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PROVENANCE HOTEL PARTNERS ANNOUNCE CREATION OF \$525 MILLION PROVENANCE HOTEL PARTNERS FUND I

December 8, 2015 – PORTLAND, Ore. – Provenance Hotel Partners, the real estate investment affiliate of Provenance Hotels – Portland-based operators of lifestyle hotels – has launched Provenance Hotel Partners Fund I (“PHPF I”), a \$525 million real estate investment fund.

PHPF I’s first acquisition was the purchase from multiple individual partnerships of seven of the nine hotels currently managed or asset managed by Provenance Hotels. The assets purchased by the fund include the Hotel Max in Seattle; Hotel Murano in Tacoma; the Westin Portland, Hotel deLuxe, Hotel Lucia and Sentinel in Portland; and Hotel Preston in Nashville.

Provenance Hotel Partners will deploy the balance of PHPF I capital – and additional capital yet to be raised – toward the acquisition, development and redevelopment of value-add assets for a hold of ten years, plus extensions. The fund will target urban hotels with 100-300 keys in the top 25 primary and secondary markets in North America. These will include existing hotels, branded properties that can be de-flagged, adaptive reuse projects and ground up development where appropriate. PHPF I will pursue full ownership, joint ventures, sliver equity and preferred equity deals that include the appropriate leverage. All properties purchased by PHPF I will be managed by Provenance Hotels.

Provenance Hotel Partners is helmed by Gordon Sondland, Chairman & CEO, and Bashar Wali, President, who together boast nearly 50 years of hands-on development and value creation expertise having successfully acquired, repositioned and traded several billion dollars’ worth of assets during their careers.

“Raising capital will be increasingly competitive as this economic cycle churns onward. Launching our first fund now prepares us to take advantage of the opportunities for investment that we anticipate will present themselves,” said Sondland. “Because our fund is discretionary, sellers and developers will be assured a quick and certain close – which should give us a distinct advantage in acquiring the right properties at an attractive price.”

“Since Provenance Hotels and our affiliates began investing in hotel projects in 1985, we have refined our approach to acquiring and improving the kind of value add assets that fit the investment goals of PHPF I,” added Wali. “We are looking forward to having the resources of PHPF I as they will allow us to apply our proven strategy even more nimbly, aggressively and effectively.”

In sourcing investment properties, PHPF I will follow a multi-pronged strategy focusing on the type of projects in which the management company, Provenance Hotels, has a proven track record of success:

- Existing hotels that are under renovated or underperforming where opportunities exist to apply Provenance Hotels’ redevelopment and management models to reposition the property within

the market and improve returns. Examples include Provenance Hotels' 2015 conversion of the Ambassador Hotel in New Orleans into the Old No. 77 Hotel & Chandlery and 2014 conversion of the Governor Hotel in Portland into Sentinel.

- Existing buildings that can be converted to hotels through adaptive reuse projects like Provenance Hotels conversion of the historic Woodlark and Cornelius buildings in Portland, Ore. where construction has started and completion is slated for 2017.
- Ground up development in select urban locations such as Provenance Hotels' planned construction of a luxury lifestyle hotel on the sands in Hermosa Beach, Calif. to open in 2018.

The real estate investment mission of Provenance Hotel Partners is supported by an experienced operations team at Provenance Hotels, its management affiliate. In addition to serving as operator of the seven properties owned by PHPF I, Provenance Hotels provides management services to the owners of Hotel 1000 in Seattle, Wash. and the Old No. 77 Hotel & Chandlery in New Orleans, Louisiana. The company plans continue to expand its footprint in North America through acquisitions and management contracts.

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About Provenance Hotel Partners

Provenance Hotel Partners manages the \$525MM Provenance Hotel Partners Fund I and invests in value add urban lifestyle hotels in the top 25 primary and secondary markets in the continental U.S. The portfolio includes the Westin Portland, Hotel deLuxe, Hotel Lucia and Sentinel in Portland, Ore., Hotel Max in Seattle, Wash., Hotel Murano in Tacoma, Wash., and Hotel Preston in Nashville, Tenn. Provenance Hotel Partners can be found online at www.provenancehotelpartners.com.

About Provenance Hotels

Provenance Hotels manages award-winning urban lifestyle hotels with a distinct and deeply integrated art story. The portfolio includes Hotel deLuxe, Hotel Lucia and Sentinel in Portland, Ore., Hotel Max, Hotel 1000 and the Roosevelt Hotel in Seattle, Wash., Hotel Murano in Tacoma, Wash., Hotel Preston in Nashville, Tenn. and the Old No. 77 Hotel & Chandlery in New Orleans. Provenance Hotels can be found online at www.provenancehotels.com.