



21C
MUSEUM HOTELS



MUSEUM



HOTEL



RESTAURANT



CONDÉ NAST TRAVELER
READERS' CHOICE AWARDS

TOP TEN HOTELS IN THE WORLD

2009/2010/2011



Boutique Hotel Bracketology

An NCAA-style battle for a lifestyle lodging national champion

When New York's Morgans Hotel opened in 1984, its lobby was meant for lounging, the restaurant was intended for more than dinner with grandma, and halls were filled with Robert Mapplethorpe photographs. Widely considered the world's first boutique hotel, it has given rise to today's boutique mania. Now hospitality giants such as Hyatt, InterContinental, and Marriott—which hired Morgans' co-founder Ian Schrage to consult on its new Edition brand—are getting in the game.

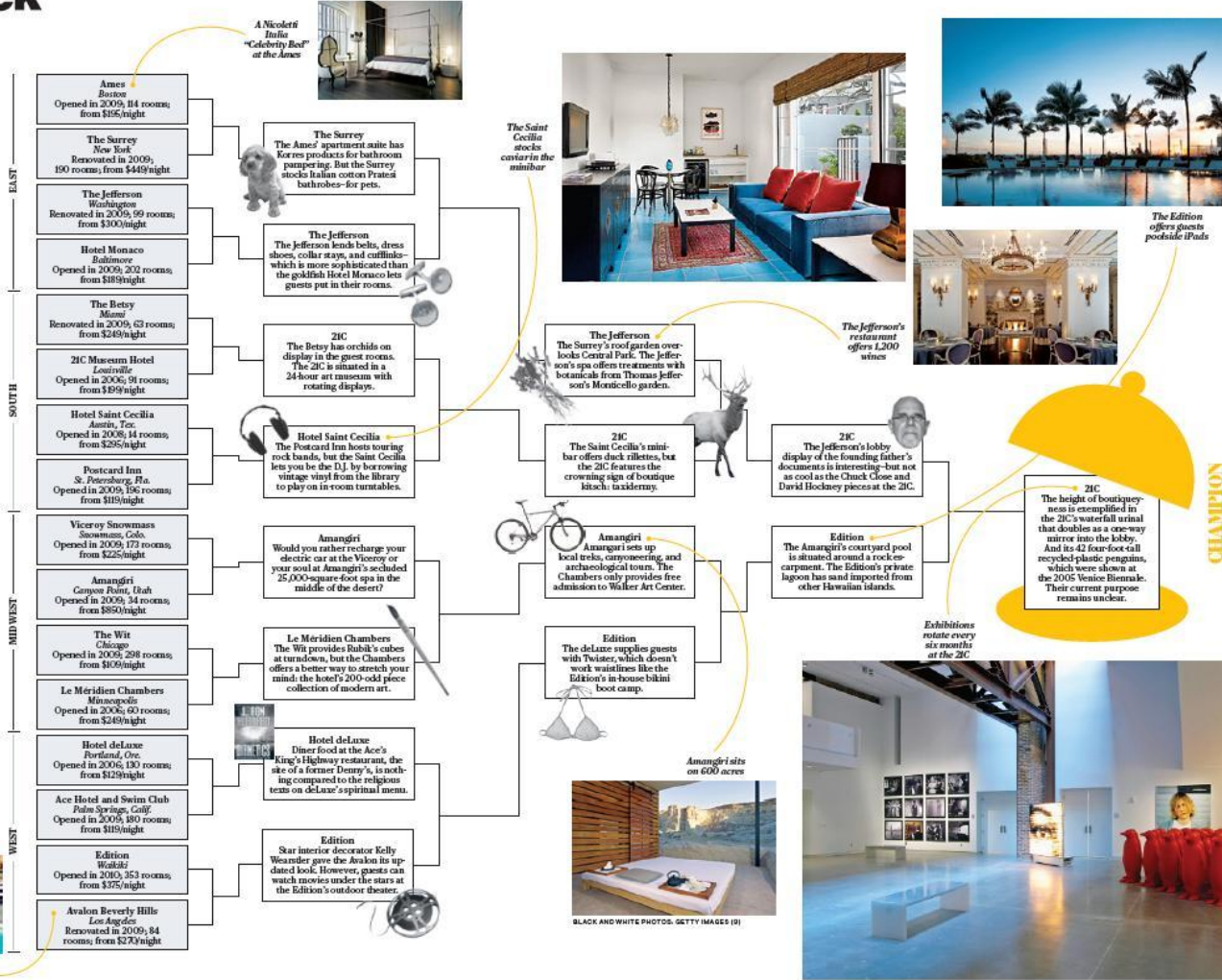
According to Portsmouth (N.H.)-based market research firm Lodging Economics, there were 410 "branded lifestyle hotels" in the U.S. in the second quarter of 2010, with 62 more set to open through 2011. With all of that growth, it's becoming increasingly unclear what actually constitutes a boutique hotel. "Boutique" has no real definition, so technically no one's right or wrong," says Robert Mandelbaum, director of research at Atlanta-based Colliers PKF Hospitality Research group. "It stands for outside-of-the-box." That means that hotels with amenities ranging from \$8,000 Swedish mattresses and 500-thread-count sheets to, more recently, bathtubs for pets and "spiritual menus" offering sacred texts fit the bill. The only way to accurately judge a boutique hotel is by evaluating, for lack of a better word, its boutique-ness.

Herewith, the nation's top newcomers from all regions compete for boutique supremacy. Only one can be crowned champion.



'50s-style cabanas at the Avalon

CONTESTANTS





**Laura Lee Brown
& Steve Wilson**
21c Founders



EXPERIENCE



9,000

square feet
dedicated to
collecting and
exhibiting art of
the 21st Century.



72

curated exhibitions
since 2006.

Works are from
the founders' collection,
as well as borrowed
from other collectors,
artists and institutions.



Emerging artists
shown alongside
internationally
acclaimed artists.



STAY



90

rooms at 21c
Louisville.

Art is everywhere.
View the art, dine
with art and even
sleep with art.



GATHER



60+

events held each
year.



150,000+

annual visitors
each year.



EAT+DRINK



OUTREACH

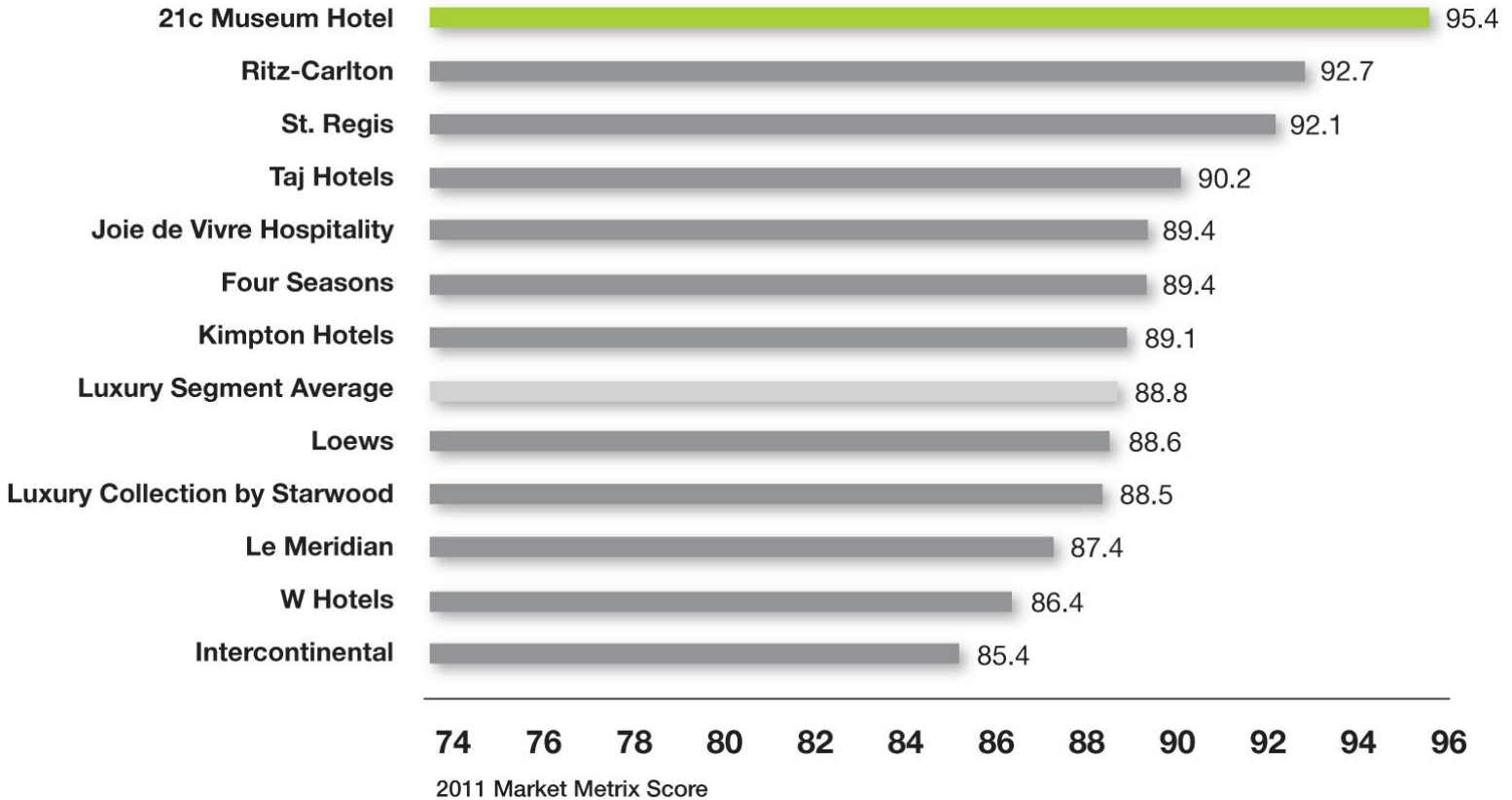


Collaborations with local non-profit arts organizations.



PERFORMANCE

2011 GUEST SATISFACTION



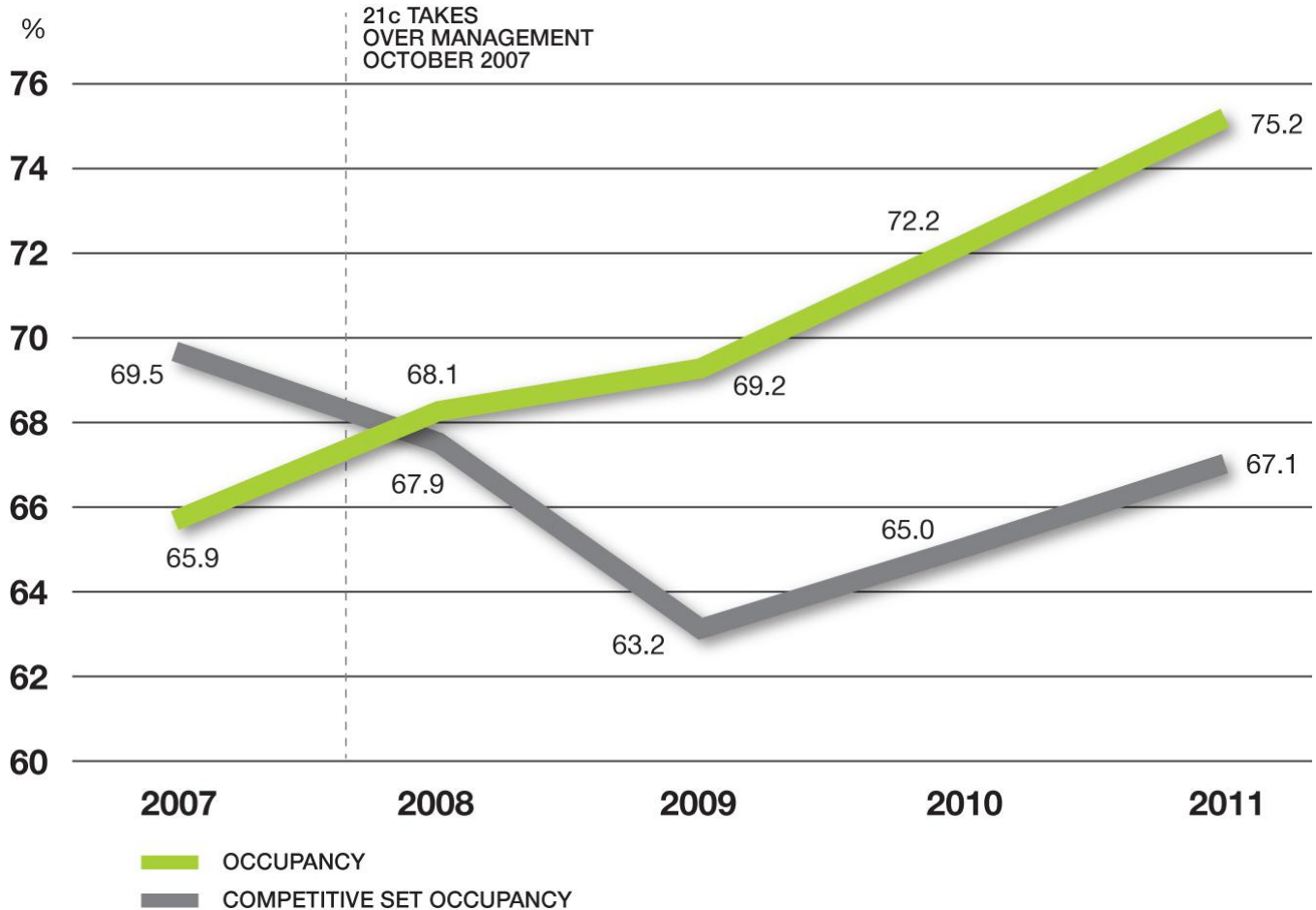
PERFORMANCE (DECEMBER 2011)

	OCCUPANCY			ADR			RevPAR		
	My Prop	Comp Set	Index (MPI)	My Prop	Comp Set	Index (ARI)	My Prop	Comp Set	Index (RGI)
Current	64.8	40.0	162.0	179.19	120.98	148.1	116.12	48.39	240.0
Year to Date	75.2	67.1	112.1	214.11	146.43	146.2	160.95	98.22	163.9
Running 3 Month	77.2	61.1	126.4	208.95	148.96	140.3	161.28	90.95	177.3
Running 12 Month	75.2	67.1	112.1	214.11	146.43	146.2	160.95	98.22	163.9

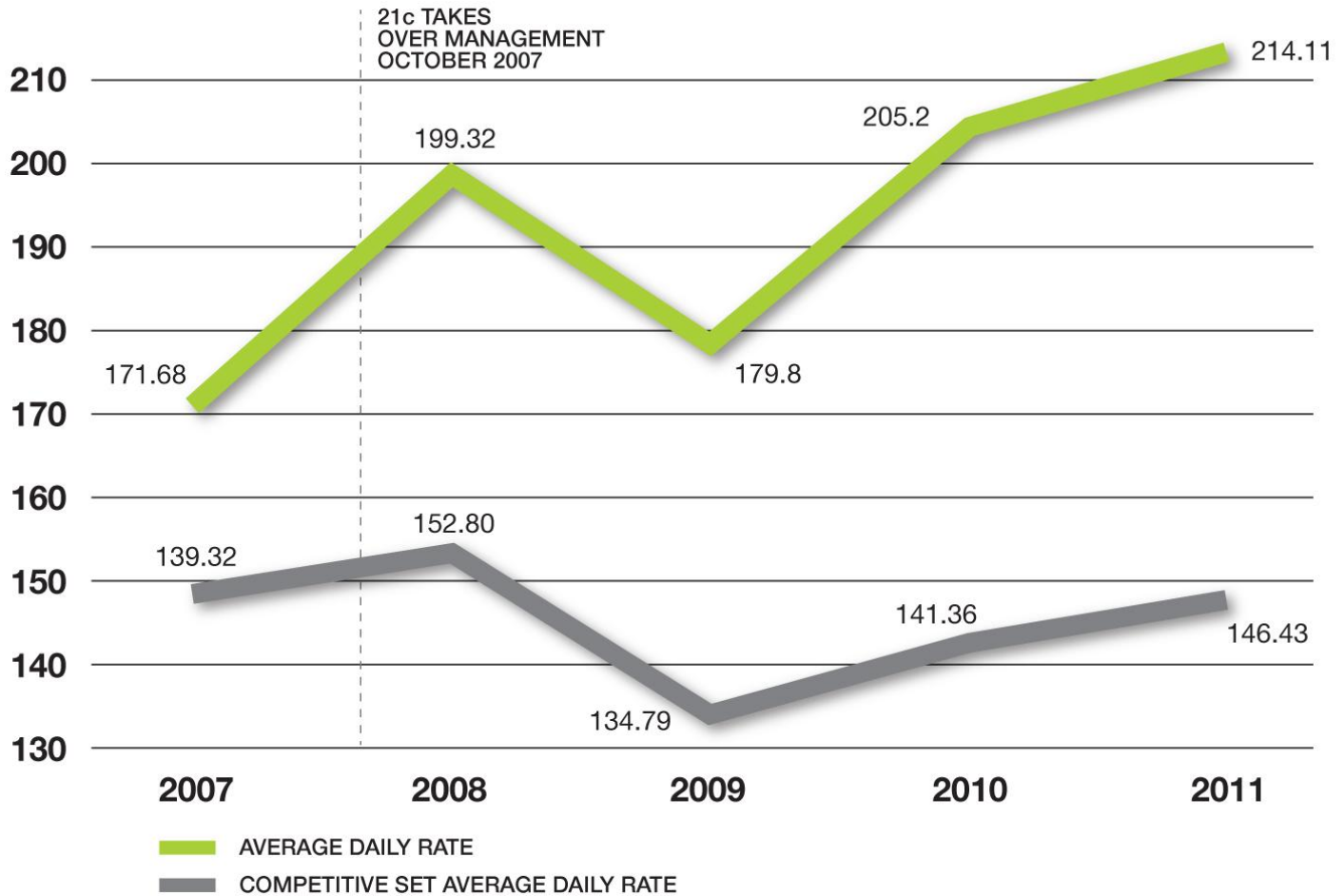
* 8.1% higher occupancy

* \$67/night higher rate than competitors

SIGNIFICANT OCCUPANCY GROWTH



MARKET LEADING RATES





GROWTH

D.C.
MUSEUM HOTEL

700



CINCINNATI

- Opening Nov 2012
- 156 rooms
- \$51 million
- Located in the Cultural District next to CAC and Aronoff Center for the Arts



BENTONVILLE

- Opening Feb 2013
- 104 rooms
- \$31 million
- Walking distance from Crystal Bridges Museum of American Art



LEXINGTON

- \$36.5 million
- 90 hotel rooms
- Located in historic 1st National Bank Building

April 10, 2012|TUESDAY

Landmark to become a destination

April 11, 2012|WEDNESDAY

Boutique hotel 'a win' for City

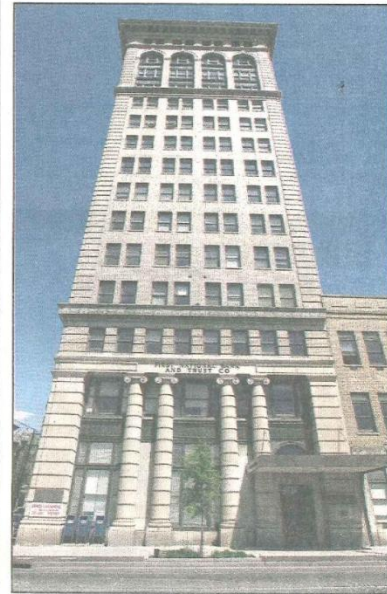
April 14, 2012|SATURDAY

Hotel a boon for artists, culture

April 15, 2012|SUNDAY

Art League, 21c Hotel bring excitement to Main and Upper

Hotel offers validation for downtown



CHARLES BERTRAM | cbertram@herald-leader.com

The First National Bank building will be converted to a hotel and contemporary art museum as part of a \$38 million project.

EFFORTS TO CREATE VIBRANT URBAN CORE PAYING OFF



TOM EBLEN
HERALD-LEADER
COLUMNIST

Rich Copley: The Lexington Art League plans to open exhibition space near 21c. [Page E1](#)

Lexington leaders were almost giddy last week after 21c Museum Hotels announced plans to turn the old First National Bank building into one of its award-winning hotels and contemporary art museums.

They had every right to

be giddy. It is a big deal, for many reasons, and comes at a pivotal time for downtown Lexington.

The Louisville-based company's decision to make Lexington its third expansion city after Cincinnati and Bentonville, Ark., validates five

See [HOTEL, A2](#)



S UPPER ST

N UPPER ST

W SHORT ST

W MAIN ST

N LIMESTONE ST

BAN



UPPER STREET



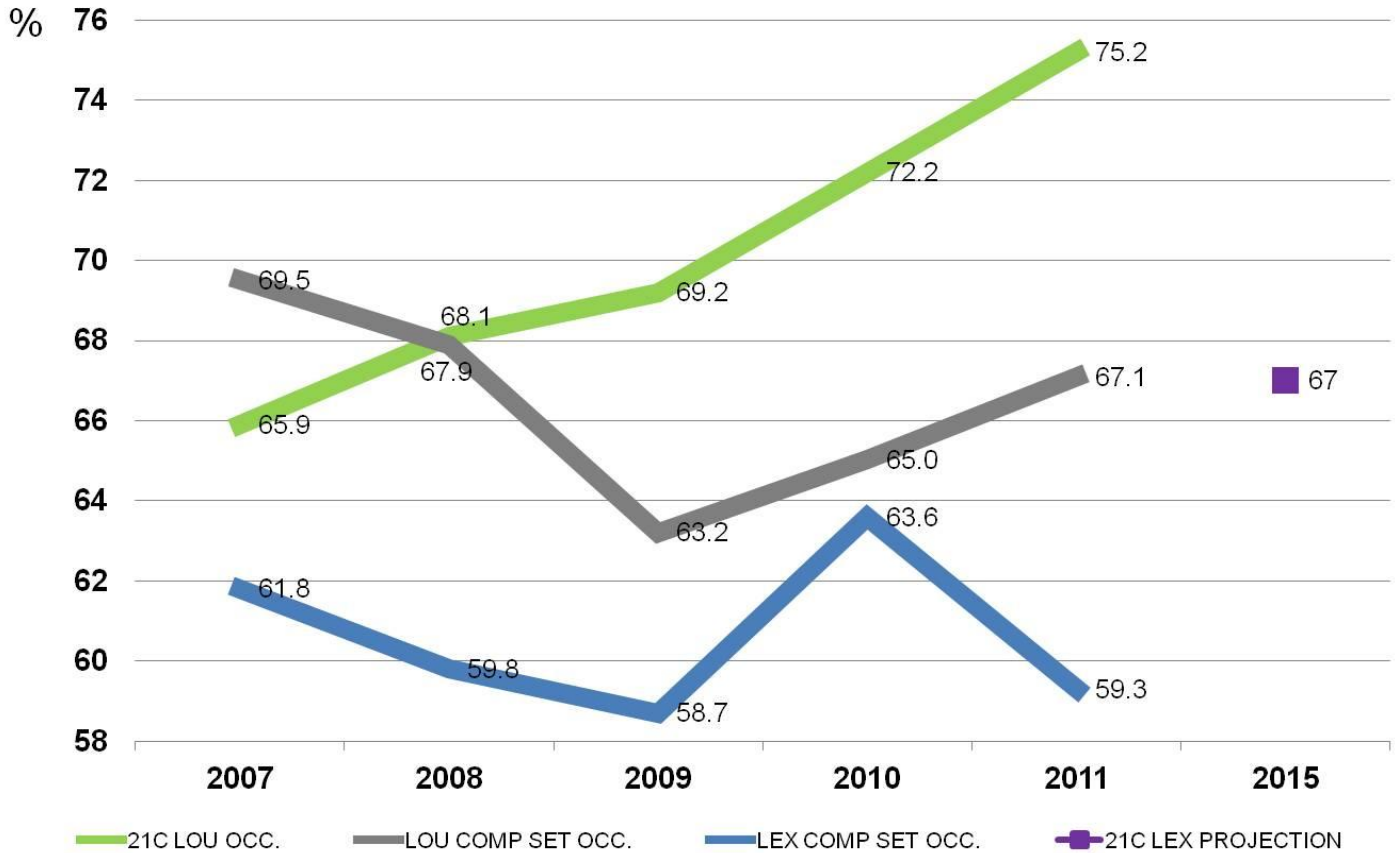
MAIN STREET



BENEFITS TO LEXINGTON

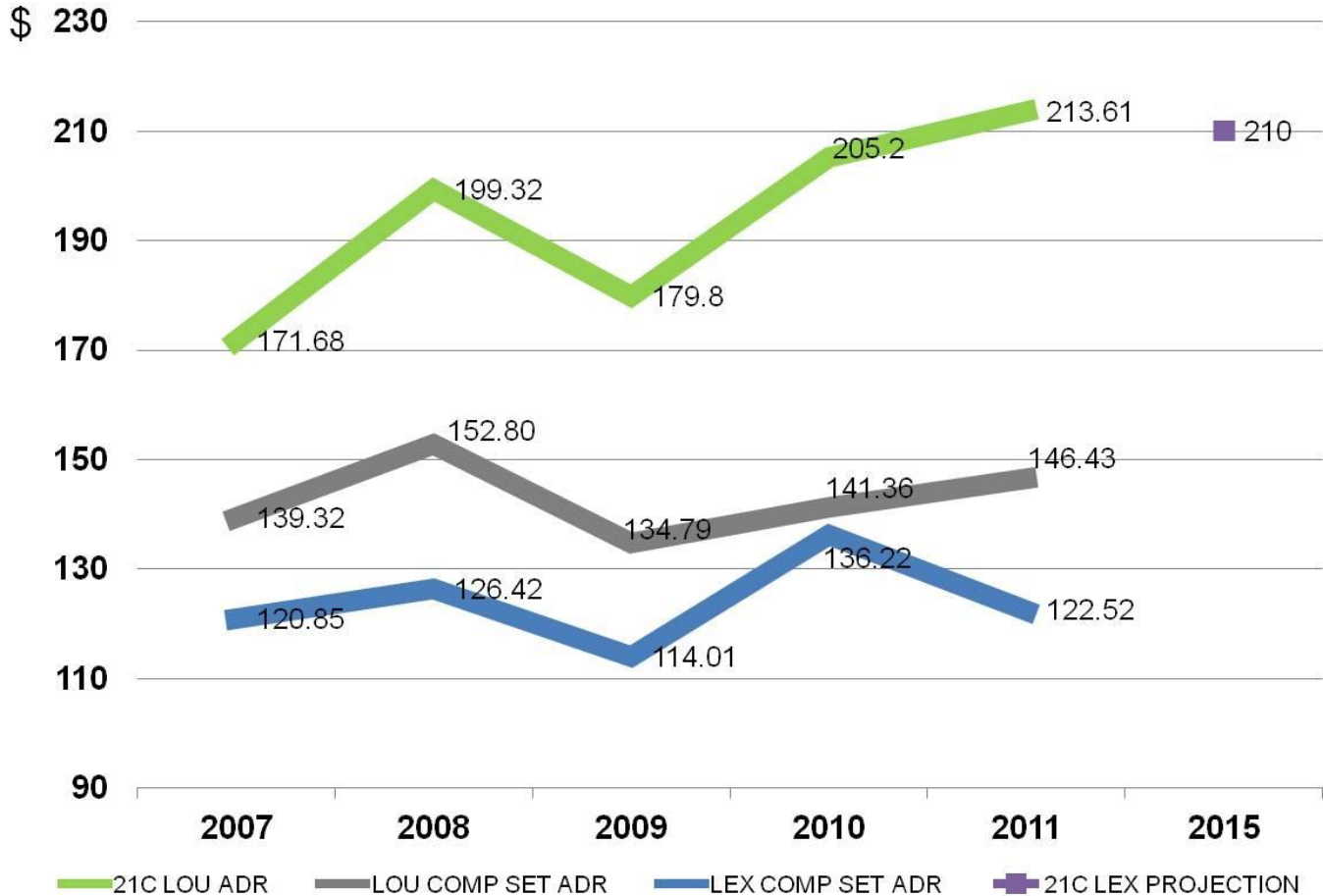
- Revitalize iconic downtown building
- New cultural center and free public art museum
- Partnerships with local non-profits
- Generate new local and state taxes
- Restaurant and bar
- 150+ new permanent jobs
- 80% of jobs held by LMI individuals
- Catalyst for development of Rupp Arena, Arts & Entertainment District
- Garner significant, positive press for City & State

OCCUPANCY COMPARISON



LEXINGTON COMPS: **Hilton, Hyatt Regency, Embassy Suites, Marriott Griffin Gate**

RATE COMPARISON



LEXINGTON COMPS: **Hilton, Hyatt Regency, Embassy Suites, Marriott Griffin Gate**



DEVELOPMENT COST

\$36,500,000

DEVELOPMENT CHALLENGES

- Preservation & restoration
- Environmental remediation
- Adaptive reuse
- Inefficient, small floor plates



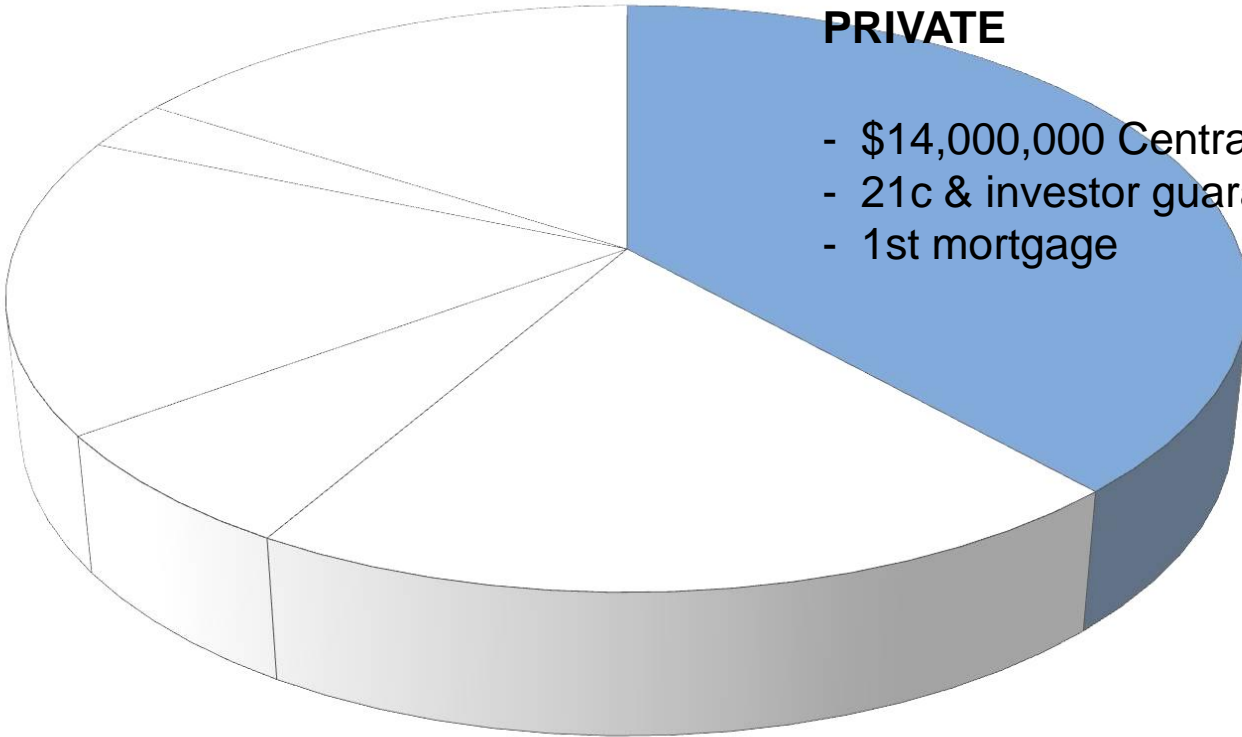
FINANCING CHALLENGES

1. Banks are not actively lending
2. New urban redevelopment
3. Medium-sized city
4. Hotels not a favored asset class
5. Not a large national hotel chain

FINANCING SOURCES

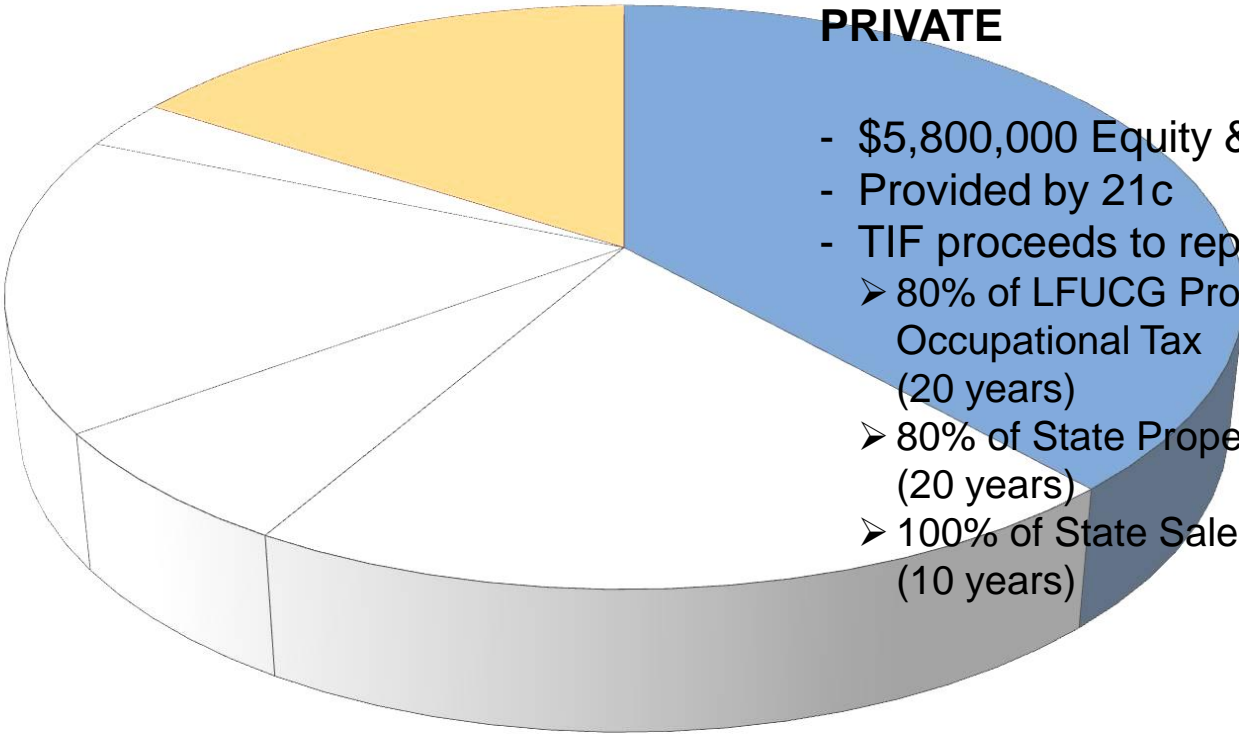
PRIVATE

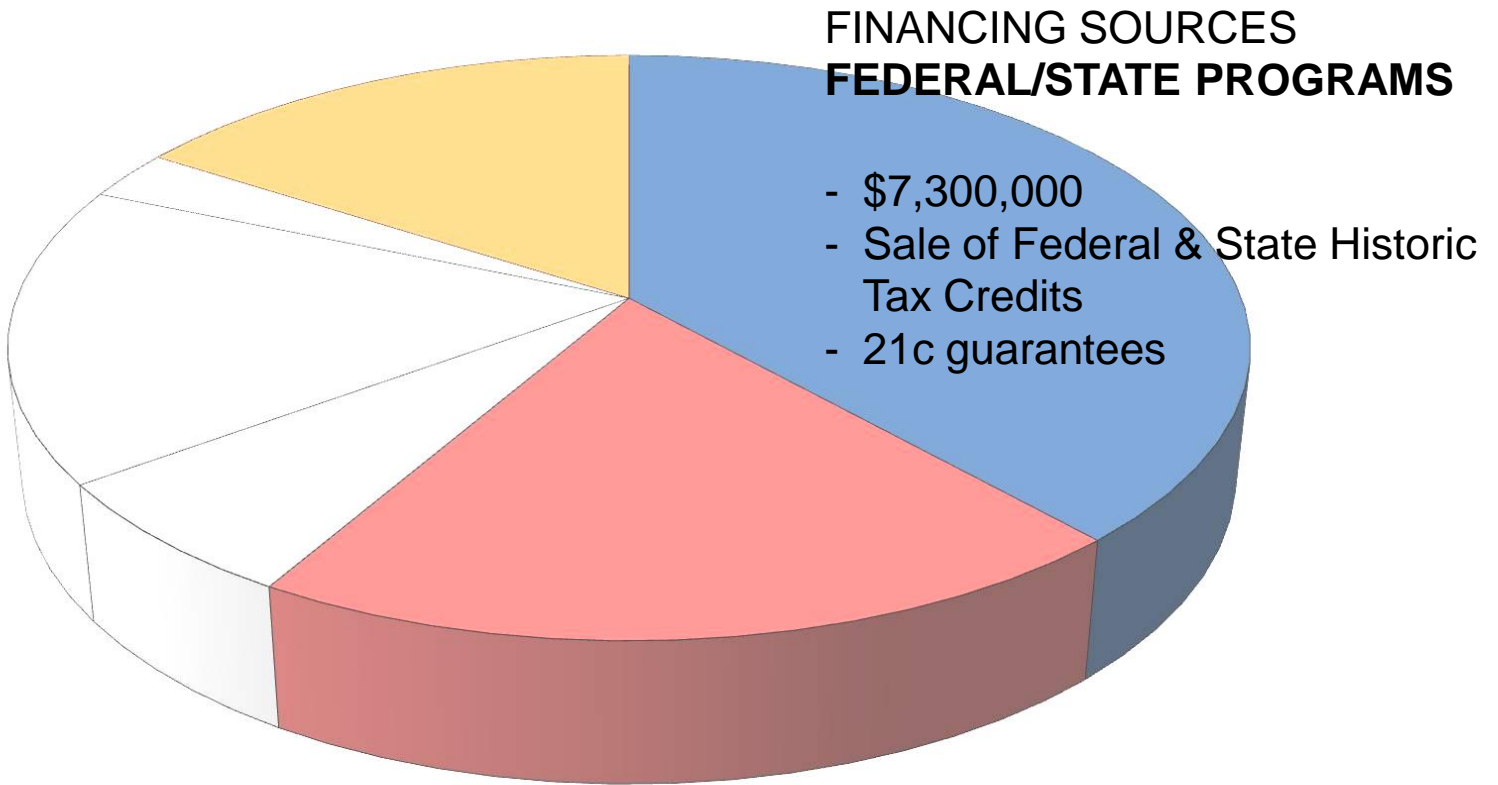
- \$14,000,000 Central Bank Loan
- 21c & investor guarantees
- 1st mortgage

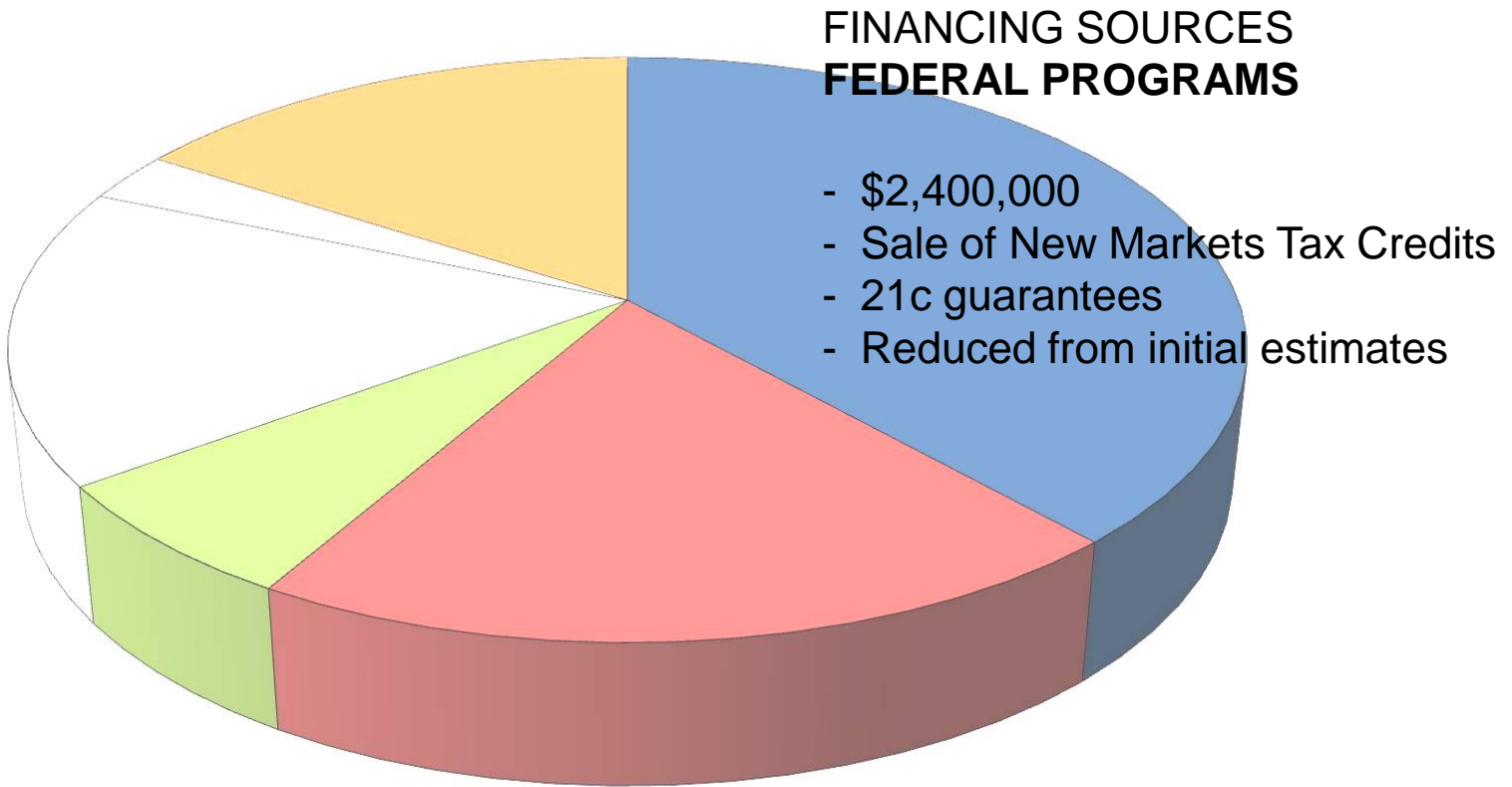


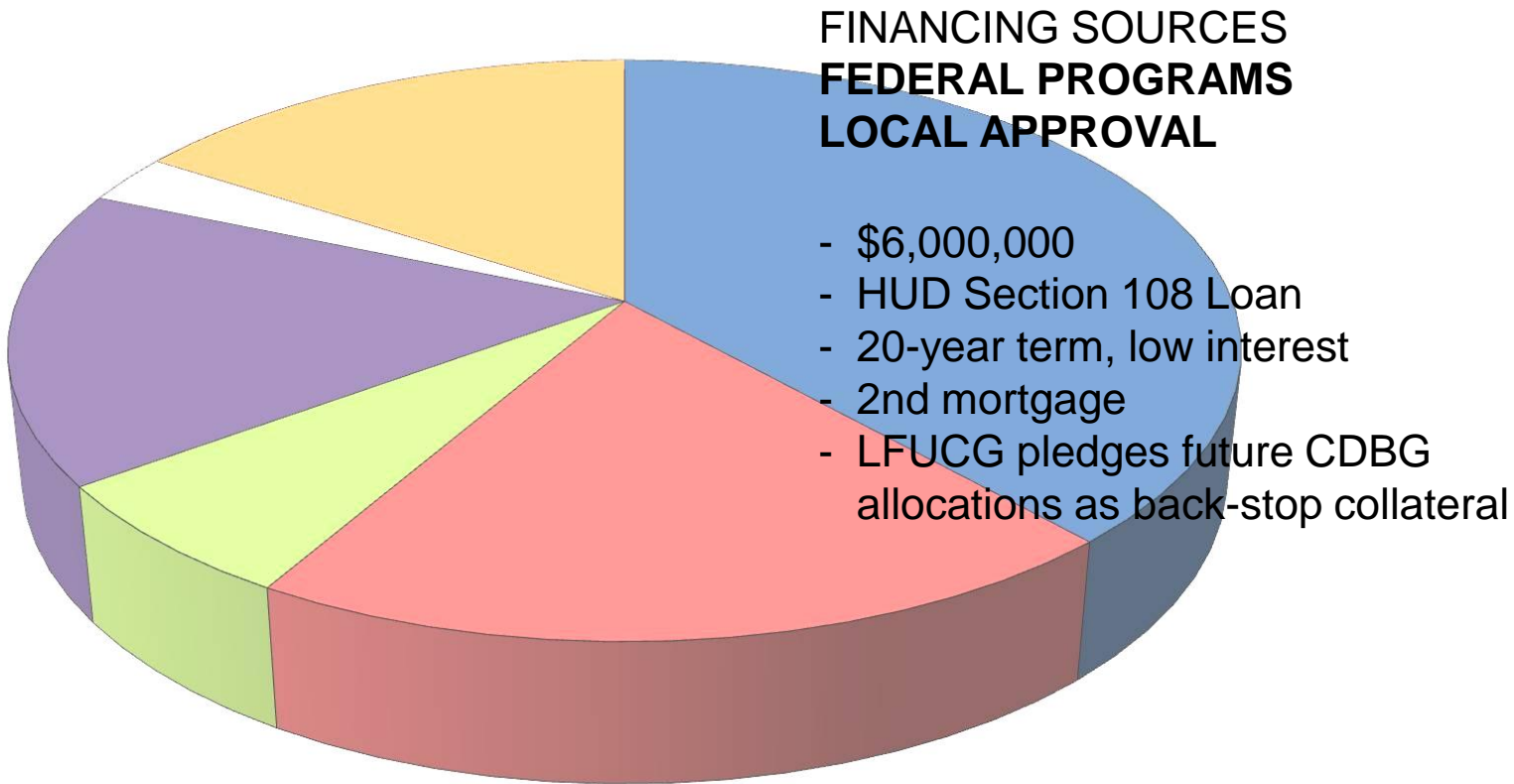
FINANCING SOURCES **PRIVATE**

- \$5,800,000 Equity & TIF loan
- Provided by 21c
- TIF proceeds to repay equity
 - 80% of LFUCG Property & Occupational Tax (20 years)
 - 80% of State Property Tax (20 years)
 - 100% of State Sales Tax (10 years)



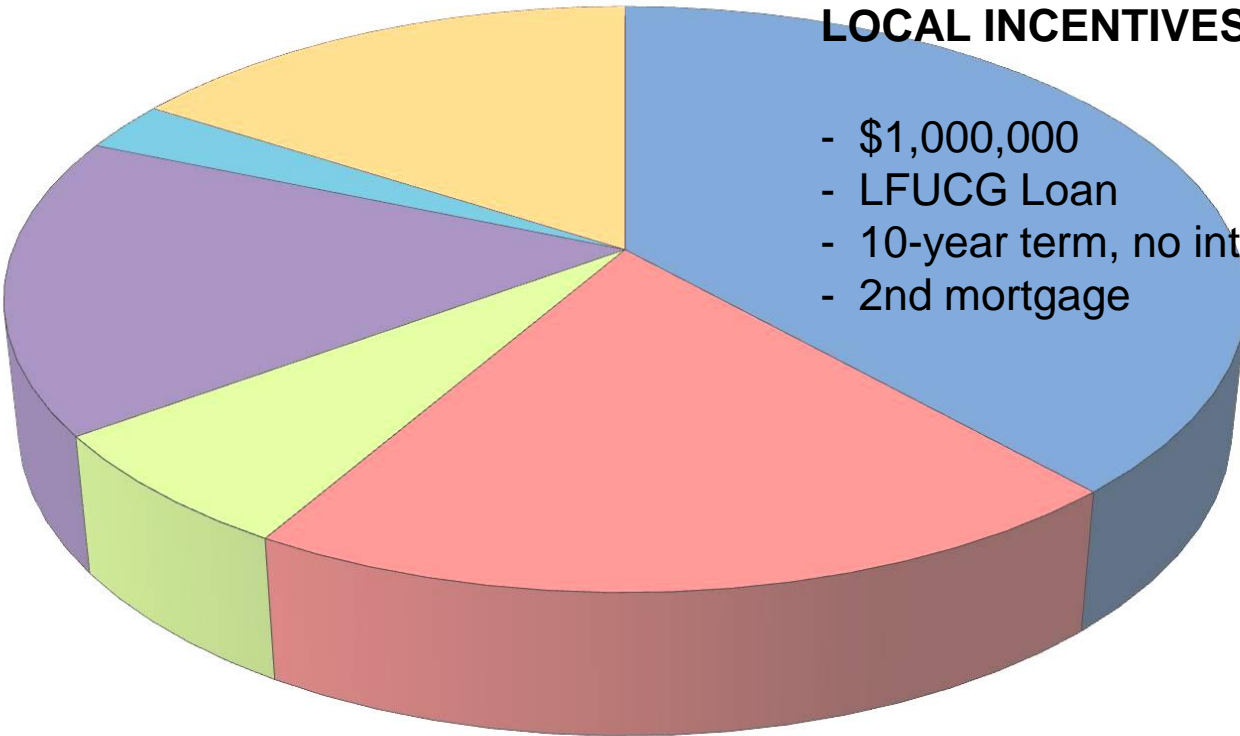




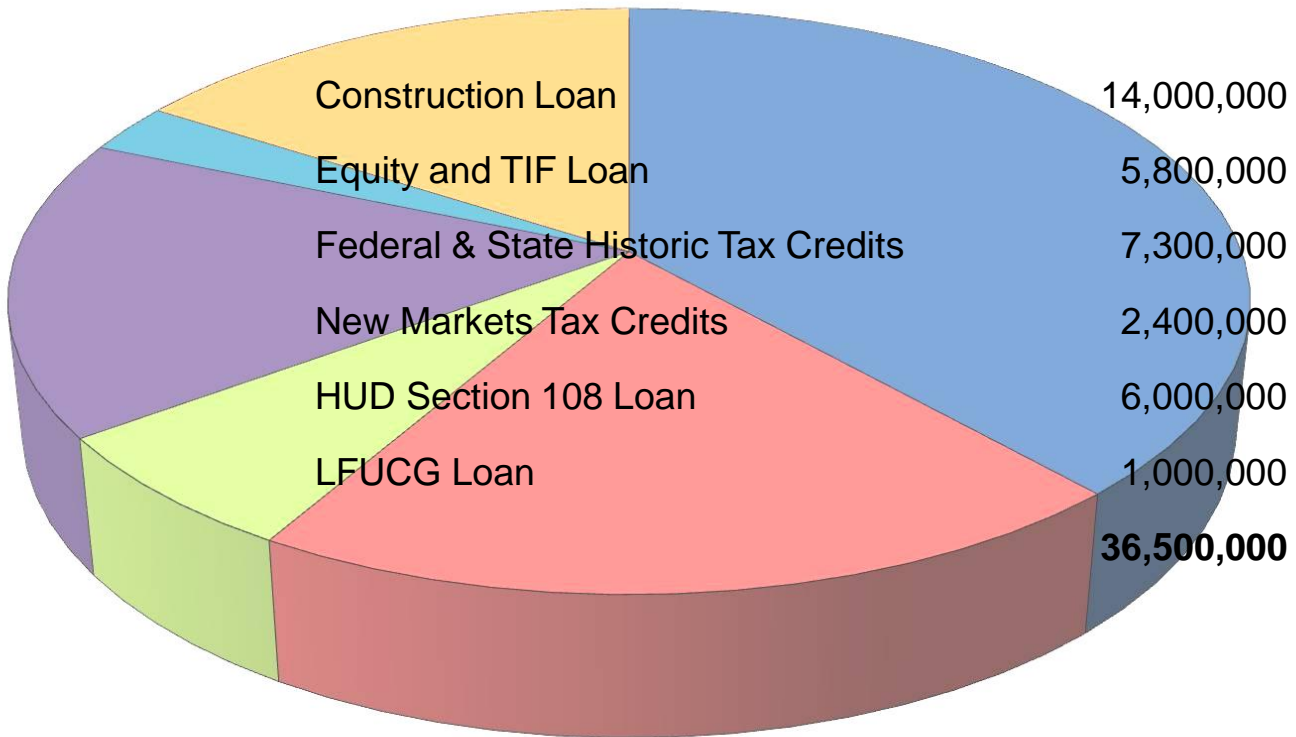


FINANCING SOURCES
LOCAL INCENTIVES

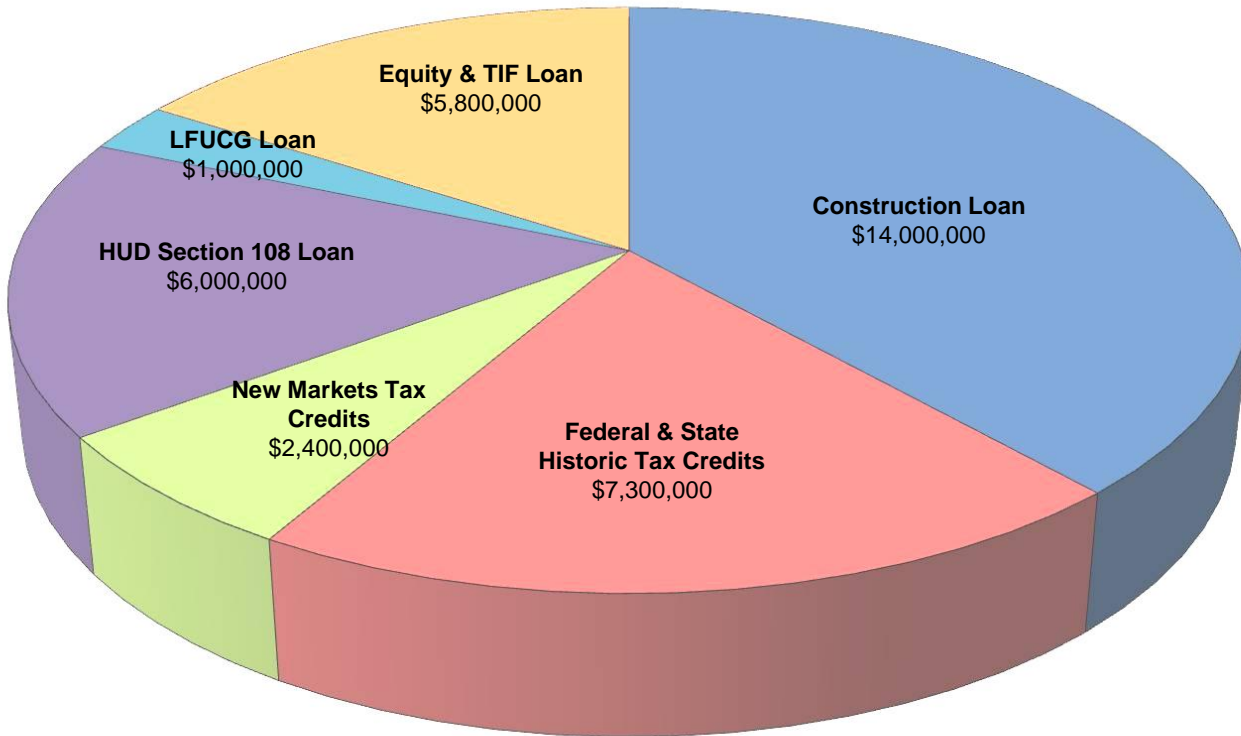
- \$1,000,000
- LFUCG Loan
- 10-year term, no interest
- 2nd mortgage



FINANCING SOURCES



FINANCING SOURCES





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