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**ARDEN GROUP ACQUIRES THE HILTON SANTA CRUZ
SCOTTS VALLEY, CA**

\$7 Million Renovation Planned for the Hotel

PHILADELPHIA, PA – March 9, 2015 - [Arden Group](#), through their discretionary fund affiliate Arden Real Estate Partners II, LP, announced today that they acquired the Hilton Santa Cruz Scotts Valley, CA. The 174 room upscale hotel includes over 7,900 square feet of indoor outdoor function and meeting space. Hilton full service amenities feature an outdoor swimming pool and whirlpool, spacious courtyards, fitness center, three meal restaurant, lobby lounge and business center.

Arden will be investing an additional \$7 million in the hotel to renovate the guest rooms, public space and upgrades to the restaurant. The sale was facilitated by Jones Lange LaSalle.

The property is located in the city of Scotts Valley – just five miles north of Santa Cruz and 20 miles south of Silicon Valley. Minutes from the University of California, the hotel benefits from year-round demand from both corporate and leisure travelers. Santa Cruz has long been one of California’s most popular tourist destinations with its acclaimed boardwalk boasting three million visitors annually.

Commenting on the investment, Craig A. Spencer, CEO of Arden Group said, “We are pleased to have acquired this quality full-service hotel in this robust California coastal market. We are able to provide a solid financial platform for the property, as well as the necessary funding for renovations that will position the property with the premier hotels in Santa Cruz County. This acquisition is consistent with our strategy of investing in opportunities for value creation, making this our sixth hotel purchase in the past two years. The planned renovation and Arden’s strategic asset management oversight will allow us to achieve our operational goals as well as enhance appreciation of the asset over time.”

Arden Group closed on the 323 room Intercontinental Tampa hotel in Florida in January 2015.

Arden Group VP of Acquisitions, René Bardel, said, “This is a special acquisition for Arden Group being the only full-service branded hotel in this great coastal market. We have enjoyed learning about the dynamic boardwalk and its impact on the local hotel community, and look to

be good community partners in the continued marketing of the many great festivals and events surrounding the boardwalk.”

[HEI Hotels & Resorts](#) has been selected to manage the hotel along with Arden’s asset management team.

“HEI is excited to have the opportunity to work again with the Arden Group with this outstanding asset. Arden’s commitment to quality assets in top markets is consistent with the strategies and expertise of our organization,” stated Ted Darnall, HEI Principal and COO. “We could not be more pleased to be part of a great project in a very dynamic and high barriers to entry market.”

“Arden Group values our relationship with HEI, and awarded them management as they have achieved superior results for us in past investments,” Bardel.

About Arden Group:

[ARDEN | group](#), headquartered in Philadelphia through its discretionary real estate fund platform acquires value-add full-service hotels and class A office properties in major U.S. markets. Since its founding in 1989, Arden Group has purchased \$3 billion of real estate and its asset management division has managed more than \$5 billion of assets. www.ardengroup.com

About HEI Hotels & Resorts:

[HEI Hotels & Resorts](#), headquartered in Norwalk, Conn., is a leading hospitality investment firm and management company that acquires, develops, owns and operates premium select-service, full-service, upper upscale and luxury hotels and resorts throughout the United States under such well-known brand families as Starwood, Marriott, Hilton, Hyatt and IHG. 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. HEI prides itself on some of the highest employee satisfaction scores in the hospitality industry, fuels local economic prosperity by investing in communities and is committed to environmental stewardship and sustainability. To learn more about HEI, please visit: www.heihotels.com.

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