

NYLO Hotels Announces Debt and Management Restructuring

Michael Mueller Promoted to CEO

NYLO Headquarters to Relocate to Dallas

DALLAS, Texas – March 15, 2011 – NYLO Hotels LLC announced today it has successfully completed a management team restructuring, as well as a financial restructuring of all debt within its portfolio to position it for growth opportunities ahead.

The debt restructuring on all NYLO's properties was completed in December 2010 and provides several years of additional term and other favorable modifications. Michael Mueller, a 20 year veteran of the hospitality industry and the original founder and visionary for the innovative NYLO lifestyle brand, said, "The debt restructuring puts NYLO on very strong financial ground and resolves all financial issues in our portfolio allowing us to focus solely on operations." As part of the restructuring, NYLO's largest shareholder, Lehman Brothers Holdings Inc., has made an additional investment into NYLO. Jeff Fitts, LBHI's head of real estate, said, "We have been very deliberate in our support of NYLO's strategic vision to date. We continue to be confident in NYLO and are equally supportive of the leadership that has been appointed to deliver on NYLO's growth objectives."

In conjunction with the debt restructuring, the management team has been reorganized to allow the original innovators of the brand to lead the company. Mueller will now lead the company as its CEO. Prior to founding NYLO, Mueller spent 15 years with Starwood Capital Group and Starwood Hotels & Resorts where he played a key role in the creation and growth of Starwood Hotels and the W brand. During his career, Mueller has been responsible for more than \$20 billion of real estate transactions and has earned a solid reputation as a leading executive in the hotel industry's boutique segment. "Despite the worst recession in generations, NYLO has not just survived, it has prospered," Mueller said. "I am confident that as a result of the recent restructuring, NYLO is now positioned to capitalize on its highly innovative and successful brand and to grow."

Patrick O'Neil, one of Mueller's early partners in NYLO who has been responsible for operations since the first NYLO hotel opened, will remain in charge of operations for NYLO as the EVP of Operations. "NYLO's brand awareness continues to grow at a rapid rate," explained O'Neil. "Guests appreciate NYLO's unique product, great service culture and people, so much so that in 2010 NYLO's RevPar growth outpaced its competitive sets in every market, in every month. Our food and beverage operations have been hugely successful, and we are achieving revenue per occupied room at levels that are two to five times our competition."

NYLO's performance demonstrates the strength of the brand versus competitive sets that are dominated by "big-brand" hotels. Mueller continued, "NYLO is positioned to out-perform its more traditional and staid competition as NYLO is ideally positioned to attract the growing segment of guests who are seeking lifestyle-oriented hotels with a renewed focus on value."

Stephane Dupoux, who has overseen all design aspects of the NYLO brand, including architectural, interior, furniture, signage and other visual identity design, will also be more involved following the restructuring. Mueller stated, “Stephane and I founded NYLO together in 2004. I look forward to Stephane’s increased involvement and collaboration on NYLO and other concepts and sister brands NYLO plans to introduce. Stephane is an incredibly creative person, and his vision will help NYLO continue to innovate, adapt and evolve.” Stephane added, “I am delighted Michael is back at the helm of NYLO. We are both very excited about the opportunities ahead.”

NYLO also announced today that it plans to relocate its corporate headquarters from Atlanta to Dallas this year. Mueller explains, “Dallas is home to several of our hotels and experienced hospitality personnel. Moreover, the Dallas-Fort Worth region has a growing economy, a cost effective environment with great transportation, and is central to the entire United States. We are looking forward to joining the Dallas community and expanding our brand across the U.S. from our new headquarters in Dallas.”

NYLO management has the objective of being a 50 unit brand by 2016. One of the changes Mueller implemented immediately upon his appointment was for NYLO to aggressively pursue conversion opportunities. “There are dozens of distressed and underperforming properties in gateway cities that are ideal NYLO conversion candidates,” Mueller explained. “NYLO can drive the revenues and operate these hotels much more efficiently than they are currently being operated. The cost of our property improvement plan is very attractive versus other brands, and we are flexible and supportive partners.”

In January, NYLO announced its third hotel for the Dallas market, the NYLO Dallas South Side. This will be NYLO’s first conversion property and the first NYLO hotel to pursue LEED Silver Certification. The five-story, 76-room hotel will house a roof top featuring an infinity pool, as well as an enclosed roof-top bar and lounge with fully operable glass walls designed to showcase one of the best views of downtown Dallas.

The NYLO Dallas South Side will be NYLO’s fourth hotel. NYLO has a fifth hotel project planned on a site they own in Overland Park, Kansas, that is expected to break ground in 2012. Management remains committed to the long-term objective of building cost-effective, new, boutique hotels in primary, secondary and tertiary markets across the country. In the short term, the opportunity to convert assets to NYLO hotels will be their primary focus.

NYLO also confirmed today that the financial restructuring has cleared the way to reopen the NYLO Warwick Hotel in mid-2011 following a multi-million dollar renovation that is now underway. The NYLO Warwick hotel suffered a significant amount of damage in a March 2010 flood.

Mueller concluded, “Like all hotel companies, we have faced a number of challenges the past couple years, but we have now resolved all of these issues and have emerged stronger, leaner, smarter and better equipped for the future. We are very excited about the future, and I encourage anyone involved with a distressed or underperforming asset in a gateway city or any other market to contact me to explore NYLO as a possible solution.”



NYLO Hotels combine the dynamic qualities of urban loft-style living with the best-of-the-hotel-industry features, services and amenities. NYLO hotels feature destination bars and restaurants that are uniquely designed to offer an urban ambiance blended with the local market for a unique experience. NYLO caters to both business and leisure travelers that are seeking an energized, fun and comfortable lodging option and offers an alternative to the bland, one-size-fits-all experience typically found in many hotels. For reservations and more information, visit www.nylohotels.com. For development or conversion opportunities, contact Michael Mueller at mmueller@nylohotels.com