



*Lobby of Gencom's 211-room Bourbon Orleans, in the historic French Quarter, New Orleans.*

## Gencom American Typifies Industry's Drive For Equity Deals

BY TONY DELA CRUZ

HOUSTON— If you had to choose a single entity to represent the dominant trends in the management company business this year, you'd be hard-pressed to find a better example than Gencom American Hospitality.

Led by President/CEO Karim Alibhai, Gencom, like so many other companies, has gotten out of the third-party contract business in favor of equity-driven acquisitions that can deliver higher returns.

"We have resisted any third-party management contracts," Alibhai said. "The market is going back to management companies with equity; third party deals are shrinking dramatically."

And in a year when real estate investment trusts (REITs) have emerged as a primary force in financing and purchasing hotels, Gencom is the co-sponsor of the largest hotel REIT initial public offering in U.S. history, Patriot American.

Alibhai is the largest principal shareholder in the Patriot American REIT and is also owner/president of the lessee

of the REIT's hotel portfolio.

The relationship between the two entities dates back to 1991, when Gencom, an existing management company, joined forces with Patriot American, a Dallas-based real estate investment firm, for the purpose of acquiring hotels. From this union was formed Gencom American Hospitality, a management arm to serve both companies.

Today, Gencom's 47-hotel portfolio includes 23 properties owned through Patriot American and leased back to Gencom.

Alibhai says his firm's forte is its willingness and ability to take part in long-term turnaround projects, buying hotels at reasonable prices and then investing in their restoration.

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Hospitality

A prime example is the Bourbon Orleans in New Orleans, a 211-room hotel in the historic French Quarter. Gencom also owns the Aristocrat Hotel in Dallas, the first hotel built by Conrad Hilton, back in 1925. "There's a lot of good stuff out there," he said.

In addition to the independent boutique properties, Gencom also owns and manages most of the best-respected franchise brands today, including Sheraton, Marriott, Radisson, Crowne Plaza, Holiday Inn, Hampton Inn and Ramada. In addition, Gencom deals limited-service franchises such as EconoLodge, Days Inn, Comfort Inn and Best Western.

Alibhai said he focuses on generating RevPAR growth for each property. His management skill has garnered him numerous industry awards, including Holiday Inn Worldwide's "1993 Outstanding Franchisee of the Year" and the Asian-American Hotelier of the Year award, also in 1993.

He stresses that the days of collecting top-line revenue-based incentive fees are long gone.

"You never do the business justice by just working for the fee," he said. "The place to make your money is through the equity ownership in the asset."