

For Immediate Release

Media Contact:

Chris Daly, media

(703) 435-6293

chris@dalygray.com

HEI Hotels & Resorts' Fund III Acquires Sheraton National Hotel in Arlington, VA.

NORWALK, CT, May 26, 2011—HEI Hotels & Resorts (HEI), the nation's fastest growing private owner/operator of hotel real estate, today announced that the company has purchased the fee simple interest in the 417-room Sheraton National Hotel in Arlington, Virginia. HEI acquired the ownership interest for an undisclosed amount from National Hospitality Corporation headquartered in Washington DC.

HEI has taken over management of the hotel as part of the transaction and will continue to operate the hotel as a Sheraton. The property is the 39th hotel in the company's portfolio and HEI's seventh hotel under Starwood's Sheraton brand.

“This is the second acquisition of our \$515-million HEI Hospitality Fund III, L.P. in the past 30 days and our third acquisition this year” said Steve Mendell, president acquisitions and development. “The hotel acquisition market has clearly thawed in the past six months and HEI is well positioned to be a major player in the current transaction climate.”

Located at 900 South Orme Street in Arlington, Virginia, the hotel is in Pentagon City, adjacent to the Pentagon and Arlington Memorial Cemetery and proximate to downtown Washington DC and Reagan/National Airport.

“The greater Washington, D.C. metro hospitality market continues to be one of the strongest in the nation” said Russ Urban, HEI's senior vice president acquisitions and development. “With significant experience in the Northern Virginia market with our two existing hotels there: Sheraton Crystal City and Embassy Suites Tysons Corner, we see major potential in

creating additional value in this property through the implementation of our industry-leading management programs”.

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.