

Interstate Hotels & Resorts Joint Venture Signs First Management Contract in India

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Interstate Hotels & Resorts (NYSE:IHR) today announced that its joint venture management company, JHM Interstate Hotels India, has signed a contract to manage its first property in India.

The 50-50 joint venture was formed between Interstate and JHM Hotels, one of the largest independent developers and owners of hotels in the U.S., to operate and selectively invest in hotels in India. The joint venture was announced in late February 2008.

The venture's first executed contract is for a 124-room, under construction hotel located in Vizag (Visakhapatnam), India, a coastal city in the state of Andhra Pradesh on India's eastern shore. Interstate is in the process of securing a major U.S. brand for the hotel and expects to announce an affiliation shortly. The hotel, owned by Vishnupriya Hotels Resorts Private Limited, broke ground in July 2007 and is expected to open in the fourth quarter of 2008.

"This contract marks our official entry into India's fast-growing lodging market and establishes JHM Interstate Hotels India as one of the first independent, international hotel management companies to be located there," said Thomas F. Hewitt, chief executive officer of Interstate. "This five-star, business-class hotel is typical of the properties the partnership seeks. It is situated in an upscale neighborhood of Vizag, which has the largest port in India. It is strategically located between Kolkata and Chennai and is one of the fastest growing cities in the world, according to a recent United Nations study. We look forward to expanding our relationship with Vishnupriya Hotels Resorts, which is exploring additional hotel opportunities."

"We sourced the hotel through our strategic partner, JNB Hotels and Resorts Private Limited, a subsidiary of JNB LLC, a U.S.-based real estate investment group with strong ties to India. JNB has developed a robust pipeline of hotel management opportunities throughout the country for us," said Leslie Ng, Interstate chief investment officer. "The joint venture also is actively sourcing other management opportunities throughout key markets in India."

Located at 10-28-3, Uplands, Waltair Main Road, Visakhapatnam, India, the upscale, full-service hotel is nestled among the hills of the Eastern Ghats and faces the Bay of Bengal to the east. The property features panoramic ocean and city views and includes three restaurants, a spa/gym and two presidential suites. The hotel is being designed by D.M. Upasni, a prominent India based architect specializing in the hospitality industry with significant experience throughout the world. His unique approach to the Vizag project combines an architecturally distinctive design and the natural beauty of the site in a property destined to become a new landmark in Vizag.

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