

# The Outrigger Story



**OUTRIGGER**<sup>®</sup>

HOTELS · RESORTS

*Celebrating 65 Years of Hospitality*





*I discovered an island<sup>™</sup>. I discovered Outrigger.*

A people steeped in tradition. Nurtured by the land. With gentle respect for the beauty that frames every day. I wasn't the first to step onto its soil. But I feel I've found this island.

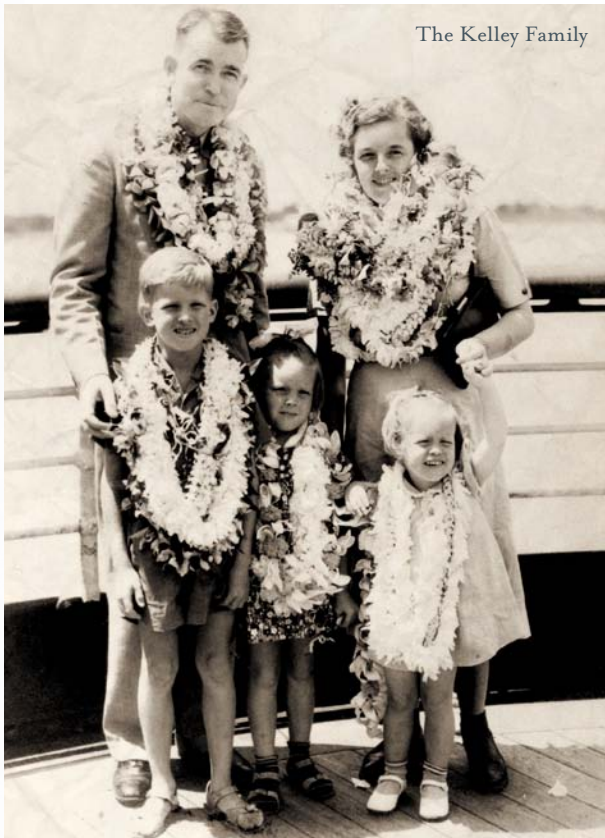
At the heart of Outrigger Hotels & Resorts lies the spirit of discovery. For more than 60 years, we have shared a warm island welcome with our guests: today we strive to also bring them meaningful experiences; ones that will touch their hearts and create lifetime memories.

Welcome to Outrigger.



# The Outrigger Story

*In 2012, Outrigger Enterprises Group celebrates 65 years of hospitality. What is today a top multi-branded, multi-faceted hotel management company in the Asia-Pacific region began as the dream of Roy C. Kelley, who pioneered the concept of family-style hotel rooms in Waikiki. Together with his wife, Estelle, he helped bring the dream of a vacation in paradise within the reach of the everyday traveler. In so doing, he forever changed the face of Hawaii's visitor industry.*



The Kelley Family

## The Story Begins

Roy Kelley was born in Redlands, California, in 1905, the son of a small independent mason and cement worker. Working nights at the Los Angeles bus depot to pay his way through the University of Southern California's School of Architecture, Mr. Kelley eventually graduated at the top of his class and went to work for the Doheny family of Los Angeles, designing tract houses in San Juan Capistrano, just south of Los Angeles.

Roy and Estelle Kelley married in 1929, a time when jobs were difficult to find. When the job in San Juan Capistrano ended suddenly, they set out overseas in search of opportunity. Their ship landed in the Territory of Hawaii and Roy immediately accepted a position with Honolulu architect C.W. Dickey. For the next ten years, Roy designed some of Honolulu's landmark buildings, including the Immigration Building on Ala Moana

Boulevard, Montegue Hall at Punahou School, the old Halekulani Hotel, and the former Waikiki Theater.

Entrepreneurs at heart, in 1932 the Kelleys went into part-time business for themselves by constructing a six-room apartment building in Waikiki. Other apartment buildings soon followed. During this time, however, the only hotels available to visitors in Waikiki were the Royal Hawaiian, the Halekulani and the Moana – all catering to the wealthy and well to do. So, in 1947, Roy Kelley built his first hotel – the 50-room Islander Hotel on Seaside Avenue. This five-story walkup was the first new hotel to be built in Waikiki in over 20 years and the first to focus on the middle-income family traveler. Also in the late '40s, the Kelleys built the Ala Wai Terrace Hotel-Apartments, featuring six garden-units on the banks of the Ala Wai and purchased the Edgewater Beach Apartments.

Bringing novelty and luxury to Waikiki, the ocean wing of the Edgewater Hotel was erected in 1950. At six stories, it was considered a "high-rise" and included an automatic elevator and a swimming pool – both regarded as luxuries at the time. The second tower of the Edgewater was built two years later.

With the completion of the beachfront Reef Hotel in 1955 and the Reef Towers Hotel in 1959, the shape of Hawaii's visitor industry was completely changed. Suddenly Hawaii was affordable. Thanks to Mr. Kelley's pioneering efforts, a vacation in paradise was now within the reach of the average traveler.



The Islander, built 1947



The Edgewater, built 1950



## The 1960s – The Outrigger Name is Born

The greatest chapter of this story, however, was yet to be written. In late 1963, the lease on the oceanfront land occupied by the Outrigger Canoe Club was due to expire and the Queen Emma Estate, which owned the beachfront property, was negotiating with Sheraton hotels for a long-term lease. When negotiations unraveled over a price dispute, the Queen Emma representative walked out of the room, called Roy Kelley, and asked him if he was interested in leasing the site. Without a moment's hesitation, he said "yes." The Outrigger Waikiki was built in 1967, becoming the first hotel to bear the Outrigger name.



OHANA Waikiki West formerly Outrigger West

## The 1970s – The Pace of Construction Increases

The 1970s saw a great expansion of the Kelley hotel chain with five hotels completed in quick succession: the Outrigger Waikiki Surf in 1970; the Outrigger East in 1972; and the Outrigger West, Outrigger Surf and Outrigger Village hotels in 1973. To finance these projects, three hotels – the Reef, Reef Towers and Edgewater hotels – were sold to the Cinerama movie company in 1969. However, during the recession of the 1970s the hotel industry suffered; the financial ailments for Cinerama's hotel operations compounded and allowed Roy Kelley to re-purchase the hotels from Cinerama in 1982 and re-integrate them back into the Outrigger chain.

Roy and Estelle's eldest child, Richard, pursued other impressive goals before deciding that the family hotel business was his true calling. Graduating from Stanford with straight A's, Richard Kelley received a medical degree from Harvard Medical School in 1962 and completed his training at Honolulu's Queens Medical Center. A successful practicing physician, he switched gears and opted to join his parents in running the family business and became the company's president and CEO in 1971.

## The 1980s - The Outrigger Chain Unites

Prior to 1984, the company was composed of three separate chains: the Outrigger Hotels, the Reef Hotels and the Waikiki Hotels. Consolidating in the '80s, the company became Outrigger Hotels Hawaii and most of the properties took on the Outrigger name.

A number of major hotel purchases also were made in the '80s, and by 1986, the acquisition of two more properties pushed the chain's room-count over the 7,000 mark, making Outrigger Hotels Hawaii at the time the largest chain in the State of Hawaii.

1989 marked a year of transformation for the company. Outrigger sold six of its Waikiki hotels to outside investors but maintained long-term management contracts in each case. The capital raised from these sales was employed to fund renovation projects and expansion efforts beyond Waikiki.

Also in 1989, the baton of day-to-day operations was passed from the second generation of Kelley family members to the third, when Richard Kelley's son-in-law, David Carey, assumed responsibilities as president and COO of Outrigger Hotels Hawaii. Dr. Richard Kelley's role then shifted to CEO and Chairman of the Board.

Outrigger also took on its first venture outside of Waikiki in 1989 when it added The Royal Waikoloan Hotel, located on Hawaii, the Big Island, to its inventory.

The '80s closed on another high note for the company when Roy and Estelle Kelley were inducted into the American Society of Travel Agents' Hall of Fame. One of the highest honors in the travel industry, the induction recognized their central and significant role in the development of tourism in Hawaii.



Outrigger at Lae nani



Roy and Estelle Kelley

## The 1990s - A Decade of Change

Outrigger's dreams of expansion to Hawaii's neighbor islands became a reality in the '90s, when growth burgeoned in several ways. First, the company assumed management of the former Hilton Kauai Resort and aptly renamed it the Outrigger Kauai Beach Resort. Then, Outrigger purchased The Royal Waikoloan on Hawaii Island, which it had been managing for several years, renaming it the Outrigger Waikoloa Resort and investing heavily in renovating the hotel. Additionally, the company acquired the Aston Wailea Resort on Maui, renaming it the Outrigger Wailea Resort and undertaking significant renovations to the property.

Continuing its journey to Hawaii's neighbor islands, Outrigger formed a condominium management team in 1994 and assumed management of properties on Kauai and Maui. Over the years, the condominium inventory has changed with many of the earliest and less desirable properties no longer a part of the Outrigger portfolio. Today, Outrigger's Condominium Collection is a unique and celebrated product line within the Outrigger Hotels & Resorts brand.



Positioned in some of the most desirable locations in Hawaii, Outrigger's Condominium Collection is comprised of 14 deluxe resort condominium properties in both well-known resort destinations, as well as at some truly unique and "hidden gem" locations throughout Kauai, Maui, Hawaii Island and Oahu. It was also during the '90s that Outrigger made its first foray outside of the United States with the opening of the Outrigger Marshall Islands Resort in 1996. This marked the beginning of an impressive expansion program to take the Outrigger brand throughout the Pacific area. Since that first step, the company has operated properties in Australia, New Zealand, Palau, Fiji, Tahiti and Guam.

In 1998, Outrigger formed a joint venture with a resort group in Queensland, Australia, to market and provide worldwide sales and reservations services for properties in Australia. Two years later, Outrigger dissolved this initial partnership and established its own offices in Australia. Over the next decade, Outrigger grew its portfolio in Australia to include over a dozen resorts in Australia and three in New Zealand. In 2007, however, Outrigger sold its Australia and New Zealand assets to a publicly-held Australian investment firm, with plans to reinvest the funds generated from the sale on further development in both Australia and New Zealand, as well as other

markets throughout the Asia-Pacific region, a goal it has successfully attained and continues to pursue.

Outrigger's plans to grow geographically, as well as the company's entry into the resort condominium market, prompted the company to change its operating name in 1995 from Outrigger Hotels Hawaii to Outrigger Hotels & Resorts. And in 1999, the company spun off 15 of its moderate priced hotels in Waikiki to launch a new hotel brand called OHANA Hotels & Resorts to provide enhanced clarity between its selection of deluxe, full-service beachfront resorts in Hawaii and the Pacific and its moderate-priced off-beach properties on Oahu. Today, four Outrigger hotels carry the OHANA brand name, three in Waikiki and one near the Honolulu International Airport, all conveniently located near popular visitor attractions and offering quality accommodations at mid-range pricing.

Sadly, the decade closed on a somber note for the family-owned company as Outrigger saw the passing of founders Roy and Estelle Kelley in close succession of each other. Roy Kelley passed away on March 6, 1997, at the age of 91, and Estelle followed a year later on March 10, 1998, also at the age of 91.

## 2000 and Beyond

*The new millennium has brought further growth for Outrigger, both in Hawaii and into the expanded Asia-Pacific region. In its continuing efforts to grow and diversify the company, in 2002, Outrigger entered the rapidly expanding timeshare industry by signing a strategic marketing and development alliance with Wyndham Vacation Ownership, the world's largest vacation ownership company and today provides on-site management services at five Wyndham Vacation Ownership properties in Hawaii.*

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Waikiki Beach Walk®

Also in 2002, the Honolulu City Council approved Outrigger's plans to proceed with the Waikiki Beach Walk project, a 7.9-acre redevelopment of the area bordered by Kalakaua Avenue, Lewers Street, Kalia Road, Beachwalk and Saratoga Road.

The official groundbreaking for Waikiki Beach Walk took place on April 1, 2005. This included the demolition of several legacy properties – the OHANA Edgewater, OHANA Coral Seas, OHANA Royal Islander and OHANA Reef Lanais hotels, as well as the complete overhaul and repositioning of several other hotels. Just 18 months later, on December 18, 2006, the brand new Embassy Suites-Waikiki Beach Walk (formerly the OHANA Waikiki Tower and OHANA Waikiki Village hotels) opened its doors. The new Wyndham Vacation Ownership (formerly the OHANA Reef Towers) had opened one month earlier. In quick succession over the next few months, six restaurants and over 40 new shops and boutiques opened, bringing a rejuvenated sense of excitement and renewed life into the area.

Outrigger's Waikiki Beach Walk, to date the largest redevelopment in the history of Waikiki, has been an unmitigated success and catalyst for further improvements in the area. The \$535 million, 1.5 million square foot retail, dining, entertainment, and hotel development has transformed nearly 8 acres within Waikiki into a vibrant pedestrian-friendly gathering place that attracts both visitors and locals alike.

In January 2009, Outrigger Reef on the Beach finished a \$110 million transformation that is now the landmark anchor to Waikiki Beach Walk. The new Outrigger Reef is a stunning new oceanfront haven of elegance, comfort, gracious hospitality, and unparalleled commitment to Hawaiian culture. As one of the state's foremost supporters of Hawaiian culture, Outrigger Reef on the Beach highlights the remarkable achievements of Hawaii's courageous ocean voyagers and honors the deep relationship between Hawaii's people and the sea. The hotel's stunning cultural assets were honored by the Hawaii Tourism Authority's prestigious Keep It Hawaii Award.



Outrigger Reef on the Beach





Embassy Suites – Waikiki Beach Walk

## Many Brands, One ‘Ohana

In January 2003, before the construction of Waikiki Beach Walk began, Outrigger affiliated two of its neighbor island properties with global giant, Marriott International, to take advantage of its worldwide sales organization and 17 million members of the Marriott Rewards® program. The properties, formerly known as the Outrigger Waikoloa Beach and the Outrigger Wailea Resort, were renamed the Waikoloa Beach Marriott and Wailea Marriott hotels. Several years later, taking advantage of an opportunistic hotel investment market, both properties were sold with proceeds going towards Outrigger’s multi-million dollar Waikiki Beach Walk redevelopment.



Outrigger on the Lagoon Fiji

Outrigger’s success in managing the two Marriott properties, however, opened up a new chapter in hotel operations for the company – managing hotels under independent brands. Outrigger today is no longer just a single-brand hospitality company. Rather, it currently offers and operates a wide array of accommodation choices in Hawaii and the Asia-Pacific area, meeting the needs and desires of all vacationers. The nationally branded and independent hotels currently operated by Outrigger include Embassy Suites-Waikiki Beach Walk; Courtyard by Marriott-Waikiki Beach; Holiday Inn Waikiki Beachcomber Resort; Best Western The Plaza Hotel, and The Kapalua Villas in the exclusive Kapalua Resort on Maui. An affiliate company called Ala Moana Management Services (ALMMS) began operating the venerable Ala Moana Hotel in 2007.

*‘Ohana in Hawaiian means family”*



Boathouse Apartments by Outrigger, Airlie Beach



Outrigger Little Hastings Street Resort & Spa, Noosa

## Asia-Pacific - The Future For Outrigger

With the early success of Outrigger's strategic expansion plans to other Pacific destinations, the new decade saw the company embark on an aggressive and expanded development plan to take the company throughout Asia in the new millennium. In 2006, the company's Asia strategic plan was put into play, the result being six management contracts signed for projects now open or currently under development, including Outrigger Clearwater Bay Resort, Sanya on Hainan Island, China; Outrigger Koh Samui Resort & Spa, Thailand; Phi Phi Island Village Beach Resort & Spa, Thailand; O-CE-N Bali by Outrigger and Outrigger Panorama Resort & Spa Bali, Indonesia; Outrigger Laguna Phuket Resort & Villas, Thailand and Outrigger Vinh Hoi Resort & Spa, Vietnam.

With Outrigger quickly building a presence in Asia, the company established an Asia-Pacific regional office in Phuket, Thailand in 2008 with oversight of all Outrigger properties in Asia, Fiji, and Australia. Continued expansion within the area includes exploring locales such as Pattaya, Krabi, and Hua Hin in Thailand, China, Malaysia, South Korea and Okinawa, Japan, with a number of other destinations targeted for future consideration.

In December 2007, Outrigger re-entered the Australian market by acquiring the management rights for the well known Twin Towns Resort on the border of New South Wales and Queensland. Within a few years, Outrigger's Australia portfolio has grown to four, with the addition of the Boathouse Apartments by Outrigger in Airlie Beach, Outrigger Little Hastings Street Resort & Spa, Noosa, and Outrigger Surfers Paradise in January 2012. The Outrigger brand fits very well with the Australian lifestyle and further expansion is anticipated within Australia and New Zealand.

In 2011, continuing the evolution of the company's leadership, Dr. Richard Kelley stepped aside as Chairman in favor of his son, Charles Roy "Chuck" Kelley, M.D., with Dr. Richard Kelley assuming the role of Chairman Emeritus.



Phi Phi Island Village Beach Resort & Spa



Outrigger Surfers Paradise



Outrigger Twin Towns Resort, Coolangatta

## Outrigger Today

With 2012 marking 65 years of hospitality experience for the company, Outrigger Enterprises Group today is one of the largest and fastest growing privately-held leisure lodging and hospitality companies in the Asia-Pacific and Oceania regions and continues to expand its presence throughout the area. Still a family-owned company, Outrigger runs a highly-successful, multi-branded line of hotels, condominiums and vacation resort properties, including Outrigger® Hotels & Resorts, OHANA® Hotels & Resorts, Outrigger Condominium Collection®, Embassy Suites®, Best Western®, Courtyard® by Marriott, and Wyndham Vacation Ownership®. Currently, Outrigger operates and/or has under development 46 properties with more than 11,200 rooms located in Hawaii, Australia, Guam, Fiji, Bali, Thailand, Vietnam and China. Outrigger Enterprises Group also operates and develops hotel properties and hospitality-related retail and real estate opportunities for partners in Hawaii, Asia, the Pacific and the mainland USA.

According to David Carey, Outrigger’s president and CEO, “Our company’s founders, Roy and Estelle Kelley, helped the world see what a beautiful and romantic destination Waikiki was, and visitors from around the world today still come to Hawaii to experience that. It is with great pride, however, that we have expanded our breadth of properties to include other incredible locations for travelers to enjoy.

“As a family-owned company with more than six decades of hospitality experience, we have solid roots that keep us grounded as we continue to grow. We look forward to many more years of success and sharing our hospitality with guests around the globe,” Carey said.

For on-line information, log on at

[www.outrigger.com](http://www.outrigger.com)

[www.outrigger.com.au](http://www.outrigger.com.au)



Outrigger Laguna Phuket Resort & Villas



O-CE-N Bali by Outrigger



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