

MeriStar Hospitality Completes Sale of 10 Florida Assets

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Company Calls Remaining \$106 Million of 10.5% Senior Notes

MeriStar Hospitality Corporation (NYSE: MHX), one of the nation's largest hotel real estate investment trusts (REIT), today announced that it has completed the previously announced sale of a portfolio of nine hotels (1,948 rooms) and a golf and tennis club, all located in Florida, to an affiliate of The Blackstone Group for approximately \$367 million, subject to adjustments made at closing. The properties in the portfolio include:

œ Best Western Sanibel Island Beach Resort (46 rooms)

œ The Dunes Golf & Tennis Club

œ Hilton Cocoa Beach Oceanfront (296 rooms)

œ Hilton Clearwater Beach Resort (426 rooms)

œ Sanibel Inn (96 rooms)

œ Seaside Inn (32 rooms)

œ Sheraton Beach Resort Key Largo (200 rooms)

œ Song of the Sea (30 rooms)

œ South Seas Island Resort (579 rooms)

œ Sundial Beach Resort (243 rooms)

The company also announced that it submitted an irrevocable notice to redeem the remaining \$106 million of its 10.5 percent senior unsecured notes due 2011, with a redemption date of March 27, 2006. Additionally, the company repaid \$75 million of term loan debt under its secured credit facility and retired the \$44 million mortgage on the Hilton Clearwater Beach Resort.

Bethesda, Md.-based MeriStar Hospitality Corporation owns 48 principally upper-upscale, full service hotels in major markets and resort locations with 14,559 rooms in 19 states and the District of Columbia. The company owns hotels under such internationally known brands as Hilton, Sheraton, Marriott, Ritz-Carlton, Westin, Doubletree and Radisson.

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