



For Immediate Release

Contact:

Cyndi Norwood

Davidson Hotels & Resorts

(901) 821-4155

cnorwood@davidsonhotels.com

Jerry Daly, Chris Daly (media)

Daly Gray Public Relations

(703) 435-6293

jerry@dalygray.com /

chris@dalygray.com

Davidson Hotel Company Unveils New Name, Logo

Reflects Company's 37 Year Evolution from Roadside Limited Service to Full Service Luxury

MEMPHIS, Tenn., June 16, 2011—Davidson Hotel Company, one of the nation's largest independent hotel management companies, today unveiled its new name—Davidson Hotels & Resorts—and new logo that better reflect the company's current portfolio of primarily upscale, full-service and luxury properties. The company also said it expects to reach the 50-hotel milestone by summer's end, which should equate to over 14,000 rooms.

“Our company traces its roots back to 1974, and we've grown under various entity names,” said John Belden, president and CEO of Davidson. “We last changed our name from Flautt Properties to Davidson Hotel Company in 1991 to reflect our expanded strategy to move into full-service, upscale hotels. At that time, we had a large percentage of midscale full-service and select-service, primarily roadside hotels, with Holiday Inn being our only full-service brand.

“Under the Davidson Hotel Company banner, our growth strategy for the past 20 years has focused on building and maintaining a ‘pure’ upscale/luxury segment portfolio and adding new management contracts at a very deliberate pace, only where we can add value. We have grown from \$50 million in revenues in 1991 to \$650 million in 2011 and are on target to achieve

\$1 billion in revenues within the next few years.”

Belden noted that the company’s strong growth comes despite having turned down numerous opportunities to add hotels to its managed portfolio. “We are not interested in growth for growth’s sake,” he pointed out. “There are hotels that simply don’t fit the quality of our portfolio, nor possess the specific attributes around which we’re growing. Adding such properties would be a disservice to our current property owners and associates, because the distraction would be detrimental to our existing portfolio. The litmus test for us is that we need to bring value to the asset and the asset needs to bring value to our portfolio.

“While we work hard to achieve economies of scale, our infrastructure is dramatically different from most other operators,” he said. “We typically have regional teams oversee 7 to 10 properties, compared to the industry which can range from 15 to 30 hotels per region. Through those teams, we provide intensive operations, sales and revenue management support, while also providing extensive F&B, human resource, legal, IT, project management and accounting services through the corporate support team. These teams also enable us to have more frequent communications with our owners, creating a greater sync in attaining our collective goals.”

The company’s approach is reflected in how it operated through the downturn. “Most companies downsized dramatically at the corporate level,” Belden said. “We added about 10 percent to our corporate team, including one totally new region.

“Growth is not a race, but rather a puzzle that is meticulously built piece by piece,” he added. “At the management company level, growth is simply a benchmark of our success at the property level. If we perform well for our property owners, growth will come to us. We don’t constantly talk about the size of our company, but we are consumed with the quality of our portfolio and its performance.”

“Davidson has arguably the purest upper-upscale, full-service portfolio of any third party operator in the industry, a niche around which we have built our entire management system. We do operate several select-service hotels, but they are high density assets in very unique locations. The term select-service on those properties is really a misnomer. At some 200 rooms or larger, they are very sophisticated assets in complex urban or resort locations.”

This “tortoise versus hare” approach has served Davidson well and is reflected in its results. The company’s F&B profit margins have historically averaged approximately 37 percent, compared to an industry average of 26 to 28 percent. During the downturn, the company’s F&B margins remained 40 percent higher than the prevailing industry average.

In addition to expertise in F&B, Davidson also has built in-depth skill sets in a number of niche markets. Resorts now comprise approximately 15 percent of the portfolio, and hotels in university markets exceed 20 percent.

Davidson’s focus on a “pure portfolio” also impacts turnover, increases morale and reduces cost. “Because we have such a strong focus on a specific niche, we are able to better qualify the team members we hire. The average turnover rate in the industry is about 62 percent,” he said. “Ours is about half that. The cost to replace and train a new associate is typically \$7,000 to \$12,000. The quality of our team members, combined with our strong culture have allowed us to attain some of the highest team member satisfaction rates in the industry, thus driving low turnover and saving our property owners millions of dollars annually.”

About Davidson Hotels & Resorts

Headquartered in Memphis, Tenn., Davidson Hotels & Resorts is an award-winning, full-service hotel management company that provides management, development/renovation, acquisition, consulting and accounting expertise for the hospitality industry. The company’s

portfolio encompasses 47 upscale, full-service independent and branded hotels with more than 13,300 rooms across the United States, including such affiliations as Hyatt, Westin, Sheraton, Marriott, Renaissance, Hilton, Embassy Suites, Doubletree, Radisson, Crowne Plaza, Hilton Garden Inn and Courtyard. Additional information on Davidson may be found at www.davidsonhotels.com.



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