

**Casey & Sayre, Inc.**

11835 W. Olympic Blvd., Suite 1285  
Los Angeles, California 90064

# News

For: **LOWE ENTERPRISES**

Date: June 15, 2011

Contact: Karen Diehl  
(310) 473-8090

## **LOWE ENTERPRISES INVESTORS ACQUIRES RED LION HOTEL ON FIFTH AVENUE IN DOWNTOWN SEATTLE**

*Planned capital improvement program includes addition of guest rooms and meeting space*

LOS ANGELES – Lowe Enterprises Investors (LEI) announced today that it has completed the \$71 million acquisition of the Red Lion Hotel on Fifth Avenue from Red Lion Hotels Corporation (NYSE: RLH).

“The Red Lion Hotel on Fifth Avenue offered us the opportunity to acquire a good property in an urban market that we know well. LEI and its affiliates have made numerous office, hotel and resort investments in the Pacific Northwest for decades,” said Brad Howe, CEO of LEI. “The property has an unparalleled downtown Seattle location and recent renovations to the guest rooms and common areas have upgraded the quality of the property. We will undertake further property renovations and institute new guest, meeting and events programs that will further enhance the value of the property.”

The 297-room Red Lion Hotel on Fifth Avenue is located at 1415 5<sup>th</sup> Avenue, between Pike and Union Streets, at a premier location in the heart of the city’s primary business district with abundant nearby amenities, including shopping, dining and entertainment, and major attractions including Pike’s Place Market and the Convention Center. At closing, LEI entered into a franchise agreement with Red Lion Hotels Franchising, Inc. to continue to operate the property as a Red Lion hotel, managed by LEI affiliate Destination Hotels & Resorts. Red Lion Hotels Corporation also entered into an affiliation agreement with a subsidiary of Destination Hotels & Resorts to facilitate the cross-promotion of hotels between the companies.

“This transaction is very positive for Red Lion. It allows the Red Lion brand to continue on a flagship hotel in downtown Seattle and allows us to deploy the hotel’s equity to recapitalize our balance sheet and reinvest in our hotels and brand,” said Jon E. Eliassen, president and chief executive officer of Red Lion Hotels Corporation. “We know that the Red Lion Hotel on Fifth Avenue will continue to provide the highest level of service to our guests under the management of Destination Hotels & Resorts.”

Recent renovations to the guest rooms and common areas have upgraded the quality of the property. LEI will undertake further property renovations to enhance the value of the property with the launch of a multi-year capital improvement program, initially focusing on common areas and existing meeting space. Later plans include the addition of up to 22 guest rooms on floors three through five on the Fifth Avenue side of the hotel and 10,000 square feet of modern, high-quality meeting space creating a total of 25,000 square feet of meeting space. The fourth floor of the hotel is currently vacant which creates the opportunity to build-out that floor and reconfigure existing space. Along with the new guest rooms, a new 2,000-square-foot state-of-the-art fitness center will be developed to replace the existing facility on the hotel's fifth floor.

The Red Lion's recent renovations created a warm and comfortable yet fresh and contemporary design and a sophisticated and welcoming environment throughout the hotel. Guest rooms feature all of the most in-demand amenities and expansive windows offering some of the most dramatic views of the city and the waterfront.

"The ability to add guest rooms and to expand the available meeting space creates the opportunity to increase revenue. Planned meeting space will be designed with the most modern technologies, high-end finishes and flexible configuration, to attract the abundant corporate meeting business that already exists in the market. And given the hotel's recent high quality renovations and its attractive location, the Red Lion will have a competitive advantage over existing nearby options," said Charlie Peck, president of Destination Hotels & Resorts. "The Red Lion name carries with it a long tradition as a great brand in downtown Seattle."

Under Destination Hotels & Resorts' management the hotel's restaurants and lounge areas also will be modified to take better advantage of the hotel's spectacular views and outdoor spaces. The hotel offers one of the largest outdoor patios at the Terrace Gardens and Lounge on the 5<sup>th</sup> floor with unparalleled views of Puget Sound. Changes to the restaurant and lounge area will enhance the outdoor atmosphere with the addition of fire pits and furniture and expanded bar service and tailor the restaurant services to more efficiently serve hotel guests.

LEI, its affiliates and Destination Hotels & Resorts have a long history in the Pacific Northwest with properties including the Sunriver Resort outside Bend, Oregon, Suncadia Resort in Roslyn, Washington and the recently sold Skamania Lodge in Stevenson, Washington.

Chris Burdett of CBRE Hotels in Seattle represented Red Lion in the sale.

### **About Lowe Enterprises Investors**

Lowe Enterprises Investors (LEI) is owned by a strategic partnership of Guardian, Lowe Enterprises, Inc. and senior members of the LEI management team. LEI provides real estate investment management services on behalf of a select list of institutional and high net worth clients and partners through individually managed accounts, commingled fund relationships and

targeted investment programs. The firm has been responsible for \$6 billion in real estate assets, including commercial, hospitality and debt investments, since inception in the late 1980s. LEI has been a leading value-added investor through multiple cycles, employing equity and structured debt in its investment strategies. For more information about LEI, please visit: [www.LoweInvestors.com](http://www.LoweInvestors.com)

### **About Destination Hotels & Resorts**

Destination Hotels & Resorts began in 1972 with the development and management of condominium resorts. Since then, the company has been consistently ranked as one of the top 10 hospitality and property management companies in the country (ranked by *Hotel Business Magazine*), with more than 7,100 employees, over 7,000 hotel rooms and condominium units, and more than \$2.2 billion in assets under management. Destination Hotels & Resorts is a wholly-owned subsidiary of Los Angeles-based Lowe Enterprises, a privately-held, national real estate organization active in commercial and hospitality property investment, management and development. For more information, please visit the company's website, [www.destinationhotels.com](http://www.destinationhotels.com).

### **About Red Lion Hotels Corporation**

Red Lion Hotels Corporation is a hospitality and leisure Company primarily engaged in the ownership, operation and franchising of midscale hotels under its Red Lion® brand. As of March 31, 2011, the RLH hotel network was comprised of 45 hotels located in eight states and one Canadian province, with 8,630 rooms and 429,797 square feet of meeting space. The Company also owns and operates an entertainment and event ticket distribution business. For more information, please visit the Company's website at [www.redlion.com](http://www.redlion.com).

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