



23rd Annual

MEET the MONEY[®]

Hotel Debt & Equity Conference

Hotel Retail-Mixed Use

Moderator:

Jim Butler, Chairman, Global Hospitality Group®

Panelists:

John Alderson, Development Director, Westfield Corporation

Bruce Baltin, Senior Vice President, PKF Consulting

Guy Maisnik, Partner, Jeffer Mangels Butler & Mitchell LLP

Dupree Scovell, Managing Director, Woodbine Development Corporation

May 7, 2013

The banner features a dark blue background with a stylized city skyline in the center. Silhouettes of two human profiles facing each other are on the left and right sides. The skyline includes buildings with labels like 'UNIVERSITY', 'HEALTHCARE', 'PIPS', and 'MENT'.

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310.201.3526

JButler@jmbm.com

Panelists:

Guy Maisnik, Partner

Jeffer Mangels Butler & Mitchell LLP

310.201.3588

MGM@jmbm.com

Bruce Baltin, Senior Vice President

PKF Consulting

213.861.3309

bruce.baltin@pkfc.com

John Alderson, Development Director

Westfield Corporation

310.849.3947

Jalderson@westfield.com

Dupree Scovell, Managing Director

Woodbine Development Corporation


310.426.8108

dscovell@woodbineinvestment.com

A nighttime photograph of a casino complex. In the foreground, a large, dark fountain reflects the lights from the buildings and the sky. The background features several multi-story buildings with ornate architecture, including domes and arches. The buildings are brightly lit with warm yellow lights, and strings of small white lights are draped across the facades. A semi-transparent white rounded rectangle is centered over the middle of the image, containing the text "Jim Butler, Chairman" and "Global Hospitality Group®".

Jim Butler, Chairman
Global Hospitality Group®



A nighttime photograph of a modern shopping mall. The mall's facade is illuminated with warm lights, and a large, ornate fountain in the foreground reflects the lights. The sky is dark with some clouds. A semi-transparent white box with rounded corners is centered over the image, containing text.

The "best hard" data on the synergies of hotel-retail mixed-use we have seen comes from GGP's presentation at JMBM's 2007 Hotel Developers Conference.



GGP & Retail

Second largest Retail REIT



GGP & Retail

Owner, Developer, and Manager of over 200 shopping and mixed use centers in 44 states



Hotel Alliance & Positioning – *Mixed Use Projects*

GGP properties are capable of supporting 80 near term hotel developments ranging from extended stay to select and full service product



Hotels at GGP Properties & MPCs

Woodlands Waterway Marriott (Luxury Hotel)

- Hotel on out-parcel adjacent to a regional mall & town center
- Seven additional hotels in The Woodlands



Hotels of Columbia, MD (Multiple Hotels)

- Total of 15 hotels at the MPC
- Top Chains: Hilton, Sheraton, Courtyard, Homewood Suites



Ritz-Carlton Tyson Galleria (Luxury Hotel)

- Hotel semi-attached to a regional mall



Westin Dallas Galleria (Luxury Hotel)

- Hotel integrated with a regional mall



Ritz-Carlton Water Tower Place (Luxury Hotel & Condominiums)

- Hotel integrated with an urban, vertical mall



Red Rock Hotel / Summerlin Town Centre

- Hotel adjacent to future Town Center
- Two additional hotels in Summerlin



Hotel / Tourism Brings Shopper Traffic

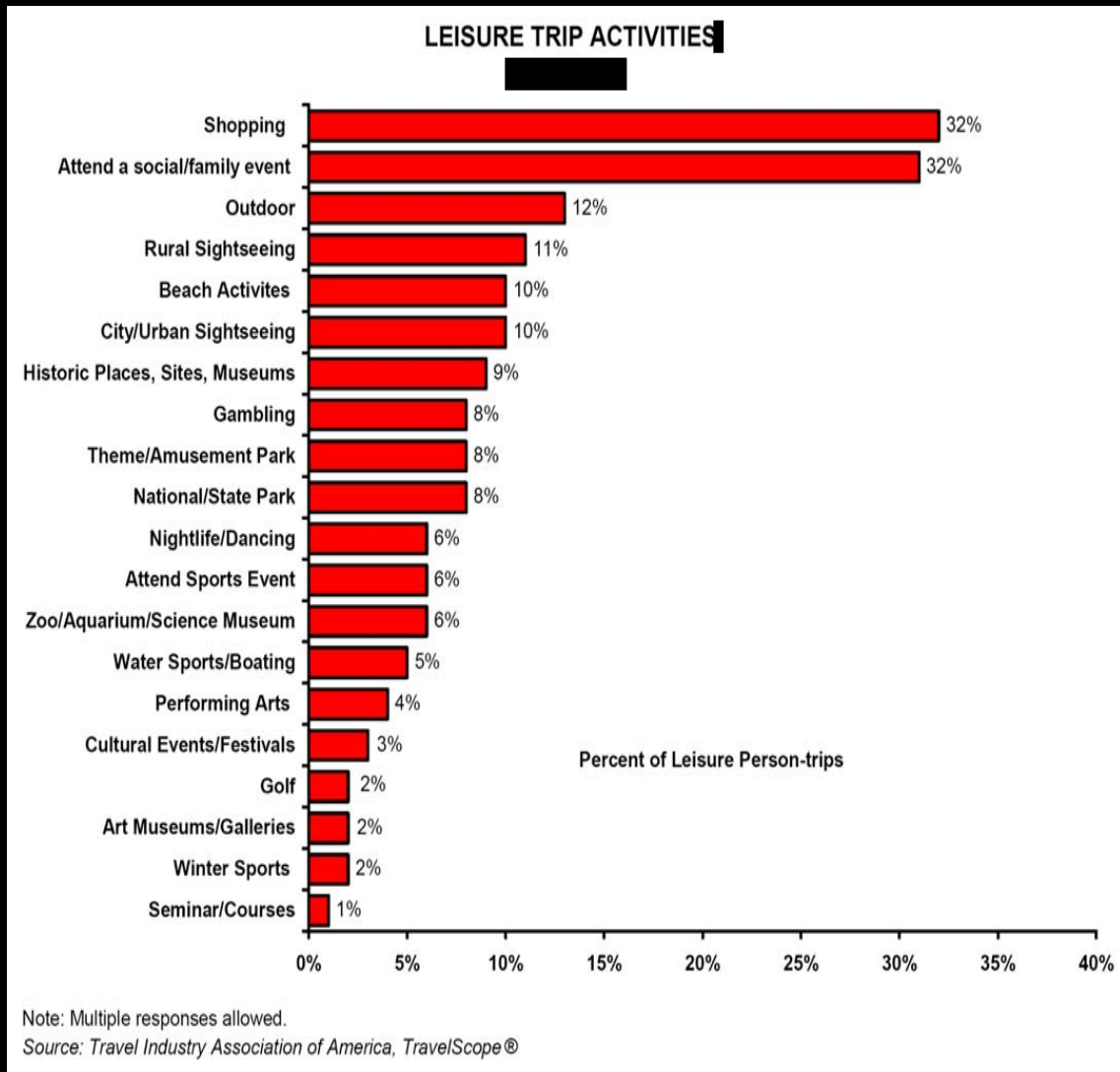
32% of US domestic leisure travel activities are spent on shopping

US domestic travel for leisure purposes accounts for 81% of trips

Sample Statistics of leisure travelers:

- Household Trips: 490.1M trip volume
- \$372 average spending on household trip (Excluding transportation)
- 23% day trips / 77% overnight trips
- 49% one trip activity / 44% two or more activities / 7% no activities
- 2.9 nights at a hotel/motel/B&B

Note: Leisure Trip is defined as: "Any trip where the primary purpose of the trip is given as "visit friends or relatives, outdoor recreation, entertainment/sightseeing, or other pleasure/personal."

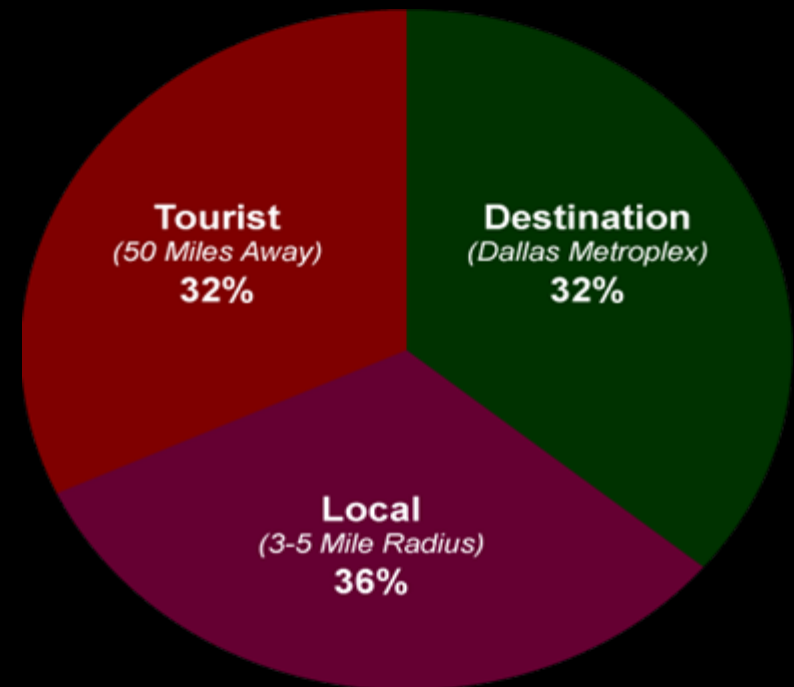


Hotel/Tourism Retail Customer Base Example



Dallas Galleria Mall Customer Profile

64% of the customer base is non-local



Hotel – Master Planned Community

Woodlands Waterway Marriott



Hotel – Urban Core Town Center



Reston Town Center, Hyatt Regency

Reston, VA

Opened: 1990

Number of Rooms: 514



Hotel – Urban Vertical Mixed Use

Water Tower Place, Ritz Carlton

Chicago, IL

Opened: 1976

Number of Rooms: 422



Hotel – Regional Center Integration

Tysons Galleria, Ritz-Carlton

McClean, VA

Opened: November 1991

Number of Rooms: 398



Hotel – Regional Center Integration

Dallas Galleria, Westin

Dallas, TX

Opened: June 1982

Number of Rooms: 432



Hotel Property Performance Premium Summary

Summary:

- Hotels attached to retail outperform against national hotel trend and competitive hotels
- Hotel premium evident for upscale hotels attached to retail and town centers
- Hotel occupancy premium evident during holiday seasons
- Rapid increase in premium as confirmed by performance at The Woodlands Waterway
- Increased hotel premiums are sustained at these locations despite economic downturns
- Performance premium has significant impact on valuation of hotels attached to retail

<u>Performance Premium</u>	<u>ADR %</u>	<u>Occupancy</u>	<u>REVPAR %</u>
Hotel within MPC	20-30%	10% - 15%	25-40%
Hotel within MPC & Retail	25-35%	10%	20-30%
Hotel adjacent to Retail	35-40%	10% - 20%	30-40%



Summary

- **Hotels contribute to the strength of luxury retail merchandising**

- Especially evident at Dallas Galleria and Tyson Galleria where a high percentage of international destination travelers seeking global luxury brands.
- Westin Dallas attracts a large share of Mexican and Japanese nationals, while the Ritz Tyson attracts a large share of European and Middle Eastern nationals.

- **Hotels alone will not attract luxury tenants**

- Combination of luxury anchors (Neiman Marcus, Saks, Nordstrom) and hotel (upscale and luxury brands) creates the luxury premium evidenced at both Tyson's Galleria and Dallas Galleria.
- Both the Ritz Tyson and the Westin Dallas luxury retailers share customers from the hotel.
- This is especially evident during holiday seasons (30% of Louis Vuitton's annual sales volume at Dallas Galleria are during Nov. and Dec.).

- **Reston Hyatt at Reston Town Center served as the primary anchor that drew initial retail tenants**

- Retailers have committed to the Reston Town Center because of the Hyatt Hotel and the outdoor town center design.

Reston Town Center

William Sonoma	Chico's
Pottery Barn	Talbot
JoS A. Bank	Ann Tayler
Morton Steak	Eddie Bauer
McCormick &	Nine West
Schmick's	GAP

Westin Dallas

Saks	Macy's
Nordstrom	
Louis Vuitton	Cartier
Max Mara	Coach
Thomas Pink	BCBG
Tommy Bahama	Gucci
Armani Exchange	Versace

Tyson Galleria

Saks	Macy's
Neiman Marcus	Cartier
Salvatore	Bose
Ferragamo	Burberry
Thomas Pink	Channel
Hugo Boss	Lacoste
Ralph Lauren	

