



NYLO Hotels Expands, Announces First Franchises

SAN DIEGO, Calif. -- (Jan. 27, 2009) -- NYLO Hotels LLC announced the first franchises of its urban loft hotels today at a gathering of hospitality insiders during the 2009 Americas Lodging Investment Summit, San Diego, Calif.

The new-build projects are for full-service NYLO hotels with W Developments, LLC, Chicago, and Sentry Hospitality, Ltd., New York, and for a select-service XP by NYLO with Behringer Harvard, Dallas. W Developments will build a 179-room hotel in Chicago's vibrant West Loop neighborhood. Sentry will develop a seven-story NYLO in the heart of New York's Financial District, and Behringer Harvard will build the first XP by NYLO, a 127-room property in Frisco, Tex.

"We're proud to welcome to the NYLO family these top caliber firms with proven track records for developing unique properties," says John Russell, CEO, NYLO Hotels.

"Despite the difficult economy, NYLO continues to grow," Russell continues, "We have a robust franchise program, with more than 40 sites in the pipeline. NYLO Providence/Warwick opened last September to rave reviews, and NYLO Dallas/Las Colinas, our largest property, is on track to make its debut early in the third quarter of 2009."

Russell admitted this year could be one of the most challenging ones for hotel development. "However, there are windows of opportunity for the right concept, at the right location and the right construction price," he notes. "People are looking for relief from the current financial challenges. NYLO has a great team of people and an exciting new brand that delivers tremendous value for both travelers and the franchise developer."

New Model: Upscale in a Downturn

"With its cost-efficient urban loft design and innovative construction, NYLO presents a new approach to hotel development that fits today's economy," notes Chick Armstrong, the brand's senior vice president of franchise development.

A full-service NYLO hotel costs nearly 30 - 40 percent less to build than a traditional full-service property, Armstrong points out. He says total per-key cost to build a full-service NYLO is approximately \$114,906, excluding land. By comparison, the HVS Hotel Development Cost

Survey, Sept. 2008, found the average development cost per room for a traditional full-service lodging, excluding land, is \$191,400. Armstrong offers the following comparison of major development costs:

Hotel Development Costs Per Key

Development Cost	NYLO Hotels (Actual)	*Traditional Full-Service Hotel (Average Costs)
Building & Site Improvements	\$71,020	\$133,900
Soft Costs	\$13,244	\$25,800
FF&E	\$19,102	\$24,400
Pre-Opening Working Capital	\$11,540	\$7,300
Total Costs Per Key	\$114,906	\$191,400

*Source: HVS Hotel Development Cost Survey, Sept. 2008

“Even in tough economic times, NYLO and XP by NYLO present a significant return on investment,” Russell says. “That’s a formula that works for a lot of developers. It’s much easier to secure debt financing for hotel projects like NYLO that, with land included, can be developed for an average of \$11 - \$24 million.”

Opening in 2009

With its lower development costs, NYLO offers travelers the style and amenities of boutique hotels with a wallet-friendly twist.

NYLO Dallas/Las Colinas is 65 percent complete, Russell reports. With Key Construction Texas LLC as general contractor, the loft lifestyle hotel is on track to open early in the third quarter of this year. The property is located in the award-winning, master-planned community of Las Colinas, 15 minutes from downtown Dallas. Guests will enjoy easy access to the Dallas-Fort Worth International Airport, ten minutes away, and Las Colinas’ 22 million square feet of offices.

The Las Colinas hotel -- NYLO’s second in North Dallas -- will house 200 rooms and 7,000 square feet of flexible meeting space. A 3,000-square-foot ballroom will feature exposed brick walls, soaring ceilings and plush designer furnishings. The ballroom will open onto a 7,500-square-foot courtyard with two heated pools, cabanas and an outdoor bar. It also will connect with The Loft. The heartbeat of the hotel, this design-focused space on the ground floor will feature a lively bar; 3,300-square-foot, three-meal restaurant with gourmet menu; game room; library; and original artwork and entertainment by local artists.

“The hotel will be Las Colinas’ latest and greatest,” Russell predicts. “With its dramatic ballroom and creative cuisine, it will be an ideal venue for wedding receptions, galas and other special occasions.”

In preparation for opening, NYLO Dallas/Las Colinas has appointed Lisa Klaker as director of sales and marketing. Lisa brings to her new position nearly 20 years of sales, marketing and operations experience. Before NYLO, she served as general manager at the Dallas Marriott Las Colinas.

Revenue-Driving Web Site

NYLO’s hotels will have a home in the brand’s new Web site, which launches today. “With powerful mini sites of approximately 35 pages for each property – along with music, art, community happenings and more -- NYLOhotels.com promises to be one of the most search-engine-optimized sites in the industry,” comments Patrick O’Neil, the brand’s executive vice president of operations.

This next-generation, e-commerce-driven site features state-of-the-art reservation and marketing systems. Offering vibrant images, e-maps, and in-depth information on packages, meetings and events space, nearby things to do, and more, NYLOhotels.com provides a close look at every NYLO property. Each mini site is search-engine-optimized from the ground up, acting as virtual sales person to boost hotel traffic. An advanced tracking system is designed to help franchisees target new markets with pinpoint accuracy. State-of-the-art Web analytics provide comprehensive reports on traffic, demographics, feeder markets and overall effectiveness of each hotel’s marketing initiatives for higher occupancy and continued growth.

Marrying High Style With High Affordability

Like all NYLOs, the new franchised properties will offer the style and amenities of boutique hotels with a wallet-friendly twist. These hip hotels will feature the brand’s dramatic urban loft design, the latest tech-friendly comforts and unique restaurants/bars as high-energy social hubs. NYLO hotel frontline workers will dress fashionably in NYLO Wear by Daniel Vosovic, the Bravo-TV “Project Runway” fan favorite and author of the book *Fashion Inside Out*, which arrived in stores in the fall, 2008.

NYLO Chicago/West Loop will be minutes from the downtown business district, Chicago O’Hare International Airport, Chicago Midway Airport, and major highways. Not far from the hotel, the Union Station train terminal and Lakeshore Drive will provide easy transit in and around the city. The seven-story NYLO will be located in a neighborhood loaded with urban charms. West

Loop streets are lined with residential lofts, high-rise condominiums, chic eateries, galleries and lively nightspots. A brief stroll will take NYLO guests to premier restaurants and to Harpo Studios, producers of *The Oprah Winfrey Show*.

NYLO Chicago/West Loop will tap into the neighborhood's energy, with The Loft as a vital addition to the local social scene. The property will house 179 guestrooms, including 41 suites ranging from 900 - 1,200 square feet. A rooftop restaurant and bar – the neighborhood's first of its kind – will offer panoramic views of the Chicago skyline. On the main floor, The Loft will welcome guests and locals with a second bar, three-meal gourmet restaurant, game room, boutique shop, high-tech gym with his/her sauna, 24-hour business center and approximately 1,800 square feet of meeting space. Mirroring the neighborhood's art-and-design focus, The Loft will feature an imaginative décor that plays up its locale with original music and artwork by area artists.

High-Volume Business Markets

“As a breakthrough yet proven brand, franchise developers find NYLO is a fit for high-demand business markets across the country,” Russell says.

Housing more than 130 guestrooms, the NYLO Manhattan will be located in the Financial District adjacent to South Street Seaport. The hotel will be an easy walk from the New York Stock Exchange and Battery Park. This neighborhood brims with businesses, shops and nightspots. Not far from the NYLO site, popular restaurants offer not-to-be-missed views of the Brooklyn Bridge at night and colorful sunsets over the New York Harbor and Statue of Liberty. Nearby subways deliver travelers and locals to points of interest throughout the city, from midtown offices to the Theater District to Museum Mile and beyond. The storied neighborhoods of SoHo, TriBeCa and Greenwich Village are all just a few stops away.

“We're extremely excited to be the first NYLO in Manhattan,” says Mark Magarity, president and chief executive officer, Sentry Hospitality, Ltd. “We've always been leading-edge, and we believe NYLO will be the next-generation loft lifestyle hotel of choice.”

Frisco offers another dynamic location. This North Dallas community ranked seventh in the *Forbes* magazine 2007 list of America's fastest growing suburbs. As part of that growth, the first XP by NYLO will be located in Frisco Square, a 147-acre master-planned development with offices, town homes, condominiums, a hospital and municipal facilities, including Frisco City Hall and Frisco Library. The 127-room XP by NYLO Dallas/Frisco will be right in the heart of the community, within walking distance of shopping and dining. Sports and entertainment will be minutes away in Pizza Hut Park, home of FC Dallas soccer team, located directly across the street

from Frisco Square. Also nearby: the DFW International Airport, Dallas Love Field and the Dallas-Fort Worth Metroplex businesses and attractions.

“We looked long and hard for the right brand at our location,” says Jeff Burns, vice president, Hotel Acquisitions/Asset Management, Behringer Harvard. “Working in Dallas, we got to see firsthand the success, excitement and impact the first NYLO had on the city of Plano. We’re excited about the XP by NYLO concept and believe it represents the next generation of select-service hotels for the business traveler.”

XP by NYLO Dallas/Frisco will offer a streamlined boutique hotel experience for travelers on the go. Spanning 52,294 square feet, the four-story redbrick building will house a lobby with 20-foot ceilings, huge windows and wine bar with soaring fireplace and plush seating. Warmth and comfort will be the theme in guest lofts featuring exposed brick walls, oversized window and contemporary furnishings. A flat-screen TV, iPod dock, couch and custom bed will invite road-weary travelers to sit back and unwind. Stretching the limits of limited-service, XP by NYLO Dallas/Frisco will offer a freshly prepared buffet breakfast daily, PURE allergy-friendly guestrooms, high-tech gym, state-of-the-art business center, sundries shop, meeting space and more. Also part of the XP experience: free hotel-wide WiFi, free bottled water and free local and long distance phone calls.

For information on franchising opportunities, contact Chick Armstrong, the senior vice president of franchise development at carmstrong@nylohotels.com.

About NYLO Hotels

Atlanta-based NYLO Hotels offers a new class of hotels that combines the dynamic qualities of urban residential loft-style living with the best-of-the-industry features of leading hotel brands. The properties feature bright, spacious loft accommodations; state-of-the-art business center; gym, and 24-hour, healthy-alternative restaurant and bar. They cater to travelers seeking an energized alternative to the bland, one-size-fits-all experience typically found in mid-priced lodgings. The first NYLO made its debut in Dec. 2007 in Plano, Tex., in North Dallas. The brand’s second hotel, NYLO Providence/Warwick, opened in Sept. 2008, and the third property, NYLO Dallas/Las Colinas, is on track to premier early in the third quarter of 2009. For more information, visit www.nylohotels.com.

About W Developments LLC

W Developments, Chicago, is an award-winning developer of luxury loft-style condominiums in Chicago and downtown Phoenix. Several of the firm’s buildings are in Chicago’s vibrant West Loop neighborhood close to businesses, fine restaurants, clubs, galleries and boutique shops.

About Sentry Hospitality, Ltd.

Established in 1993 and headquartered in Manhattan, NY, Sentry Hospitality is one of the most progressive and dynamic, conference-class hospitality development and management companies in the United States. The company develops and operates unique conference destinations of distinction, including four-star class conference centers, golf club resorts, lifestyle communities, entertainment attractions and next generation learning centers throughout the country. Sentry's proven leadership, deep industry expertise, broad array of service solutions, customer-centric business approach and established elite partner network has contributed to its growing base of first-rate properties and satisfied customers. Sentry Hospitality is one of the most active developers and managers in the hospitality industry, providing end-to-end hospitality development and management solutions from conception to completion.

About Behringer Harvard

The Behringer Harvard portfolio includes Hotel Palomar Los Angeles - Westwood, a luxury hotel on Los Angeles' "Golden Mile," close to Beverly Hills, Rodeo Drive, Hollywood and the Santa Monica beaches. Among the company's other properties are The Lodge & Spa at Cordillera, Edwards, Colo., a AAA Four-Diamond resort near the Beaver Creek and Vail ski lifts, and the Hotel Palomar and the Residences at Hotel Palomar, Dallas, housing a four-star boutique hotel; luxury condominiums, and upscale shops.

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