

PALISADES

HOSPITALITY GROUP

Palisades Hospitality Group Announces Acquisition of Iconic Palm Springs Hotel, the Colony Palms

Addition of Renowned Property Expands Palisades' Hotel Collection of Distinct, Locally-Authentic Boutique Hotels in Leisure Destinations

Palm Springs, Calif. – June 30, 2015 – Palisades Hospitality Group (PHG), which operates more than 30 resort, hotel and restaurant properties across leisure destinations in California, Hawaii and Mexico, and CovoCapital, a boutique real estate investment company based in San Francisco, announced today they have purchased the Colony Palms Hotel, one of Palm Springs' most iconic and luxurious downtown hotels. PHG will operate the Colony Palms under its hotel subsidiary, a group of individually distinct hotels that emphasize an authentic and local experience. Other hotels in this collection include the El Dorado Hotel & Kitchen in Sonoma, California and the North Block Hotel in Yountville, with more hotels under development in Napa and Sonoma.

Located just one block off the city's main downtown strip and built in the 1930s, the 57-room resort retains many charming features of the original Spanish colonial architecture, from arched entryways and coved ceilings to original Moorish floor tiles. Boasting a lush and secluded setting paired with upscale and eclectic Moroccan-inspired interiors, the Colony Palms Hotel also features a full-service spa and the popular, full-service on-site restaurant, the Purple Palm.

Over the next several months, PHG will also undertake upgrades and enhancements to the historic property's spa, guest rooms, restaurant and landscaping. In addition, the hotel will add 1,200 square feet in meeting space under the new management, perfect for small groups and events accommodating up to 50 people.

"The Colony Palms is a gorgeous, historically significant property in a fantastic location that offered us a perfect fit with our larger mission at Palisades Hospitality Group – to expand our boutique hotel presence in leisure destinations with truly special, individual properties that fit the way people want to travel," explained Tim Harmon, Chief Executive Officer of Palisades Hospitality Group.

Originally built in 1936, the Colony Palms property was once owned by alleged mobster Al Westheimer and featured a casino, speakeasy and brothel that attracted such famous Hollywood guests as Clark Gable, Carole Lombard and Humphrey Bogart. Later in the 1940s, the hotel was purchased by the owners of famed racehorse, Sea Biscuit, Robert and Amanda Leeds-Howard, and was renamed the "Howard Manor." In the 1970s, the property changed hands again and was reinvented as a

popular health resort called “The Palms.” Most recently, in 2008, the hotel underwent a substantial \$17 million renovation at the hands of famed Architectural Digest top 100 interior designer Martyn Bullard-Lawrence, also known for his role on Bravo’s “Million Dollar Designers.”

CovoCapital is a boutique real estate investment company based in San Francisco that is currently focused on the acquisition of high quality branded and independent hotels in the United States. The company’s principals have more than 100-years of combined commercial real estate investment, management and finance experience and have managed \$20 billion of commercial real estate investments, including: hotels, for sale and for rent residential properties, industrial properties, office properties, and retail properties throughout the U.S. and Asia.

ABOUT PALISADES HOSPITALITY GROUP

Based in San Rafael, California, Palisades Hospitality Group was formed in 2012 by CEO Tim Harmon and is the umbrella company for many distinct hotels and restaurants in the U.S. and Mexico. The company specializes in management, development, finance and accounting, branding, marketing and sales, food and beverage, information technology and human resources. Operating more than 30 properties, Palisades includes Moana Restaurant Group and is steadfastly committed to delivering superior quality, service, and authentically distinctive settings that deliver on the way guests want to travel today. Within the collection are destination restaurants and hotels including nine Piatti locations, Molina in Mill Valley, The Farmers Union in San Jose, Corners Tavern in Walnut Creek, Redd Wood and North Block Hotel in Yountville and El Dorado Hotel & Kitchen in Sonoma, to name a few. Ever-growing, the company is looking to expand its empire of boutique hotels that embody a refreshing take on modern luxury and offer guests an unparalleled experience. For more information, visit www.palisadeshospitality.com.

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