

Red Lion Hotels to Acquire 478-Room Hotel in Denver, Colorado for \$25.3 million

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Red Lion Hotels Corporation (NYSE:RLH) today announced that it has entered into an agreement to acquire the fee simple interest in the 478-room Radisson Hotel Denver Southeast for \$25.3 million.

The company has waived its due diligence inspection contingency, and the acquisition is expected to close in the second quarter of 2008, subject to usual closing conditions.

"This acquisition is part of our long-term growth and expansion strategy to increase our brand imprint," said Red Lion President and Chief Executive Officer Anupam Narayan. "The new hotel will be a welcome addition to the Red Lion family. This hotel, along with our existing franchised property, the Red Lion Hotel Denver Central, should solidify our strong presence in this major Western hub market."

The hotel is located along Interstate 225 and is approximately 20 minutes from downtown Denver and 25 minutes from Denver International Airport. It is adjacent to Denver's growing light rail system, providing convenient access to the city. The hotel features 25,000 square feet of meeting space, a two-story parking garage, swimming pool, business center, and full food and beverage service, including a 120-seat restaurant and 50-seat lounge.

Upon closing, the property will be branded as a Red Lion hotel. After the acquisition closes, Red Lion will spend approximately \$8 million on renovations -- primarily to guest rooms and public spaces. In order to finance the acquisition, the company expects to draw on its currently unused \$50 million line of credit.

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