



 **CLASSIC**
HOTELS & RESORTS

DYNAMIC TAILORED ACCOMPLISHED



 **CLASSIC**
HOTELS & RESORTS

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ABOUT US



A HISTORY OF CREATING VALUE

A recognized innovative luxury hotel and resort operator, Classic Hotels & Resorts has a proven track record of revenue enhancement and maximizing investment return. Our seasoned and imaginative management team possesses diverse skills, as well as the ability to create and preserve shareholder value.

During the past 30 years we have developed, owned and managed luxury hotels and resort properties throughout the Western United States, including iconic independent hotels such as Arizona Biltmore, Arizona Grand Resort & Spa, Inn at Laguna Beach and La Playa Hotel, as well as established brands including Sheraton, Marriott and Hilton.

Classic Hotels & Resorts, the hospitality division of Grossman Company Properties, has offices located in Phoenix, San Francisco and Santa Monica.

SIGNATURES **TAILORED** TO YOUR NEEDS

Classic Hotels & Resorts offers proven management expertise resulting in superior and sustainable financial performance.

EXPERT MANAGEMENT AND SUPERVISION TO MAINTAIN THE INDEPENDENT AND UNIQUE ATTRIBUTES OF EACH PROPERTY

CAPITAL INVESTMENT AND PARTNERSHIP OPPORTUNITIES

ADVANCED TECHNOLOGIES AND SYSTEMS FOR FINANCIAL REPORTING AND BENCHMARKING

NEGOTIABLE FEE STRUCTURES

DEBT RESTRUCTURING EXPERTISE

FULL SERVICE HOTEL COLLECTION

PROPERTY DEVELOPMENT

HOTEL MANAGEMENT SERVICES

ASSET MANAGEMENT & CONSULTING SERVICES



LEGACY OF PREMIER PROPERTIES

From historical landmarks to seaside retreats, our collection of properties, past and present:

| HOTEL | SCALE |
|----------------------------|----------|
| ARIZONA BILTMORE | LUXURY |
| ARIZONA GRAND RESORT & SPA | LUXURY |
| LODEN VANCOUVER | LUXURY |
| LA PLAYA HOTEL | LUXURY |
| INN AT LAGUNA BEACH | UPSCALE |
| MARRIOTT PARK CENTRAL | UPSCALE |
| SHERATON PARK CENTRAL | UPSCALE |
| HILTON GARDEN INN | MIDSCALE |
| MARRIOTT COURTYARD | MIDSCALE |



RENOVATIONS AND REPOSITIONING



ARIZONA BILTMORE RESORT & SPA:

- Improved EBITDA from negative \$4M annually to \$28M



INN AT LAGUNA BEACH:

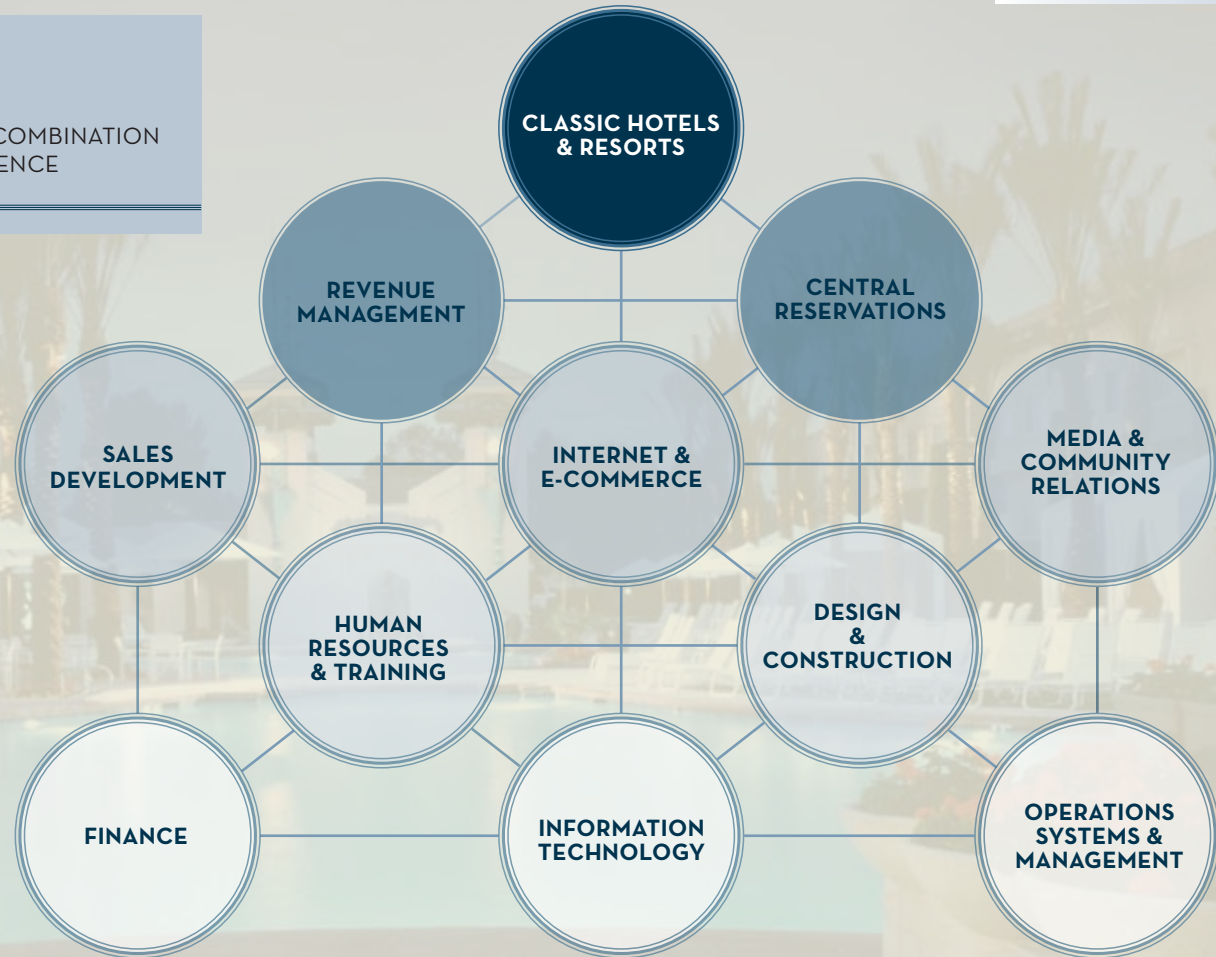
- Ranked #1 in RevPAR and achieved over 100% of Market Penetration Index



ARIZONA GRAND RESORT & SPA:

- Improved ranking from #4 in comp set to #1

A **DYNAMIC** COMBINATION
OF SKILLS AND EXPERIENCE



REVENUE MAXIMIZATION

OPTIMUM REVENUE DELIVERY

WEBSITE AND E-COMMERCE OPTIMIZATION

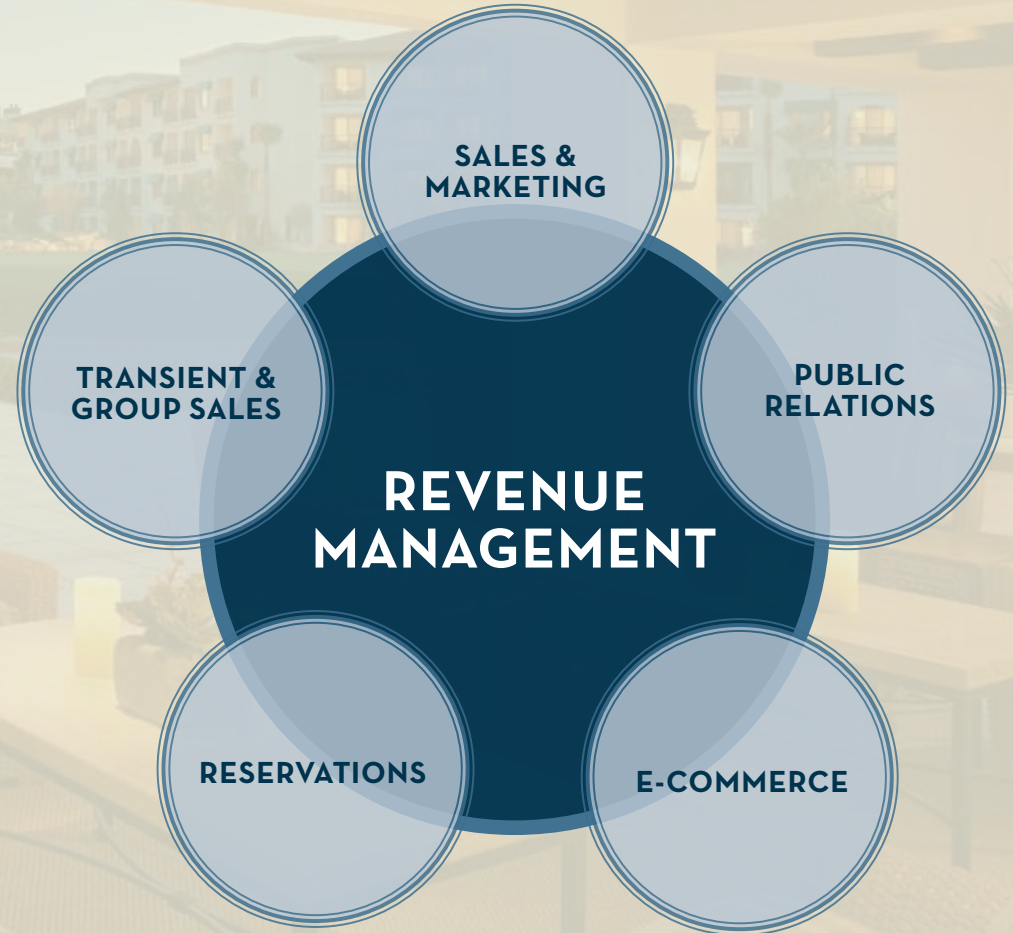
MONTH END REPORTING PACKAGE

DATABASE ANALYSIS

CENTRAL RESERVATIONS CAPABILITIES

NATIONAL AND REGIONAL SALES RELATIONSHIPS

ENTREPRENEURIAL AND OWNER-CENTRIC APPROACH



DEVELOPMENTS

| PROPERTY | #UNITS | SPEND | COST/KEY | NEW/RENOVATED |
|----------------------------|--------------|----------------------|-----------------|------------------|
| ARIZONA GRAND RESORT & SPA | 750 | \$52,000,000 | \$69,000 | RENOVATED |
| ARIZONA BILTMORE | 730 | \$60,000,000 | \$82,000 | RENOVATED |
| INN AT LAGUNA BEACH | 70 | \$2,000,000 | \$29,000 | RENOVATED |
| LA PLAYA HOTEL | 75 | \$3,500,000 | \$46,500 | RENOVATED |
| MARRIOTT PARK CENTRAL | 400 | \$40,000,000 | \$100,000 | RENOVATED |
| MARRIOTT COURTYARD | 156 | \$12,000,000 | \$77,000 | NEW CONSTRUCTION |
| HILTON GARDEN INN | 100 | \$9,200,000 | \$92,000 | NEW CONSTRUCTION |
| SHERATON PARK CENTRAL | 600 | \$60,000,000 | \$100,000 | NEW CONSTRUCTION |
| TOTAL | 2,881 | \$238,700,000 | \$82,853 | |

ARIZONA BILTMORE

CASE STUDY

PHOENIX, AZ



THE OPPORTUNITY

- Classic Hotels & Resorts purchases 70 year old Frank Lloyd Wright-inspired 730-room resort in 1992 and undertakes a \$60 million renovation, including the addition of 122 units and 80 Villas
- Classic Hotels & Resorts re-launches Arizona Biltmore in 1994
- Improvements garner national media attention:
 - *New York Times*, *Architectural Digest* and *Travel & Leisure Magazine*
 - Urban Land Institute Heritage Award for Excellence
- Classic Hotels & Resorts sells Arizona Biltmore for \$350 million in 2000
- During the period in which Classic Hotels & Resorts owned and operated the hotel, revenue increased 77% and EBITDA improved from negative \$4 million annually to \$28 million annually

THE INVESTMENT

| | |
|----------------------|-----------------------------|
| Acquisition Closed: | June 1992 |
| Acquisition Price: | \$62 million (\$85,000/key) |
| Re-development Cost: | \$60 million (\$82,000/key) |
| Sale Closed: | March 2000 |
| Sale Price: | \$350 million |

VALUE

FEE STRUCTURE FLEXIBILITY

**CENTRAL RESERVATIONS
SUPPORT CENTER**

**REVENUE MANAGEMENT AND
E-COMMERCE CAPABILITIES**

**TOP-LINE SALES LEADERSHIP
AND SUPPORT**

TRAINING RESOURCES

**PROPERTY OPERATING
AND ACQUISITIONS EXPERIENCE**

**PERSONALIZED PROPERTY FOCUS
AND GUIDANCE**



JOHN ARNETT *President*

John Arnett creates the company's corporate strategy of growth and development by identifying hotel projects for acquisition and third party management. A 30-year veteran of the hospitality industry, Arnett has provided inspirational leadership for a diverse group of hotel companies including Hyatt Hotels & Resorts, The Ritz-Carlton Hotel Company, The Kimpton Group, Viceroy Hotel Group, Ian Schrager Company and Millennium Hotels & Resorts. Arnett's approach combines equal measures of entrepreneurial insight, corporate expertise and hands-on experience. Arnett's background includes responsibility for numerous hotel openings and property repositioning which focus on increasing asset value, investment return and market prominence. He has also used his considerable skills to identify new acquisitions and development opportunities.

Prior to joining Classic Hotels & Resorts as President, Arnett was President and CEO of Millennium Hotels & Resorts North America and an executive director of the Board where he assembled an executive team that led to the repositioning and management of 14 luxury hotels. Prior to Millennium, Arnett was President of Viceroy Hotels where he was instrumental in the group's expansion in the US and Caribbean. For over a decade, Arnett played a key role in The Kimpton Hotel and Restaurant Group. As Senior Vice-President, Arnett oversaw the daily operations and profitability of 37 Kimpton Group Properties, while guiding the transition of new assets into stable operating businesses. Earlier, he served as Kimpton's Vice-President of Acquisition and Property Transformation, contributing to acquisitions and development efforts in Seattle, Salt Lake City, Denver, Vancouver and the East Coast, and guiding hotel pre-opening budgeting, staffing, product positioning, sales and marketing efforts.

RICHARD BEHR *Chief Operating Officer*

Richard Behr leads daily operations and profitability of a growing collection of hotels while achieving optimum operating standards and efficiencies. Behr brings over 20 years of experience and leadership to the hospitality industry providing considerable expertise to hotel companies including The Ritz-Carlton Hotel Company, Destination Hotels & Resorts and Hilton Hotels & Resorts. Behr has also provided leadership and guidance to such prestigious properties as The Phoenician Resort, Arizona Biltmore and Royal Palms Resort & Spa. Through his vast operational experience and diverse background, Behr promotes an entrepreneurial environment attentive on achieving market potential and increased shareholder value, while focusing on enhanced customer service and judicious owner relations. Behr oversees annual budgeting processes and develops, organizes and manages capital expenditure programs. He affects positive financial growth through short and long range planning, including closely monitoring revenue sources and operating expenses.

TIM PRICE *VP Sales and Marketing*

Tim Price provides visionary leadership and management oversight of the sales, marketing and revenue strategies for Classic Hotels & Resorts. Implementing a balance approach combining tactical and pragmatic solutions, Price guides both independent and branded properties towards achievement of optimal market penetration.

Price brings a history of exceptional industry experience. He has held a number of leadership positions, including Market Sales Leader for 26 Marriott hotels throughout California. Price also served as the Director of Sales and Marketing at the prestigious J.W. Marriott Desert Ridge Resort & Spa where he successfully positioned the landmark property as the rate and occupancy leader. Price was employed with Marriott for more than 20 years, holding a number of additional leadership positions including Director of Sales and Marketing at the Anaheim Marriott Hotel, Director of Sales at the San Diego Marriott Hotel & Marina, and Director of Sales at Marriott's Mountain Shadows Resort & Golf Club in Scottsdale.

Price is a recipient of the coveted Sales Leader of the Year award honoring his exceptional accomplishments within the hospitality industry. Price holds a Bachelor of Science, Hotel and Restaurant Management degree from the University of Wisconsin-Stout.

DALE MOSEKE *Vice President, Revenue Management*

Dale Moseke implements revenue management strategies through e-commerce and centralized reservations systems. Moseke has spent the past 15 years involved in the creation and execution of revenue management strategies in the hospitality industry. His unique analytical skills and extensive operational knowledge provide a balanced approach to achieving optimal revenue management impact. Moseke has assembled and provides corporate oversight to the central reservations and e-commerce group. He has been influential in transitioning both independent and brand affiliated properties while enhancing and achieving full revenue potential. Moseke's vast array of revenue management experience includes regional oversight at KSL Resorts, Station Casinos and Arizona Biltmore. Moseke has served as Director of Worldwide Operations for Aspire, an international revenue management training and development organization.

DAVE YEAGER *Vice President, Finance*

Dave Yeager closely structures, transitions and manages the hotel portfolio with a customized ownership approach to hotel finance. Yeager provides 34 years of financial management and leadership to the hospitality industry. He has guided financial operations for such prominent companies as Marriott International, Destination Hotels & Resorts, Renaissance Hotels & Resorts and Stouffer Hotels & Resorts. Yeager has directed notable ownership groups including Nestle USA, Alcoa, JMB Realty, Lloyds of London, CTF Holdings, MONY Life and AXA Financial. Yeager provides keen financial insight during numerous hospitality and associated business transitions and acquisitions.

STANLEY GRAY *Vice President, Construction*

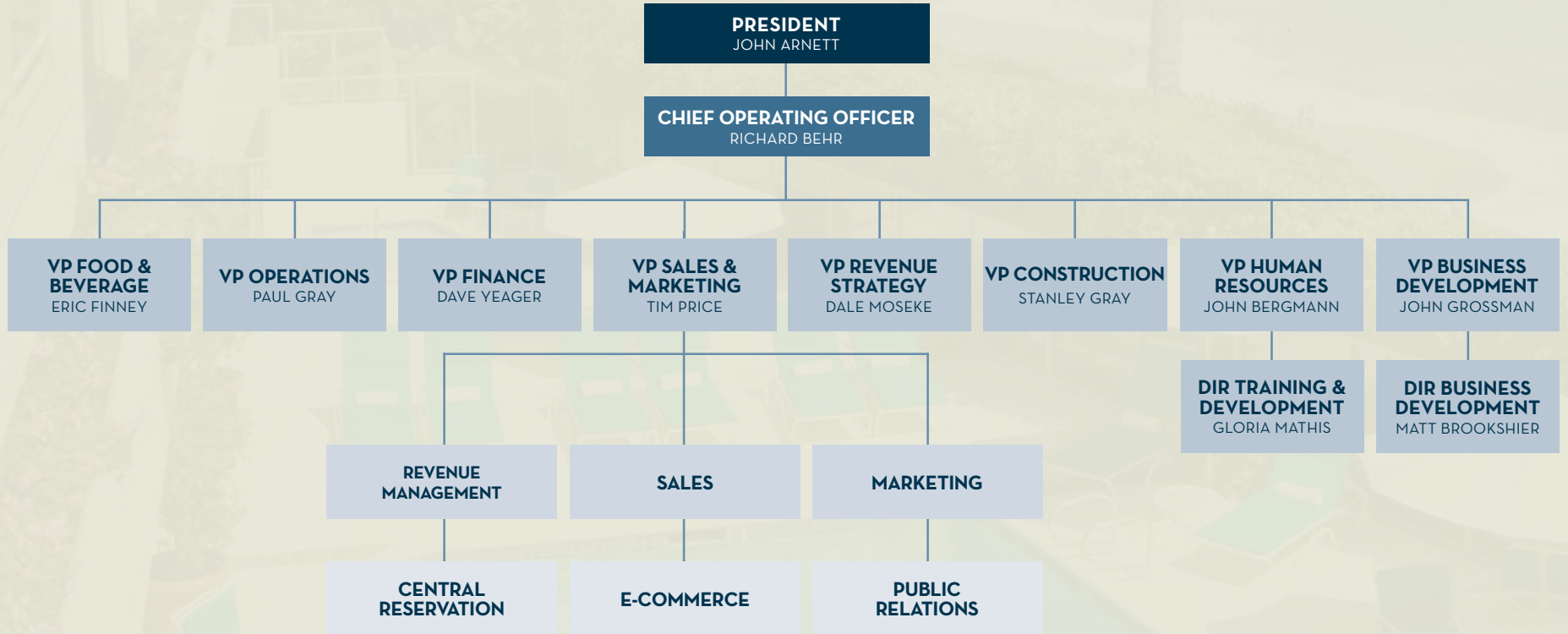
Stanley Gray oversees multi-million dollar expansions, renovations, build outs and major capital projects while providing support to ongoing replacement reserve and facilities management programs. Gray is a 35 year veteran in the construction industry overseeing a diverse array of construction projects including expansions, renovations, tenant improvements, environmental issues and major capital projects. Throughout his tenure with Classic's parent company, Grossman Company Properties, Gray has directed expansions of retail malls, office building projects and hotel renovations, including Arizona Biltmore and Arizona Grand Resort re-developments.

JOHN BERGMANN *Vice President, Human Resources*

John Bergmann guides and directs human resource planning, labor relations and customer service and management development programs. Bergmann cultivated 25 years of regional executive level experience delivering human resource programs for Hyatt Hotels & Resorts and Starwood Hotels and has opened numerous hotel properties, including Hyatt Regency Cincinnati, Hyatt Regency Scottsdale Resort & Spa and Starwood's St. Regis Deer Crest.

JOHN GROSSMAN *Vice President, Development Projects*

As Vice President and Senior Project Manager, John Grossman is responsible for development management and coordination of strategic projects. Grossman's experience includes hotel acquisitions and multi-family developments.



30 YEARS OF AWARDS AND SERVICE

- Gold List by *Condé Nast Traveler*
- Fodor's Choice Gold Award by *Fodor's Travel*
- Heritage Award of Excellence by Urban Land Institute
- Nation's Top 50 "Great Service" facilities by *Golf Digest*
- "Award of Excellence" by *Wine Spectator*
- "One of the most spectacular pools in the world" by *Travel & Leisure Magazine*
- Best Private Health, Fitness and Sports Club in the State by Arizona Governor's Council
- One of the Best Resorts in US by BudgetTravel.com
- Awarded Four Star "Best Places to Play" from *Golf Digest*
- "Top 100 Women Friendly Golf Courses in the Nation" by *Golf for Women* magazine
- Green Certification Award by Arizona Hotel and Lodging Association
- Adrian Award from Hospitality Sales & Marketing Assoc. International (HSMIAI)
- "Award of Excellence" - *Corporate & Incentive Travel* magazine
- Gold Key Award by *Meetings & Conventions* magazine
- Gold Platter Award by *Meetings & Conventions* magazine
- Pinnacle Award by *Successful Meetings* magazine
- Planners Choice Award by *Meeting News* magazine
- Paragon Award by *Corporate Meetings & Incentives* magazine
- Inner Circle Award by *Association Meetings* magazine
- "Top All-Suite Resort Company in the Nation" by *Business Travel News*
- Golden Links Award by *Corporate Meetings & Incentives*
- "Top 100 Golf Shops" by Golf Shop Operations



DYNAMIC TAILORED ACCOMPLISHED

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