

FOR IMMEDIATE RELEASE

THE HOTEL GROUP ADDS 102ND PROPERTY TO ITS PORTFOLIO HISTORY WITH THE PURCHASE OF HOLIDAY INN SELECT CITY CENTER LAKESHORE \$13 million dollar renovation planned for Cleveland property

May 29, 2007—Edmonds, WA. The Hotel Group (THG), based in Washington state, is closing up the month by celebrating the purchase of the Holiday Inn Select City Center in Cleveland, Ohio. The 17 story 378 room property building includes 11,000 sq. ft. of meeting space, a 120 seat restaurant and a 75 seat lounge. The concierge floor is one of the only downtown properties to feature views of Lake Erie. The hotel is located downtown at 1111 Lakeside Avenue, just one-half block from the Rock and Roll Hall of Fame + Museum, and is accessible by highways I-71, I-90 and I-77.

“While the Holiday Inn Select – Cleveland, is the second biggest property in our history, our 23-years of experience made the transition amazingly smooth, thanks to the hard work of the many team members we pulled from throughout the country,” said Lara Latture, Vice President and Principal of THG, who led the management transition. “The same strategic principles of organization and immersion apply, just on a larger scale. I’m very proud of what we accomplished and even more excited to reveal the numerous upgrades we’re planning. When complete, I’m confident we’ll be one of the top hotels in our competitive set in both occupancy and rate.”

Renovation plans are being finalized, but physical upgrades and guest amenity enhancements are both under way. These include increasing the curb appeal of the structure via paint and other exterior improvements, changing the location of the lobby entrance and adding a franchised coffee bar on the lobby level. Interior changes will include a complete update of all soft goods and furnishings. The Hotel Group’s leadership is dedicated to increasing service level to the highest standards.

“Though this is our company’s 102nd hotel we’ve either managed or owned/managed since 1984, I’m particularly proud that it is the 8th purchase in less than four years via our Hotel Group Opportunity Funds” said Doug Dreher CHA, THG’s President and Principal. “Our intention is to add three to four properties per year that we will own and manage with this investment vehicle. With the acquisition now concluded and with the release of our III Fund at \$95 million, we feel very optimistic that we will meet our projections for both purchase and return on investment.”

About The Hotel Group:

THG and its affiliate currently manage and/or own 31 properties in 11 states and employs over 2,000 people. THG is the largest independent hotel management company in the Pacific Northwest. Since its inception in 1984, it has managed more than 100 properties in 20 states, oversaw the design and construction of 30 new hotels, completed \$460 million of asset management assignments for The Resolution Trust Company, and is the sponsor of Hotel Group Opportunity Funds I, II and III. For more information visit www.thehotelgroup.com or call (425) 771-1788.

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Media Contact: Hamilton McCulloh
Hadley Green Creates
Office: (206) 957-4260
Mobile: (206) 910-9797
hamiltonm@hgcreates.com