



For Immediate Release

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CANYON FUNDS \$22.8 MILLION SENIOR BRIDGE LOAN TO REVITALIZE HISTORIC HOTEL IN NEW ORLEANS' FRENCH QUARTER

NEW ORLEANS (October 3, 2011)—Canyon Capital Realty Advisors LLC (Canyon) has provided a \$22.8 million senior leasehold bridge loan to HRI Lodging (HRI) and Carey Watermark Investors (CWI) for the repositioning and reflagging of the historic Chateau Bourbon Hotel located in the heart of the New Orleans French Quarter to a new full-service Hyatt Hotel.

The iconic building, a 251-room hotel with a full-service restaurant, lobby bar, street-level retail space and outdoor courtyards that include a swimming pool and open air event space, is located at the intersection of the French Quarter and the New Orleans Central Business District – ideal for both leisure and business travelers. The property was originally built in 1849 as the D.H. Holmes department store and converted to a hotel in 1995.

HRI, an experienced full-service real estate development company based in New Orleans, is a national leader in the adaptive reuse of historic structures. The loan from Canyon will enable HRI and CWI to move forward with an extensive physical renovation and amenities upgrade, including a reflagging of the hotel under the Hyatt brand.

Upon completion of the renovations, the hotel's ground floor will include a new lobby featuring a grand hall with stone flooring, floating seating areas, custom art and high-tech registration "pods", as well as a new open lounge and a new "market" dining area. The hotel's guest rooms will be completely redesigned and renovated with elegant contemporary finishes and furnishings. The hotel will remain open throughout the conversion, with completion expected before the 2012 summer travel season.

"This transaction provides an opportunity for Canyon to step in and help maximize the potential of a historic property that will thrive in the vibrant French Quarter neighborhood," said Canyon Managing Director Richard Bosworth, who oversees the hospitality division. "I am confident that upon build out, The Hyatt French Quarter will be a premier hotel destination in the city."

The Hyatt French Quarter will benefit from several market factors, including its proximity to the Central Business District, the Convention Center and the Louisiana Superdome, and the area's relatively strong hospitality market that has rebounded quickly over the past two years. In 2010, an estimated 8.3 million people visited New Orleans and accounted for \$5.3 billion in spending. HVS, a national research consulting firm, projects New Orleans will be among the top ten markets for hotel value appreciation through 2012.

"This transaction exemplifies Canyon's ability to underwrite a complicated loan, made more complex due to the ground lease, conversion, and multiple interested parties," said Canyon Principal Jonathan Roth. "We have a lot of confidence in the HRI and CWI teams, and are pleased to be in the position to meet many of the sponsor's time sensitive requests so the upgrades will stay on schedule."

Canyon Financing in French Quarter / 2-2-2

“We appreciate the Canyon team’s tremendous ability to close a complex transaction quickly and to have a dedicated hospitality platform that was accretive throughout the entire underwriting process and which will be there every step of the way post-closing,” said Tom Leonhard, President of HRI. “With the financing now in place, we have certainty that we will complete the hotel renovation by summer of next year.”

The Hyatt French Quarter financing comes on the heels of an expansion of Canyon’s lending and acquisition activities across the country. The firm has made several recent investments in the hospitality space through equity infusions and debt financing with a focus on complex transactions that require the depth of expertise the Canyon team brings to bear as both a real estate owner and lender. Canyon has an extensive track record in the hospitality market, with a diverse portfolio that currently includes the Washington Hilton in Washington, D.C., Hotel 71 in Chicago, the W Austin Hotel and Residences, and the Hotel Icon in Houston.

About Canyon Capital Realty Advisors LLC

Canyon Capital Realty Advisors LLC and its affiliate Canyon Capital Advisors LLC are registered investment advisors and money management firms based in Los Angeles, California, with approximately \$20 billion of capital under management. Canyon’s real estate investment activities focus on providing debt and equity capital to real estate owners, operators, developers, corporations and entrepreneurs, enabling them to participate in transactions that would have traditionally eluded them due to capital constraints. Canyon’s investment platforms include: (a) the Canyon Value Mortgage Funds which originate and/or purchase senior and mezzanine mortgage debt, (b) the Canyon-Johnson Urban Funds, a series of closed-end real estate funds and joint venture with Earvin “Magic” Johnson focusing on inner-city and urban real estate development and (c) the Canyon-Agassi Charter School Facilities Fund, a joint venture with Andre Agassi focusing on the development of learning friendly, environmentally responsible charter school facilities for best in class charter school operators.

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