

HEI Hospitality Acquires 410-Room Crowne Plaza San Antonio Downtown

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Recently Upgraded and Rebranded Hotel Located on City's Famous Riverwalk

HEI Hospitality announced that it has acquired the 410-room Crowne Plaza San Antonio Downtown from a joint venture owned by Morgan Stanley Real Estate Funds and Pyramid Advisors for an undisclosed amount. The property recently completed a \$6.4 million renovation and conversion to the upscale Crowne Plaza brand. HEI plans to invest an additional \$7 million over the next five years to further enhance the hotel.

It is the third hotel acquired by HEI in the past 60 days and the third acquisition made under HEI's recently raised HEI Hospitality Fund II, a \$425 million discretionary equity investment vehicle. Merritt Hospitality, a wholly owned HEI subsidiary, will operate the hotel.

'This hotel is in 'like-new' condition, and its location on the city's famed Riverwalk cannot be duplicated,' said Gary Mendell, chairman and chief executive officer of HEI Hospitality. 'The San Antonio market over the past five years has been one of the strongest in the country with a balanced mix of convention/meeting, transient business and leisure travel. The city boasts six of the state's top 10 tourist destinations, including the Riverwalk and the Alamo.

'The hotel is still in the early stages of ramping up following its complete renovation, and we believe the property has significant upside potential. Our management subsidiary has in-depth expertise in repositioning hotels, like the Crowne Plaza, and has the strong proprietary management and marketing systems in place to take the hotel to the next level.'

The 21-story building, located at 111 Pecan Street, features an elevated, outdoor pool overlooking the Riverwalk, a sauna, whirlpool and full-service fitness facility. Its extensive food and beverage facilities include an upscale restaurant, lobby lounge, high energy sports bar and extensive catering capabilities. The oversized hotel rooms offer high-speed Internet access, large work desks and two telephone lines. The property includes two separate garages with a capacity of approximately 600 vehicles.

The hotel has the city's third largest amount of meeting space with 38,000 square feet, capable of handling groups of up to 1,000 people. 'San Antonio is a very popular meeting destination with its many local attractions and affordability, compared to larger markets,' said Steve Mendell, HEI's executive vice president of acquisitions and development. 'The Crowne Plaza was attractive to us for its central location on the Riverwalk and multiple demand generators. We continue to have an aggressive appetite for acquisition and development opportunities with a goal of investing up to approximately \$1.5 billion in hospitality assets over the next three years.'

HEI Hospitality, headquartered in Norwalk, Conn., is an ownership/investment firm that owns and operates 30 first-class, full-service hotels throughout the United States under such well-known brand names as Marriott, Sheraton, Westin, Embassy Suites, and Hilton. Merritt Hospitality is an independent hotel management company and a wholly-owned subsidiary of HEI Hospitality.

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