

The Carlyle Group/Davidson Hotel Company Joint Venture Acquires Houston Sofitel Hotel

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Property To Be Immediately Converted to Crowne Plaza and Undergo \$12 Million Renovation

Global private equity firm The Carlyle Group and Davidson Hotel Company, one of the nation's largest hotel management companies, today announced that the two companies have formed a joint venture and acquired the Houston Sofitel Hotel from Accor Worldwide, out of Paris, France, for an undisclosed amount. Davidson holds a minority interest in the partnership and will manage the property. Effective with the management change on January 30, 2007, the 334-room, upscale hotel will be converted to the Crowne Plaza flag, an InterContinental Hotels brand, and renamed the Crowne Plaza Houston North Greenspoint. Carlyle and Davidson will execute a \$12.0 million comprehensive renovation of the property in late 2007.

"Renovations will include a complete enhancement of the exterior and refurbishment of every guest room with hard and soft goods, as well as all public areas, including the corridors and lobby," said John Belden, Davidson's president and chief executive officer. "We believe the capital upgrades and new management focus are well suited for this market and will enable the property to reach its full competitive potential."

"This is our sixth investment made in conjunction with Davidson, which attests to our confidence in their results-oriented management, based on the excellent results they have achieved for us," said Robert Stuckey, managing director of The Carlyle Group. "Carlyle and Davidson recently completed a similar renovation and repositioning at the newly converted Hilton Garden Inn Austin Downtown and the market has responded very well to it."

"In addition to this being our third property in Texas, our team has a long history with the Greenspoint area," Belden added. "Pat Lupsha, our chief operating officer, managed the Wyndham Hotel in Greenspoint from 1987 to 1993. Our new general manager for the reflagged Crowne Plaza, Tom Chigoy, served with Pat as the Wyndham Greenspoint's hotel manager. Greenspoint is one of the fastest growing business sectors in Houston, led by a multi-year expansion of Bush International Airport, which will add significant international capacity."

Belden noted that the company's decision to purchase a minority equity interest in the property is consistent with Davidson's multi-pronged growth strategy that includes third-party management contracts, development and joint-venture or sliver acquisitions. "This is an asset with significant upside potential that we believe will quickly assume a leadership position in the thriving North Houston business corridor, especially as we implement our proprietary operating systems and opportunistic management style."

"We remain focused on acquiring value-add investments in the hotel, office, residential, senior housing, industrial, and retail sectors," Stuckey said.

Located at 425 N. Houston Parkway East, the hotel is off the Sam Houston Parkway Belt 8, within five miles of Bush International Airport, in the heart of the Greenspoint business district, surrounded by numerous corporate headquarters and business offices, including ExxonMobil. It is also within a short drive of downtown Houston and the city's famed medical complex.

Hotel amenities include a full-service restaurant, lounge, swimming pool, fitness center and 15,000 square feet of flexible meeting space that can accommodate groups of up to 1,000 people.

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