

## MHI Hospitality Corporation to Acquire Hampton, Virginia Hotel for \$7.75 Million

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MHI Hospitality Corporation (AMEX:MDH) announced today that the Company has entered into a definitive agreement to purchase the 172-room former Radisson Hotel in Hampton, Virginia for approximately \$7.75 million, or approximately \$45,000 per room.

The waterfront hotel is located on 3.5 acres in downtown Hampton. The property features 21,000 square feet of retail space, 7,600 square feet of flexible meeting space, a roof-top pool and four-story, 300 car parking garage. Hampton is part of the greater Norfolk metropolitan area, along with Virginia Beach, Newport News and historic Williamsburg, Virginia.

The Company also has obtained approval from InterContinental Hotels Group to operate the hotel under the Crowne Plaza brand. In conjunction with the rebranding, MHI Hospitality Corporation intends to extensively renovate the property. Asset closing is expected to take place in the second quarter of 2008, subject to customary closing conditions. To facilitate closing the Company will assume the property's existing \$5.75 million first mortgage, and also may access funds from its line of credit. Major renovations are expected to be completed within nine months.

Andrew M. Sims, President and CEO of MHI Hospitality Corporation, stated, "We are pleased to announce the acquisition and rebranding of this well-positioned asset. With a commanding waterfront location, 21,000 square feet of on-site retail space, and proximity to businesses and tourist destinations, we believe the hotel is a promising addition to our portfolio." The waterfront hotel is located on 3.5 acres in downtown Hampton. The property features 21,000 square feet of retail space, 7,600 square feet of flexible meeting space, a roof-top pool and four-story, 300 car parking garage. Hampton is part of the greater Norfolk metropolitan area, along with Virginia Beach, Newport News and historic Williamsburg, Virginia.

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