

## Interstate Hotels & Resorts Forms Joint Venture with Harte Holdings of Ireland, Signs Agreement to Acquire Four-hotel Portfolio from Blackstone for \$208 Million

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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 that it had formed a joint venture with Harte Holdings of Cork, Ireland.

The joint venture signed a definitive agreement to acquire four hotels from affiliates of The Blackstone Group for an aggregate price of \$207.8 million. Interstate will invest approximately \$11 million for a 20 percent equity interest in the four hotels. Interstate will fund the acquisition with available cash and capacity under its senior revolving credit facility. The transaction is expected to close in the first quarter of 2008.

The four properties included in the joint venture acquisition are:

Property	Rooms	Location
Sheraton Frazer Great Valley	198	Frazer, PA (Phila MSA)
Sheraton Mahwah	225	Mahwah, NJ
Latham Hotel Georgetown	142	Washington, DC
Hilton Lafayette	327	Lafayette, LA
Total:	892	

Interstate currently manages three of the properties and previously managed the Latham hotel for the Blackstone Group and MeriStar Hospitality. Upon closing, Interstate will manage all four hotels under new management agreements.

The partnership plans to invest more than \$30 million of additional funds for renovations on the hotels over the 24 months following the acquisition, with Interstate's contribution expected to be approximately \$2 million.

"This joint venture represents a continuation of our hotel real estate ownership strategy and expands our JV partner universe," said Thomas F. Hewitt, Interstate's chief executive officer. "The four-hotel portfolio was attractively priced, at or below replacement costs, and aligns well with our portfolio of wholly owned and JV real estate holdings.

"The hotel package includes two key upscale, full-service brands, Hilton and Sheraton, and a well-recognized independent boutique hotel in Georgetown that offers significant repositioning opportunity," Hewitt added. "Three of the properties are located in key urban and major suburban markets with strong barriers to entry-Washington, D.C., northern New Jersey, and the Philadelphia area. The fourth property, the Hilton in Lafayette, La., is having an exceptional year with RevPAR growth in excess of 20 percent, and we expect the hotel to provide strong, stable cash flow going forward. With the anticipated capital investment, this entire portfolio has considerable upside operating potential."

"As one of the few management/ownership companies with a strong and growing international presence, we will continue to seek global opportunities and relationships," said Leslie Ng, Interstate's chief investment officer. "Harte Holdings is a highly regarded Irish investment and development company which owns a wide variety of real estate projects in the United Kingdom, Ireland and mainland Europe, and we look forward to exploring other opportunities together, both domestically and abroad."

"This is our first hotel joint venture in the U.S., and Interstate, with its successful track record, its management expertise, and the advantages afforded by its size, represents a very strong partner," said Donal Kelleher, investment director of Harte Holdings. "We look forward to expanding our relationship with other similar opportunities."

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