



HEI HOTELS & RESORTS RECAPS PROGRESS IN YEAR-END LETTER TO MORE THAN 5,500 ASSOCIATES

**Recognition by Obama White House,
Industry Leading Associate Satisfaction Scores, and
Growth in Hotel Portfolio Top Year of Continued Success
For Socially-Responsible Hotel Group**

NORWALK, CT – December 22, 2011 – HEI Hotels & Resorts, a company built upon creating socially responsible investment and employment opportunities through its ever growing real estate portfolio of 41 upscale destination properties across the United States, issued today a year-in-review letter to its more than 5,500 associates – a year in which the company continued to achieve industry leading associate satisfaction scores and won numerous awards for its environmental and energy-conservation technologies, including a recent meeting at the White House with President Obama after HEI was selected to participate in the President’s “Better Buildings Challenge.”

“In this holiday season, it’s good to take time to reflect on our success over the past several years,” HEI CEO Gary Mendell wrote to associates. “Although it continues to be a difficult time in the economy, through your hard work we grew our hotel portfolio and in accordance with our Mission Statement we continued ‘providing comfort and hospitality for those away from home.’”

Moreover, Mendell highlighted to associates: “Our associate-satisfaction scores remain as strong as ever and are significantly above industry averages. We’re continuing to focus on ensuring that you have the training and tools to do your job safely and well. From a workplace safety perspective, your efforts have led to fewer accidents and industry-leading work conditions.”

Employee Satisfaction

Mendell noted that HEI associate-satisfaction scores are some of the highest in the industry, at almost 90 percent company-wide, with a 2011 employee participation rate of 93 percent in the surveys conducted by an independent outside firm. Department-by-department results show associate satisfaction ranging from 87 percent to 93 percent, well above industry averages, while the company’s continued focus on employee safety has reduced the number of workplace accidents to 20 percent better than industry average.

Mendell highlighted the company's healthcare initiative introduced in partnership with its associates in 2010 and further refined in 2011 that, with employee safety, focuses on employee wellness in which preventative care is 100 percent covered. Moreover, initial data show that the percentage of employees who took the opportunity to have annual physical examinations doubled within the first year of the new program to 97 percent of those enrolled. The new plan encourages associates to complete health care assessments provided for under the new plan. The goal of the assessments is to improve associate health by identifying individual associate health concerns in advance to allow for corrective treatment and/or changes in behavior. The new plan has had tremendous success. For those associates who took a health care assessment for two consecutive years, initial indications are that many improved their overall health assessment scores. The innovative plan not only has improved associate wellness, but ultimately has also lowered costs for associates and their families in some of the toughest economic conditions. Because of programs like this, the company's commitment to a strategy targeted to maximizing available associate work hours despite economic conditions and the company's purposeful culture of respect and camaraderie, associate tenure at the company is double that of the hospitality industry, according to U.S. Department of Labor statistics.

Environmental Stewardship

The company continues to focus on investing in environmental and energy-conservation technologies at its properties, which have netted communities significant advantages. The company's investments have saved more than one billion BTUs of energy, the equivalent of planting 5355 trees or taking 458 cars off the road for a month. Recognizing this commitment, the U.S. Environmental Protection Agency named HEI as a 2011 Energy Star Partner of the Year for the second year in a row. In 2009, the company received the prestigious Corporate Energy Management Award by the Association of Energy Engineers, an award given to only one company annually in the United States. Since the award's inception in 1978, only one other hospitality company has won the award (Marriott in 1978), and past winners include Toyota (2008), General Motors (2007), U.S. Postal Service (2006) and McDonalds (2005).

Most recently, President Obama selected HEI based on its significant advancements in the area of energy conservation to participate in the prestigious "Better Buildings Challenge," which is part of the Better Buildings initiative launched in February 2011 by President Obama and is spearheaded by former President Clinton and the President's Council on Jobs and Competitiveness. As part of this program, HEI has committed to cutting energy use by 20 percent in all its properties by 2020, as well as participating directly with the Obama Administration in creating new energy initiatives.

Growing Portfolio of Hotels

Even in the difficult economy, HEI finalized 10 transactions between 2009 and 2011, as the company continues to selectively evaluate opportunities in which it can invest in and strengthen underperforming properties. "Based on our socially-responsible approach to hotel management," Mendell wrote to associates, "we seek to make each new hotel a better place to work, a better place to stay, a better steward of the environment and a better contributor to its local economy."

The company's approach to business mirrors the philosophy of global thought leaders like former U.S. Vice President Al Gore, who recently observed in a commentary in *The Wall Street Journal* that "companies and investors that integrate sustainability into their business practices are finding that it enhances profitability over the longer term."

In Dallas, the company continues its renovation of the Dallas Sheraton Galleria, set to reopen in early 2012, continuing its tradition of enhancing community assets. In years past, HEI has led important property turnarounds throughout the country in creating new jobs, increasing tax base and improving community revitalization. For example:

- In Philadelphia, HEI transformed a former 10-story YMCA facility into a world-class Le Méridien hotel in the heart of the city's business district that created 100 new jobs.
- In Minneapolis, HEI converted a former bank building into a thriving new Westin hotel that created 105 new jobs.
- In Hollywood, CA, working jointly with local government, HEI recently built a W Hotel and condominium complex, one of the largest revitalization efforts in Los Angeles over the last five years. Formerly vacant lots, the new project achieved LEED Silver Certification, created approximately 500 new jobs and resulted in significant new tax base for the community.
- And in Vermont, the company renovated the Equinox in Manchester Village to become a more valuable long-term asset for the community and a popular resort destination, particularly during Vermont's beautiful ski season

Mendell told associates that "we are continuing to buy new hotels and revitalizing communities by renovating existing properties. And we continue to make significant investments in environmental and energy-efficient technologies for the good of our planet. Thanks to everyone's commitment we continued to 'do good while being good' – and I thank you, personally, for your efforts throughout the year."

With 41 properties in 16 states, HEI Hotels & Resorts creates socially responsible investment and employment opportunities through real estate portfolios of upscale destination properties throughout the United States. HEI takes a holistic approach to creating value for its investors and employees by setting the highest standards across all aspects of hotel management and operation and focusing on the central principles of excellence and continuous improvement.

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