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Commune Hotels & Resorts and Destination Hotels Merge to Create the Leading Operator of Independent and Lifestyle Hotels and Resorts

Merger Brings Together Two Growing Companies with Complementary Competitive Strengths and Offerings

Combined Company Will Manage More Than 90 Properties in Seven Countries with Approximately \$2 Billion of Total Property Revenues Under Management

SAN FRANCISCO, California and DENVER, Colorado – January 22, 2016 – Commune Hotels & Resorts, the international lifestyle hotel management company comprising Joie de Vivre Hotels, Thompson Hotels, tommie and Alila Hotels & Resorts, and Destination Hotels, the preeminent operator of independent hotels, resorts and residences in the United States, today announced that they have merged to create the leading operator of independent and lifestyle hotels and resorts. The merger creates an opportunity for two successful and growing companies to leverage their respective strengths and competitive advantages to better compete in a dynamic industry. The combined company will drive superior financial and investment performance for property owners and will offer greater options to guests and career opportunities for employees. Together, Commune and Destination will retain their nimble entrepreneurial spirit and unique capabilities while honing their focus on creating personalized and engaging guest experiences.

Geographically, Commune and Destination operate in highly complementary markets, and with very little overlap. In addition, through the merger, each company significantly strengthens a key portion of its portfolio: Commune brings a broader set of urban offerings across North America, Asia and Europe, while Destination contributes a wide array of resort properties in premier destinations from coast to coast. The respective customer bases are also complementary, giving each company immediate access to new individual travelers and groups focused on the independent and lifestyle market. Together, Commune and Destination will have a larger sales, marketing and revenue management platform and distribution system through which to drive enhanced property revenues and performance.

Commune and Destination are committed to maintaining individuality across each property and brand, and offering the independent traveler a compelling array of properties from which to choose. The combined company will manage over 90 hotels and resorts in seven countries with approximately \$2 billion of total property revenues under management, and will look to opportunistically broaden the geographic reach of its brands both domestically and internationally in urban and resort markets.

“We are thrilled to join with Destination. Their team and the Lowe family share our passion and commitment for offering locally relevant, unique and personal experiences to our guests, while also delivering strong financial results for our property owners,” said John Pritzker, Chairman of Commune

Hotels & Resorts. “As well, we are fortunate to have such fantastic depth of leadership in both Jamie Sabatier and Niki Leondakis. I am confident that together they will lead the company into a new era.”

Robert Lowe, Jr., Co-CEO of Lowe Enterprises, parent company of Destination Hotels, added, “This is an exciting step forward for all of us as we bring together these two great and complementary hospitality companies. Joining forces with Commune will allow us to position the combined company as the most sought after operator in this exciting segment of the industry and enhances our ability to deliver differentiated experiences to travelers across the globe. We will stay true to our guests and brands while driving enhanced performance for our owners as we continue to grow together.”

The combined company will be based in Denver, Colorado, with offices in San Francisco, New York, Singapore and Shanghai and will leverage the strengths of its leadership under Jamie Sabatier and Niki Leondakis. In addition, hospitality veterans John Pritzker and Robert Lowe, Jr. will serve as Co-Chairmen of the combined company.

The transaction offers Commune and Destination an exciting opportunity to combine the respective strengths of both companies to create a single platform that will excel in the following three areas:

- **Driving Continued Operational Excellence and Value for Property Owners:** For Commune and Destination’s property owners, the combination will leverage both companies’ competitive advantages resulting in market leading performance. The transaction will also deliver a robust distribution system equally strong in serving leisure, corporate, and group guests attracted to independent and lifestyle properties, increased brand awareness, and a broader base of existing and potential new guests across all of its properties. The combined company will leverage its passion for hospitality to create personalized guest experiences, and bold, nationally-recognized restaurant, bar and nightlife offerings.
- **Offering Exceptional Service at a Wider Variety of Properties:** For its guests, the combined company will offer a greater selection of options at both urban and resort properties that create unique and memorable experiences. With distinctly local and service oriented focus across a broader range of geographies and price points, guests will be able to experience a greater array of what they have come to know and appreciate about Commune and Destination properties.
- **Becoming an Employer of Choice:** Commune and Destination have built strong reputations as employers, which attract top talent and create work environments that engage and empower their employees to thrive and succeed. In fact, in 2014 and 2015, Commune and Destination were named among the best places to work in multiple cities. The combined company will provide its more than 20,000 employees with greater opportunities for personal and professional growth.

The merger encompasses hotel-management operations and brands of both companies. Commune and Destination manage hotel and resort properties on behalf of some of the largest institutional owners including REITs and Private Equity firms, as well as high net worth individuals and family offices.

Lowe Enterprises and Geolo Capital will continue to maintain independent investment platforms managed respectively by Michael Lowe and Tom Gottlieb, both of whom will serve as members of the Board of the combined company. Lowe’s affiliate, Lowe Enterprises Investors, will also continue to operate independently.

Moelis & Company LLC is acting as financial advisor to Commune Hotels & Resorts and Destination Hotels.

About Commune Hotels & Resorts

Formed in October 2011, Commune Hotels & Resorts is an international, multi-brand lifestyle hotel management company which manages and operates Alila Hotels and Resorts, an Asian luxury resort brand; Thompson Hotels, a luxury lifestyle brand; Joie de Vivre Hotels, a collection of independently branded boutique hotels; and tommie, a new, micro lifestyle hotel brand launching in 2016. The San Francisco-based company manages more than 45 hotels and resorts across North America, Asia and Europe, and is expanding its portfolio internationally. For more information, please visit www.communehotels.com.

About Destination Hotels

Destination Hotels (Destination) is a collection of luxury and upscale independent hotels, resorts and residences across the United States. Offering authentically-immersed and enriching experiences, each property is individual at heart, yet connected by a commitment to drawing upon the best of each location. Highly distinct, the Destination experience is always memorable and matchless; guests will feel the locale in a genuine way through each property and during the engaging moments cultivated both in and outside of them. Continuously growing with more than 45 properties from coast to coast, the award-winning portfolio features 20 renowned golf courses, 20 indigenous spas, and 110 exceptional bars and restaurants. Destination Hotels are true to our place; diverse by design. For more information, visit www.destinationhotels.com. Follow us on Twitter: @Destination. Like us on Facebook: DestinationHotels.

About Geolo Capital

San Francisco-based Geolo Capital is the private equity investment arm of the John Pritzker family, continuing a four generation record of creating, investing in and building a diversified portfolio of consumer-focused companies. The Geolo Capital team has a long history of investing in branded consumer companies. From its legacy involvement helping to grow Ticketmaster, to founding Mandara Spa, to the firm's 2009 investment and re-imagining of Carmel Valley Ranch, Geolo Capital's mission is to cultivate enduring, world-class brands in four core industries – hospitality, entertainment, health and wellness, and consumer products. Geolo combines operational expertise, strategic vision, and highly targeted capital to create long-term value for the companies in which it invests. For more information, please visit www.geolo.com.

About Lowe Enterprises

Los Angeles-based Lowe Enterprises is a leading national real estate investment, development and management firm. Over the past 42 years, it has developed, acquired or managed more than \$21 billion of real estate assets nationwide. Lowe and its affiliate, Lowe Enterprises Investors, are currently responsible for more than \$5.5 billion of commercial, hospitality and residential assets. In addition to its Los Angeles headquarters, Lowe Enterprises maintains regional offices in Southern California, Northern California, Denver, Philadelphia, Seattle and Washington, DC. www.loweenterprises.com

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