

Interstate Hotels & Resorts Completes Acquisition of Sheraton Columbia, Maryland
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Acquires Two Additional Hotels in a Joint Venture with Investcorp Real Estate Group

Interstate Hotels & Resorts (NYSE:IHR) , a leading hotel real estate investor and one of the nation's largest independent operators of full and select-service hotels, today announced the completion of the previously announced transaction to acquire three hotels from affiliates of The Blackstone Group L.P. for an aggregate price of \$118 million.

Two of the hotels, the 321-room Hilton Seelbach Louisville in Kentucky and the 226-room Crowne Plaza Madison in Wisconsin, were acquired through a joint venture partnership with Investcorp International's U.S.-based Real Estate Group. Interstate invested approximately \$4.7 million for a 15 percent equity interest in these properties, which will continue to be operated by Interstate under new management agreements.

As part of the overall transaction, Interstate closed on the acquisition of a 100 percent interest in the third hotel, the Sheraton Columbia, for \$46.5 million. The company will immediately begin a \$12 million comprehensive renovation of the property, including upgrades to all guest rooms and public spaces. The renovation is expected to be completed by the end of 2008.

Interstate funded the acquisitions with available cash and capacity under its senior revolving credit facility.

"This transaction, which includes our seventh wholly owned property and two additional joint venture properties, illustrates our continued ability to execute on our growth strategy," said Thomas F. Hewitt, Interstate's chief executive officer. "We know these properties well and are confident that we can create substantial value for our partners and our shareholders."

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