

For Immediate Release

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HEI Hotels & Resorts Acquires Hanover Marriott in New Jersey, Marking First Acquisition of HEI Hospitality Fund III, L.P.

Hotel to Undergo \$20 Million Renovation

WHIPPANY, N.J., August 21, 2009—HEI Hotels & Resorts (HEI), the nation’s fastest growing private owner/operator of hotel real estate, today announced that it had acquired the 353-room Hanover Marriott in Whippany, N.J., from Host Hotels & Resorts, Inc. for \$27 million. The hotel will undergo a \$20 million renovation to upgrade all public and private spaces, including the introduction of Marriott’s Great Room concept.

“This marks the first acquisition of our third investment fund, the \$515-million HEI Hospitality Fund III, L.P., which was raised in early 2008,” said Steve Mendell EVP—acquisitions. “We will continue to seek top-branded hotels in markets with barriers to new entry that we can acquire at below-replacement cost and which will benefit from improved operations. The Hanover Marriott fits perfectly into our portfolio ‘sweet spot’, and is representative of the type of assets we are targeting for Fund III.”

Located at 1401 Route 10 East in Morris County, the hotel is less than 30 minutes from New York City and is surrounded by more than 12 million square feet of office space. The hotel is conveniently located proximate to the corporate headquarters of a number of Fortune 500 companies, including Avis, Wyndham, AT&T and Verizon. Guestrooms include Marriott’s signature “Revive Collection” bedding with luxurious down duvets, mattress toppers and extra

pillows; well-lit work desk with high-speed Internet access; and bathrooms with granite vanity tops. Additionally, the hotel provides 22 meeting rooms aggregating 18,850 square feet of meeting space, including the largest Grand Ballroom in Morris County, accommodating up to 1,000 guests. The hotel also offers Allie's, a three-meal restaurant; full-service business center; indoor/outdoor pool; on-site fitness center; and outdoor picnic/BBQ area. In addition, the Auld Shebeen pub, which was flown in brick-by-brick from Ireland and re-constructed in the hotel by local artisans, serves authentic Irish cuisine.

“We believe this demonstrates the loosening of the hotel acquisition market,” added Roger Clark, HEI's SVP – acquisitions and development. “With approximately \$500 million of equity in our fully discretionary fund, we intend to be in the vanguard of this wave, surfacing deals that make sense for our investment plans. We have a number of hotels in our pipeline, and expect to acquire between \$1.0 billion and \$1.5 billion in hotels and resorts in the coming years.”

The renovation, which equates to an investment of nearly \$57,000 per room, will focus on all aspects of the hotel, including the lobby, guestrooms and meeting space. The entrance area will be transformed into Marriott's new “Great Room” concept. The new concept is designed specifically for the 24/7 work patterns of business travelers today, who smoothly mix work, relaxation, socializing and play throughout the day. The concept breaks the hotel public space into separate areas for work and socializing in group and individual spaces while simultaneously linking them together with a cohesive feel.

About HEI Hotels & Resorts

HEI Hotels & Resorts, headquartered in Norwalk, Conn., is a leading hospitality investment firm that acquires, develops, owns and operates full-service, upper upscale and luxury hotels and resorts throughout the United States under such well-known brand names as

Marriott, Sheraton, Westin, Le Meridien, Embassy Suites, and Hilton. For more information about HEI, visit the company's website, www.heihotels.com.