

Hempel & HEI form joint venture to convert The Hotel Minneapolis to first Marriott Autograph in market

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Minneapolis, June 1, 2010—Hempel Properties and HEI Hotels & Resorts (HEI) entered into a joint venture to convert The Hotel Minneapolis in to Marriott's new Autograph brand. HEI, the nation's fastest growing private owner/operator of hotel real estate, will operate the 222- room boutique-style hotel and will transition it to Marriott's new Autograph Collection brand. Hempel will serve as asset manager and will manage the office and retail portions of the building.

"With its prime location in the heart of downtown Minneapolis, the newly opened hotel is a strong addition to our growing portfolio of first-class properties in urban markets with high barriers to new entry," said Steve Mendell, HEI's president, acquisitions and development. "The hotel's transition to Marriott's Autograph Collection is an exciting opportunity for this hotel and our growing portfolio."

Located at 215 4th Street South, the 10-story hotel is connected to the city's renowned skyway system and links the hotel via indoor walking paths to such destinations as Nicollet Mall, Target Headquarters, Minneapolis Convention Center, Gaviidae Common and numerous art and retail outlets. The property is an historical adaptive reuse of the Midland Bank Building which was originally built in 1905.

"We worked extensively to find the right partner to continue our success at The Hotel Minneapolis," said Jon Hempel, president of Hempel. "HEI has a proven track record as a top owner and operator of upper-upscale hotels throughout the United States, including The Westin Minneapolis. We look forward to partnering with them as The Hotel Minneapolis and restaurant Max continue to serve as contemporary cornerstones of the Minneapolis cityscape." The hotel features the 250-seat restaurant Max, voted Best New Restaurant of 2009 by Minneapolis-St. Paul Magazine, which focuses on lifestyle cuisine, highlighting the fresh seasonal offerings of the local region. Additional amenities include approximately 6,000 square feet of function space with state-of-the-art A/V equipment and business center, boutique convenience store/gift shop and health club featuring Precor fitness equipment.

"We are excited to partner with the Hempel team to maximize the performance of this visionary hotel property," said Russell Urban, senior vice president of acquisitions and development. "In addition to its entirely new product and excellent reputation within the community, The Hotel Minneapolis will benefit from the implementation of HEI's industry leading hotel management team and the added support of Marriott's Autograph Collection." CBRE Hotels | Finance, in conjunction with the debt and equity finance team of CBRE Capital Markets in Minneapolis, acted as the exclusive financial advisor to Hempel in the restructuring and recapitalization of The Hotel Minneapolis with HEI Hotels & Resorts.

