facilities
- Three F&B outlets
- Opened in July 2006

Success Story: Renaissance Schaumburg

Property

500-Room Renaissance Hotel and
130,000-square-foot Convention Center

Location

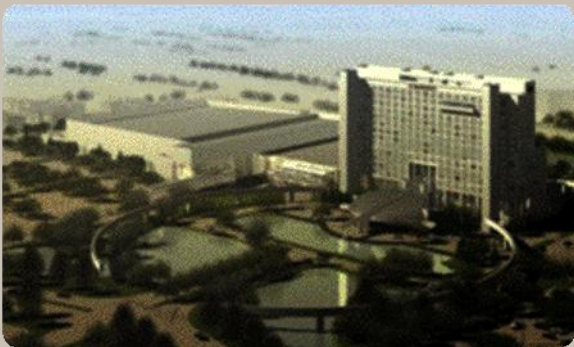
Schaumburg, Illinois

Client

Village of Schaumburg

Type of Assignment

Asset management and feasibility
analysis



Highlights of Engagement

- Three HVS divisions collaborated to reach the objectives of this public-sector client.
- HVS Consulting & Valuation supported the viability of the project.
- HVS Asset Management & Strategic Advisory and HVS Convention, Sports & Entertainment Facilities Consulting jointly provided oversight of the property during the pre-opening and post-opening phases.
- Pre-opening asset management activities included:
 - Monitoring construction progress leading to an on-time and on-budget opening.
 - Evaluating sales and marketing activities and pre-booking pace leading to a quick ramp-up in operations and market penetration.
 - Advising on the capabilities of the on-site management team.
 - Interviewing executive team candidates.
 - Monitoring management and line-level staffing levels.
- Post-opening asset management activities included:
 - Collaborating with Marriott management to develop effective marketing strategies incorporating an optimum market mix and rate positioning.
 - Providing competitive market intelligence to owner and operator.
 - Benchmarking financial results and working with management to achieve maximum operating efficiencies.
 - Approving the annual budget, sales & marketing and CapEx plans.
- Preparing a comprehensive monthly asset management report.

Engagement: Hyatt Regency McCormick Place

Property

800-Room Hotel and 31,000-square-foot Conference Center

Location

Chicago, Illinois

Client

Metropolitan Pier and Exposition Authority

Type of Assignment

Asset management



Highlights of Engagement

- HVS Asset Management & Strategic Advisory and HVS Convention, Sports & Entertainment Facilities Consulting jointly provide oversight of the property.
- Asset management activities include:
- Collaborating with Hyatt management to develop effective marketing strategies incorporating an optimum market mix and rate positioning.
- Providing competitive market intelligence to owner and operator.
- Benchmarking financial results and working with management to achieve maximum operating efficiencies.
- Approving the annual budget, sales & marketing and CapEx plans.
- Reviewing chain expenses and allocations for accuracy, appropriateness and cost-benefit relationship.
- Preparing comprehensive monthly and quarterly asset management reports.
- Providing rolling five-year forecasts of occupancy, ADR, and financial results.

Property Features

- 800-room hotel
- 50,000 combined square feet of meeting and conference center facilities
- Four F&B outlets
- Opened in July 2006

Success Story: Residence Inn Palo Alto

Property

Residence Inn by Marriott

Location

Los Altos/Palo Alto, California

Client

Sand Hill Property Company, LLC

Type of Assignment

Asset management and strategic advisory



Highlights of Results

- Property has maintained strong NOI margins and increased RevPAR penetration during the economic downturn.
- Property has consistently achieved 44% NOI margins since HVS's involvement.
- NOI increased by 8% during HVS's first year of involvement, largely as a result of restructuring of rate and yield strategies.
- Property regularly achieves RevPAR index in the 130%-to-140% range.
- Property ranks in the top 6% of customer satisfaction scores among all 578 Residence Inns in North America.
- Property boasts line-level employee turnover of 13%, compared with 65% for the industry.

Property Features

- 156-suite hotel
- 1,500 square feet of meeting space
- Opened in 2001
- Marriott Platinum Service Award Recipient 2009
- AAA three diamonds

Success Story: Residence Inn Palo Alto

Property

Residence Inn by Marriott

Location

Los Altos/Palo Alto, California

Client

Sand Hill Property Company, LLC

Type of Assignment

Asset management and strategic advisory



Highlights of Engagement

- Provided full asset management services and hands-on oversight of property management.
- Actively participated in all key decisions involving sales and marketing, staffing, major expenditures, and CapEx projects.
- Oversaw a complete renovation while implementing a program to minimize revenue displacement and guest inconvenience.
- Redefined marketing roles to strengthen relationship-building with key clients, resulting in very high customer loyalty and repeat business.
- Regularly benchmarked financial and operating results using HVS's proprietary database to gain maximum efficiencies.
- Provided monthly reports for owner to monitor results.

Success Story: Hilton Garden Inn Cupertino

Property

Hilton Garden Inn

Location

Cupertino, California

Client

Sand Hill Property Company LLC

Type of Assignment

Asset management and strategic advisory



Highlights of Results

- Seller received the highest sales price per room of any Hilton Garden Inn outside Manhattan (\$230,000).
- Property consistently achieved net operating profit margins in the range of 36% to 39% during HVS's involvement.
- NOI increased by 27% during HVS's first year of involvement, largely as a result of a shift in pricing and yield strategies.
- Property regularly achieved a RevPAR index in the 120%-to-130% range.

Property Features

- 165-room hotel
- 1,500 square feet of meeting space
- Opened in 1998
- AAA three diamonds

Success Story: Hilton Garden Inn Cupertino

Property

Hilton Garden Inn

Location

Cupertino, California

Client

Sand Hill Property Company LLC

Type of Assignment

Asset management and strategic advisory



Highlights of Engagement

- Provided comprehensive asset management and hands-on oversight of property management.
- Oversaw all major decisions involving sales and marketing, property staffing, major expenditures, and CapEx projects.
- Oversaw a full renovation while implementing a program to minimize revenue displacement and guest inconvenience.
- Assisted the owner to successfully sell the asset and coordinated all sales activities with the selling broker, including:
 - Recommended potential buyers and facilitated communications.
 - Facilitated the preparation of due diligence materials.
 - Helped familiarize buyers with asset details.
- Prepared the purchase and sale agreement in conjunction with seller's attorneys.
- Coordinated all site inspections by investors.

Current Engagement: Hilton Oceanfront Resort

Property

Hilton Oceanfront Resort

Location

Hilton Head Island, South Carolina

Client

Atlantic Resort Managers

Type of Assignment

Operator & Franchisor Selection



Highlights of Engagement

- HVS will be inviting qualified management and franchising companies, including the well-performing incumbents, to participate in a competitive selection process.
- Selection criteria are being developed for use by the selection committee.
- Sales presentations, site visits and due diligence to be coordinated.
- Evaluation matrix to be prepared.
- Term sheets, including required CapEx requirements, to be negotiated with short-listed candidates.
- Well-supported recommendations will be made to the selection committee.
- Full negotiation support after final selection is made.

Property Features

- 324-room condo-hotel
- 15,000 square-foot convention center
- Four F&B outlets
- Opened in 1985
- AAA four diamonds

Success Story: University Place Hotel

Property

University Place Hotel & Conference Center

Location

Indianapolis, Indiana (Indiana University/Purdue University Campus)

Client

Indiana University

Type of Assignment

Asset management, strategic advisory, and financial analysis



Highlights of Results

- Client successfully acquired the asset.
- With HVS's assistance, client selected a competent manager and negotiated a favorable management agreement.
- Profitability of the property increased after a comprehensive renovation and integration of a revised business operating model.

Property Features

- 278-room hotel
- 45,000 square-foot convention center
- Three F&B outlets
- Opened in 1988
- AAA four diamonds

Success Story: University Place Hotel

Property

University Place Hotel & Conference Center

Location

Indianapolis, Indiana (Indiana University/Purdue University Campus)

Client

Indiana University

Type of Assignment

Asset management, strategic advisory, and financial analysis



Highlights of Engagement

- HVS Asset Management & Strategic Advisory and HVS Consulting & Valuation collaborated to provide the client with comprehensive hotel advice.
- Provided buy-side advice in order for the University to acquire the hotel which was independently owned, but which resided on land owned by the University. The University's objective was to control the hotel asset in order to advance the University's Indianapolis campus efficiency and growth. To effectuate this result HVS:
- Conducted a financial evaluation of the asset's current operations and developed a new, more efficient operating business model resulting from the combined operations of the conference center and the hotel.
- Determined a reasonable market value for the asset.
- Negotiated the purchase & sale agreement in conjunction with the University's internal and external lawyers.
- Orchestrated the selection process to identify a new management company for the combined asset:
- Identified qualified operators and invited them to participate in the RFP.
- Coordinated operator site visits and due diligence.
- Developed the selection criteria for use by the selection committee and made recommendations regarding the various companies that participated in the process.

Success Story: Astor Crowne Plaza

Property

Astor Crowne Plaza and Alexa Hotels

Location

New Orleans, Louisiana

Client

Bourbon Hotel & Royal Boutique Hotel
Operating Company

Type of Assignment

Asset management and strategic advisory



Highlights of Results

- Ownership restructure was completed successfully.
- Increased operating efficiency through management practices and optimized IT processes.

Property Features

- 707-room hotel complex, encompassing two hotels
- 26,000 square feet of meeting space
- One F&B outlet
- Opened in 2000
- AAA four diamonds

Success Story: Astor Crowne Plaza

Property

Astor Crowne Plaza and Alexa Hotels

Location

New Orleans, Louisiana

Client

Bourbon Hotel & Royal Boutique Hotel
Operating Company

Type of Assignment

Asset management and strategic advisory



Highlights of Engagement

- Recommended restructuring of the ownership entity after reviewing investment objectives of various partners involved.
- Assisted in the implementation of a buy-sell provision that consolidated ownership with a single partner.
- Working on-site on a weekly basis, performed asset management services and provided oversight of the existing management company for six months to maximize revenue potential.
- Performed a comprehensive evaluation of the existing manager.
- Provided active oversight of the property manager.
- Participated in key managerial decisions involving CapEx, sales and marketing, and staffing.
- Conducted a comprehensive evaluation of all IT and telephone systems:
- Evaluated suitability of all computer hardware and software;
- Reviewed equipment and service contracts related to internet access, wireless service, security, and telephone usage.

Success Story: Halekulani Corporation

Client

Halekulani Corporation

Location

Honolulu, Hawaii – Tokyo, Japan

Type of Assignment

Strategic advisory



Highlights of Results

- Client realized labor savings of nearly \$1 million per year after reorganization.
- The Corporation became more agile after redundancies were eliminated, reporting lines streamlined, and transparency and accountability integrated.

Property Features

- Owner/operator of 733 upper-upscale hotel rooms
- 625 employees
- \$80 million in approximate annual revenue

Success Story: Halekulani Corporation

Client

Halekulani Corporation

Location

Honolulu, Hawaii – Tokyo, Japan

Type of Assignment

Strategic advisory



Highlights of Engagement

- HVS Asset Management & Strategic Advisory, HVS Executive Search, and HVS Consulting & Valuation collaborated to provide this client comprehensive hotel advice.
- After comprehensive corporate- and property-level evaluation, HVS developed a restructured organizational model for the corporation that holds the Halekulani and the Waikiki Parc hotels:
- Evaluated operations to determine operational efficiencies and optimal organizational structure.
- Benchmarked organizational structure against those of similar companies and established best practices.
- Benchmarked salaries throughout the corporation.
- Conducted a successful search for a new COO, who remains as COO five years after the initial HVS engagement.

Success Story: Hotel Washington

Property

Hotel Washington

Location

Washington, D.C.

Client

Northview Hotel Group LLC/
Westbrook Partners

Type of Assignment

Asset management and due diligence
assistance



Highlights of Results

- Acquisition closing proceeded smoothly within 30 days.
- Short-term savings of over \$100,000 per year were identified through accounting review.
- Property was successfully acquired and reopened as the W Washington after a complete renovation.

Property Features

- 317-room hotel
- 12,000 square feet of meeting space
- Four F&B outlets
- Opened in 1917 (completely renovated in 2009)
- AAA four diamonds

Success Story: Hotel Washington

Property

Hotel Washington

Location

Washington, D.C.

Client

Northview Hotel Group LLC/
Westbrook Partners

Type of Assignment

Asset management and due diligence assistance



Highlights of Engagement

- Provided buy-side evaluation and support to successfully transition Westbrook Partners as the new owner of this 317-room upper-upscale hotel.
- Within the 30-day closing period, HVS effectuated the following:
- Transitioned all accounting and payroll functions to a stand-alone system from a corporately centralized structure.
- Supervised all sale-related accounting.
- Interviewed staff to determine capabilities and establish rapport.
- Assisted with the negotiation of the rollover of collective bargaining agreements with three unions present at the property
- Reviewed employee compensation, training materials, and human resource practices.
- Conducted comprehensive due-diligence on behalf of the buyer.
- Developed and recommended a buy-and-hold strategy for the asset, instead of a short-term sale.

Success Story: The Clift

Property

The Clift

Location

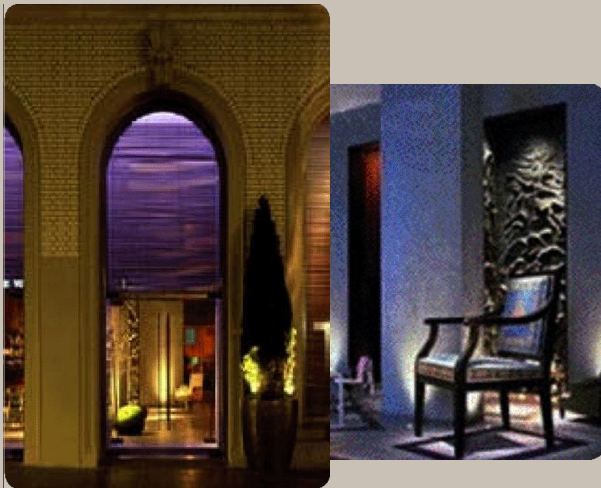
San Francisco, California

Client

DivcoWest

Type of Assignment

Strategic Advisory



Highlights of Results

- DivcoWest successfully acquired the leasehold interest in the property.
- Transaction closed smoothly, with “no surprises.”
- Client’s yield expectations from investment were exceeded.

Property Features

- 363 hotel rooms
- 2,000 square feet of meeting space
- Operated by Morgans Hotel Group as its landmark hotel in San Francisco
- Asia de Cuba signature restaurant
- Opened in 2001 (originally built in 1913)

Success Story: The Clift

Property

The Clift

Location

San Francisco, California

Client

DivcoWest

Type of Assignment

Strategic Advisory



Highlights of Engagement

- Provide strategic buy-side advice for DivcoWest's acquisition of the leasehold interest in this trophy boutique hotel:
- Evaluated investment's financial performance under various scenarios.
- Evaluated branding and management options in the event of default.
- Reviewed leases and operating agreements to identify impact from default.
- Reviewed sales and marketing plans to identify risks and opportunities.
- Reviewed competitive market and financial performance of hotel.
- HVS Asset Management & Strategic Advisory and HVS Consulting & Valuation collaborated to meet client's objectives.

Success Story: Semiahmoo Resort

Property

Semiahmoo Resort

Location

Blaine, Washington

Client

Trillium Corporation

Type of Assignment

Asset management and financial analysis



Highlights of Results

- Acquisition and management transition proceeded smoothly.
- Selected manager successfully operated the resort throughout the owner's investment period.

Property Features

- 198-room hotel
- 36,000 square feet of meeting space
- Two 18-hole championship golf courses
- 300-slip marina
- Four F&B outlets
- Opened in 1987
- AAA four diamonds

Success Story: Semiahmoo Resort

Property

Semiahmoo Resort

Location

Blaine, Washington

Client

Trillium Corporation

Type of Assignment

Asset management and financial analysis



Highlights of Engagement

- Provided extensive buy-side support, including the following:
- Managed the property on an interim basis post-acquisition while the management company selection process took place.
- Supported the acquisition price through a valuation and market study.
- Selected a new third-party manager after conducting a competitive process.
- Negotiated a favorable management agreement on behalf of the client.
- Conducted extensive due diligence on behalf of the buyer.

HVS Asset Management Leadership



Mark Lynn President



Experience

Mr. Lynn founded the asset management division of HVS in 1996 and has been involved in the hospitality industry for more than 30 years; he has participated in the development and management of more than 200 hotel assets with a value exceeding \$2.5 billion. He currently serves as president of HVS's Asset Management & Strategic Advisory practice, based in San Francisco.

Prior to forming the asset management division of HVS, Mr. Lynn was Vice President of Richfield Hospitality Services and was responsible for the expansion of Richfield's hotel portfolio throughout the western region of the United States. During his tenure, he identified and consummated more than 20 hotel transactions. He received the President's Award for outstanding service to the client and community in 1993, and in 1994 the San Francisco office was recognized as the top producing development office in the Richfield system. He also served as asset manager for the Flagship resort in Atlantic City, New Jersey and the asset was selected as hotel of the year under his leadership in 1991. Prior, he served as Vice President of Operations for Brilyn, Inc. in Cincinnati, Ohio, and played a pivotal role in the management and rapid expansion of this privately held hotel development and management organization. During his tenure the company expanded from 4 to 13 hotel assets and Lynn was responsible for the daily operations of all hotel assets.

Prior, Lynn was senior vice president of Parkmount Hospitality Corporation based in Dallas, Texas and was responsible for the management of 15 hotel properties located throughout North America and Hawaii.

Education and Affiliations

Mr. Lynn holds a B.S.B.A. from Xavier University in Cincinnati, Ohio and is a member of HAMA (Hospitality Asset Managers Association).

Miguel Rivera Senior Vice President



Experience

Mr. Rivera brings with him fourteen years of hotel real estate and finance experience throughout the U.S., Canada, and Latin America. He currently serves as Senior Vice President of HVS's Asset Management & Strategic Advisory practice, based out of San Francisco.

Prior to joining HVS, he was Senior Vice President at Jones Lang LaSalle Hotels, where he worked on over \$880 million of hotel transactions while leading that group's Latin American operations. He served as the lead broker marketing several hotels for sale, including the Fairmont Acapulco Princess, the JW Marriott Rio de Janeiro, the Hyatt Regency Cancun, the Sheraton Ambassador Monterrey, the Sheraton Lima Hotel, and several Club Med properties. He assisted clients to finance and recapitalize luxury mixed-use development projects, and to obtain cross-border financing for resorts in Mexico and the Dominican Republic. He also advised institutional clients looking to make strategic investments in the Latin American hotel real estate market. Some of Mr. Rivera's past clients include: Starwood Hotels & Resorts Worldwide, Fairmont Hotels & Resorts, Colony Capital, Westmont Hospitality, LaSalle Investment Management, Morgan Stanley Real Estate Fund, and Host Hotels, among others.

Before his tenure with Jones Lang LaSalle Hotels, Mr. Rivera was an Associate Director at Standard & Poor's, where he served as the lead rating analyst for many CMBS transactions involving assets throughout the US, the Caribbean and Mexico. Previously, he was a Vice President at HVS, where he valued more than \$2 billion worth of hospitality real estate throughout the United States, Canada, Mexico, and the Caribbean. Mr. Rivera formed part of the Vancouver and San Francisco HVS offices. He also initiated the firm's Mexico business in 1999.

Education and Affiliations

Mr. Rivera holds an M.B.A. from Yale University and a B.S. in Hotel Administration from Cornell University.

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