

Executive
Summary



La Torretta

MONTGOMERY, TEXAS



PRESENTED BY



THE PLASCENCIA GROUP

Passion. Access. Certainty.



THE PLASENCIA GROUP is pleased to present for your consideration a classic unencumbered value-add investment opportunity that offers numerous avenues for enhanced financial performance from both operations and development. The +/- 186-acre La Torretta Resort & Spa is located on the shores of Lake Conroe, a 22,000-acre lake situated less than 30 minutes from The Woodlands and less than one hour from the City of Houston and its estimated 2.2 million residents. In addition to the independent resort's 445 suites, lakeside villas and golf cottages, La Torretta's asset base includes the following components:

- +/- 9 acres of lake frontage for residential development
- +/- 4.5 acres for commercial development
- Waterpark with lazy river
- 18-hole Jeffery Blume-designed golf course
- 70,000 square foot IAAC approved conference center facility
- 17,000 square foot free-standing spa
- 10,000 square foot fitness center, completely remodeled in 2016
- 7 F&B outlets including a free-standing, high-end restaurant with a show-kitchen and private dining rooms
- Various other recreational resort amenities, such as tennis courts, game room, kids clubs, deep water lagoon

The next owner will have various branding and development opportunities to reposition the asset as an upscale destination resort just outside of Houston with residential and/or timeshare development.

Investment Highlights

LOCATION – SOUTHEAST / CENTRAL TEXAS

La Torretta's lakeside location in southeast/central Texas is one of its most compelling attributes. The resort is less than a 3½ hour drive from over 19 million potential clients, renters, purchasers, boaters, golfers, etc. The resort's location near one of the state's major transportation corridors, Interstate 45, makes it very accessible to Texas' major population centers. From a national perspective, the resort is only 40 miles from Bush Intercontinental Airport, a major national and international transportation hub.



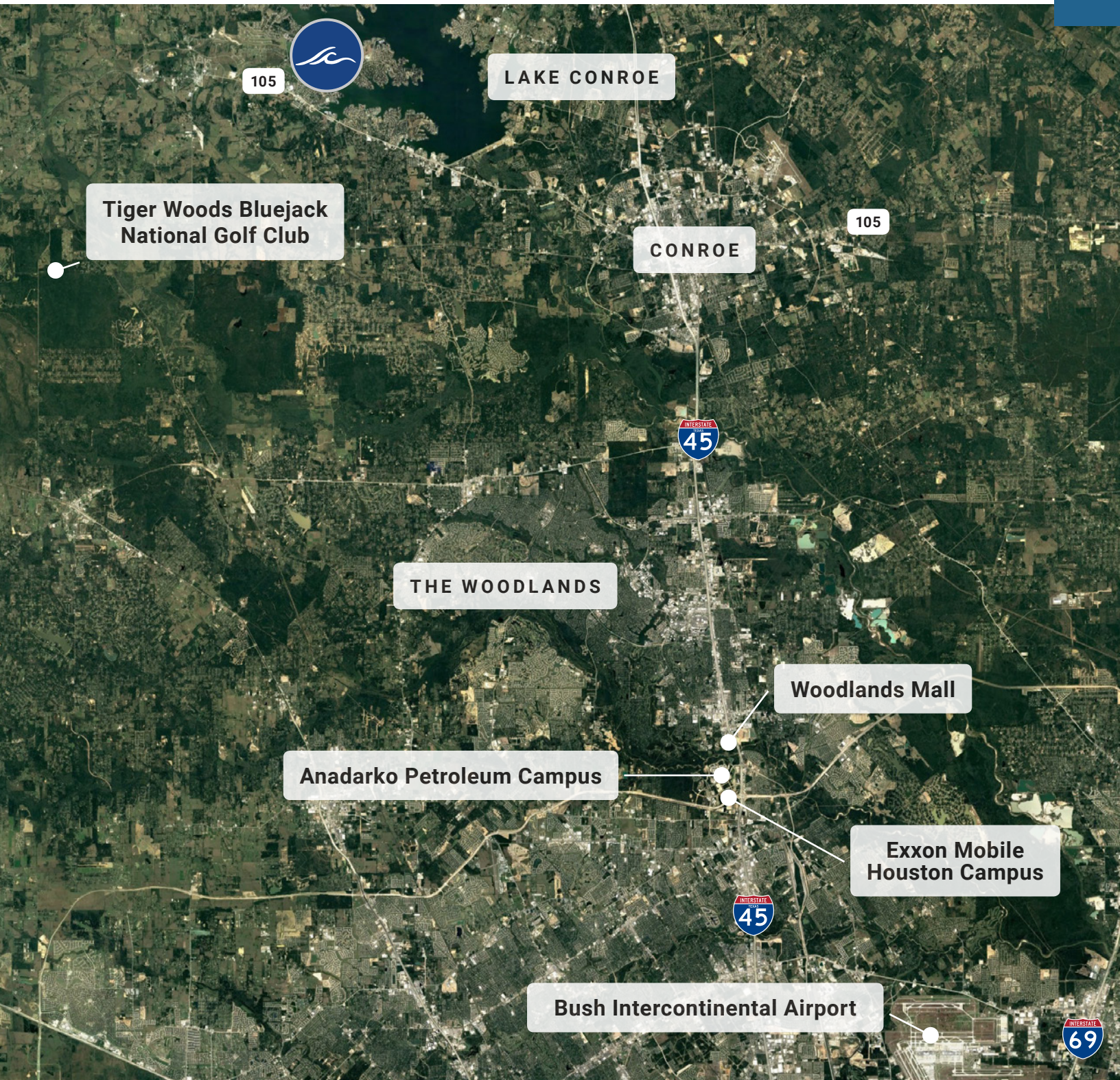
Location	Highlights	Population (most recent estimate)	Distance from La Torretta
The Woodlands	ExxonMobil World Operations Headquarters	110,000	27 Miles
Bush Intercontinental Airport	International and Domestic Transportation Hub	N/A	40 Miles
Houston Metropolitan Statistical Area (MSA)	Major Corporate and Population Center	6,500,000	55 Miles
College Station MSA	Home of Texas A&M	260,000	56 Miles
Hobby Airport	Major Southwest Airlines Hub Offering International Flights	N/A	65 Miles
Beaumont MSA	Major Petrochemical Economy	402,000	107 Miles
Waco MSA	Home of Baylor University	365,000	140 Miles
Austin MSA	State Government and University of Texas	2,000,000	145 Miles
Dallas MSA	Major Corporate and Population Center	7,100,000	210 Miles
San Antonio MSA	Major Military and Population Center	2,200,000	220 Miles
Total		18,937,000	



MONTGOMERY/CONROE COUNTY, TEXAS – THE WOODLANDS/LAKE CONROE/EXXONMOBIL

Montgomery County is one of Texas' fastest growing regions thanks to substantial economic activity taking place in the area. During May 2017 the Census Bureau released population data that indicated Conroe was the nation's fastest growing city for the year ended July 2016, surpassing Frisco, Texas. The Interstate 45 corridor between the intersection of I-45 and the Sam Houston Tollway up to Conroe is likely the most active in terms of economic development in the Houston MSA. The Texas Department of Transportation's recent extension of its I-45 High Occupancy Vehicle lanes to Conroe is just one indication of growth expectations in this area. Montgomery County's southern boundary borders Harris County's northern boundary.

The complete acquisition of The Woodlands Operating Company by Howard Hughes Real Estate in 2011, combined with ExxonMobil's development of its 385-acre world operations headquarter in Montgomery County, has accelerated residential and commercial real estate development throughout the region.





LA TORRETTA RESORT & SPA

The existing La Torretta Resort & Spa is a substantial collection of improved and unimproved real estate located on the shores of Lake Conroe. The following table provides a summary of the real estate that comprises the resort.

LA TORRETTA RESORT & SPA Investment Summary	
Amenity Type	Amenities
Recreation	Golf Course, Tennis Center, Aqua Park, Pools, Lagoon, Mini Golf, Water Sports
Health & Wellness	Spa, Fitness Center
Dining	Lakeside Restaurant & Bar, Restaurant 157, Yoi Sushi Bar, Sonata Bar, CoCo Cove Grill, Final Putt Lounge, Energie
Conference	70,000 Square Foot Conference & Events Center
Accommodations	307 Tower Rooms, 102 Golf Cottages, 36 Lakeside Villas
Development	+/- 9-Acre Vacant Tract, +/- 4.5-Acre Commercial Parcel

There are no ground leases or air-rights leases that encumber this asset. Additionally, no restaurant agreements or operating agreements encumber the spa, fitness center, conference center, tennis center or golf operation. The resort is being offered unencumbered by both brand and management.



POOL, LAZY RIVER AND LAKEFRONT WATER PLAY AREA



The Cottages

The Edge

Final Putt Grill

The Golf Club

Adventure Point

Tennis

Arcade

Fitness Center

The Spa

Mini Golf

Restaurant 157

Conference Center

The Lake Villas

Energie Nightclub

Tower Guest & Executive Suites

Yoi Sushi Bar

Sonata Piano Bar

Lakeside Restaurant

Mokka Cafe

Tower Point

Aqua Park

CoCo Cove Grill

Bora Bora Beach

La Torretta
RESORT MAP

**LA TORRETTA RESORT & SPA – A BRIEF HISTORY**

La Torretta’s initial opening in 1985 and “reopening” in 2008 were substantially impacted by events outside of the control of the respective owner at the time. La Torretta Resort & Spa opened in June 1985 as the Del Lago Golf Resort & Conference Center. Like many real estate projects that opened in Texas between 1982 and 1985, the basic premise of the project was that the high energy prices of the late 1970s and early 1980s would last indefinitely. However, in 1986, less than a year after the resort opened, the price of oil collapsed.

After 20 years of undercapitalized renovation plans, poor execution and marginal market conditions, Del Lago was acquired by an Atlanta-based development team in June 2007. The new owner implemented a massive renovation plan that included a new lobby building, the waterpark, the Lakeside Restaurant, the spa and other improvements. The total renovation expenditure was in excess of \$90 million. Based on the scope and quality of the renovation, the owner opted to retain the resort’s independent status. Unfortunately for ownership, the resort’s grand opening occurred in November 2008, just a few months after the near collapse of U.S. financial markets. The prolonged

recovery of the economy and hospitality industry clearly created operating challenges for the resort’s owners during this time. In 2012, ownership of the resort transferred to the current owning entity.

TEXAS’ REGIONAL RESORT ENVIRONMENT

Prior to the opening of the Hyatt Regency Hill Country Resort & Spa in 1993, many Texas resorts generally offered an inconsistent product and limited financial success. The demand profile currently associated with the Hyatt Hill Country, and other Texas resorts, includes substantial weekend leisure demand, very limited corporate transient and meaningful mid-week corporate, association, government and leisure group segments. Based on La Torretta’s location and potential product offering, this is the type of demand profile La Torretta should exhibit.

A detailed evaluation of resorts throughout Texas clearly indicates that La Torretta, given its central location, lakeside orientation and room product (suites), can compete at an upscale guest service level once renovated, branded and/or repositioned. The Plasencia Group identified the hotels and resorts in the following table as a likely competitive set for repositioned resort.

Repositioned / Renovated La Torretta Resort & Spa Upscale / Brand Competitive Set			
Hotel	Rooms	Location	Date Opened
JW Marriott Resort	1,002	San Antonio	January 2010
Hyatt Regency Hill Country	500	San Antonio	February 1993
Hyatt Regency Lost Pines	491	Lost Pines	June 2006
La Cantera Resort	462	San Antonio	May 1999
Omni Barton Creek Resort & Spa	309	Austin	August 1988
San Luis Resort	242	Galveston	June 1985
Total	3,006		

This potential competitive set offers a cross-section of branded (4) and independent (2) resorts. Between 2014 and 2016, this upscale competitive set recorded an average annual RevPAR of approximately \$150 and an average annual occupancy of approximately 69%.

LA TORRETTA REPOSITION/RENOVATION/BRANDING OPPORTUNITY

The following table highlights La Torretta's competitive position when compared to an upscale resort set and, hence, the substantial upside opportunity that exists for the next owner. With a renovation and the potential introduction of a brand, La Torretta could meaningfully penetrate this higher end resort set.

La Torretta Competitive Position Relative to Upscale/Brand Competitive Set									
Year	OCCUPANCY			AVERAGE DAILY RATE			RevPAR		
	La Torretta	Upscale Set	Index	La Torretta	Upscale Set	Index	La Torretta	Upscale Set	Index
2012	29.3%	66.8%	43.9%	\$146.34	\$206.98	70.7%	\$42.87	\$138.19	31.0%
2013	38.2%	68.5%	55.8%	\$137.88	\$209.26	65.8%	\$52.69	\$143.26	36.8%
2014	47.5%	70.6%	67.3%	\$139.54	\$209.77	66.5%	\$66.28	\$148.01	44.8%
2015	42.0%	66.9%	62.8%	\$146.52	\$221.32	66.2%	\$61.61	\$148.01	41.6%
2016	37.3%	68.3%	54.6%	\$141.39	\$220.19	64.2%	\$52.72	\$150.48	35.0%
Mar '17 T-12	37.9%	68.4%	55.4%	\$140.43	\$222.32	63.2%	\$53.32	\$152.08	35.0%

Source: Smith Travel Research

The Plasencia Group believes the resort should be renovated, branded, repositioned and simplified via asset sales and/or repurposing of certain current utilizations. Aligning the resort with a Hilton, InterContinental or Marriott brand should substantially increase the resort's occupancy. Any of these brand distribution systems combined with a new master plan for the +/- 186-acre facility, which should include a substantial residential component, offers value-add investors a compelling investment opportunity.

SALE TERMS

La Torretta Resort & Spa is being offered to the investment community free and clear of its existing management agreement, although the current operator, Interstate Hotels & Resorts, would be interested in retaining management.



KING GUESTROOM



CONFERENCE CENTER FOYER



ENERGIE NIGHTCLUB



GOLF



CAPRI BOARDROOM



MOKKA CAFE

CONTACT INFORMATION

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