



For Immediate Release

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**Davidson Hotel Company Names Steven A. Margol
Chief Investment Officer as It Steps Up Growth Strategy**

***Company Sees Unparalleled Opportunity to Create
Owner/Investor Wealth over Next 18-24 Months***

MEMPHIS, Tenn., June 2, 2009—Davidson Hotel Company, one of the nation's largest independent hotel management companies, today announced the promotion of Steven A. Margol to chief investment officer as part of its strategic growth plan. The company has doubled its revenues in the past three years and has expanded its managed and owned hotel portfolio to 10,200 rooms, one of only four third-party management companies to have eclipsed 10,000 rooms exclusively in the full-service sector. Margol will continue to oversee the team responsible for identifying new third-party management and asset management opportunities, sourcing and negotiating new investment/acquisition opportunities, coordinating refinancing and disposition activities, and managing joint-venture relationships. Previously, he was executive vice president-business development.

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“Since joining the company in 1994, Steve has played a pivotal role in Davidson’s growth as we strategically evolved from a small regional owner/operator to one of the industry’s largest independent management companies,” said John A. Belden, Davidson’s president and chief executive officer. “From day one, he helped define our growth strategy resulting in our assembling one of the industry’s highest-quality hotel portfolios in the upscale, full-service segment.”

Belden said the company will continue to grow in the down economy with the addition of several new hotels to its management portfolio this summer and as many as eight properties for full-year 2009. “In addition to our relationships with a dozen existing equity partners, Davidson has established relationships with several newly formed funds that have the capacity to acquire for all-cash or at historically low leverage.”

“We have two primary vehicles for near-term growth,” Margol noted. “The first is to work with owners who have recognized the need to retain the best possible management to work through this difficult recession. The current economic environment has made it painfully clear that a significant number of hotels are under-managed.

“Our second growth strategy is to align with a select number of private equity funds, either as a pure third-party operator or as a joint-venture partner. We believe that full-service hotels soon will start trading again as the credit markets stabilize, creating significant acquisition opportunities,” he said. “We continue to build our internal infrastructure to accommodate the growth these two vehicles will afford us. We project our future growth rate will be in line with our expansion over the past three to five years.”

“We believe that the acquisition window will be at its best over the next 18 months, with a significant number of hotels changing hands, and we plan to be at the forefront as one of the most active participants,” Belden noted. “A recently released investment report forecast that as many as two-thirds of the loans coming due in the next 24 months will not be re-financeable with their existing owner. Experts believe real estate values have fallen by as much as 30 to 40 percent, which, coupled with virtual debt illiquidity, is making it extremely difficult for existing owners. Debt should soon return to the lodging market, however, but not at leverage levels necessary to rescue many current hotel investors.

“The company continues to build bench strength and Steve’s promotion reflects yet another step we’ve taken this year,” Belden said. “We continue to provide strong regional operating team support that oversees a limited number of hotels so that we can devote the proper senior-level attention required in all phases of the economic cycle.”

Prior to his 15-year tenure with Davidson, Margol spent 10 years in the real estate investment, finance and consulting industries and was involved in more than \$3 billion in hotel acquisitions, dispositions and management contracts. Previously, Margol was vice president of appraisal and consulting with Grubb & Ellis Company, with national responsibility for hospitality industry assignments. Earlier in his career, he was a hospitality industry specialist with Merrill Lynch Capital Markets’ Real Estate Investment Banking Department, as well as with Laventhol & Horwath. Margol received his Bachelor of Business Administration degree in Finance from Emory University.

About Davidson Hotel Company

Headquartered in Memphis, Tenn., Davidson Hotel Company is an award-winning, full-service hotel owner and third-party management company that provides management, development/renovation, acquisition, consulting and accounting expertise for the hospitality industry. The company currently owns and/or manages 36 upscale, independent and branded hotels and resorts with more than 10,000 rooms across the United States, including such affiliations as Westin, Sheraton, Hyatt, Hilton, Hilton Garden Inn, Embassy Suites, Doubletree, Marriott, Renaissance, Crowne Plaza and Holiday Inn. Additional information on Davidson may be found at the company's Web site, www.davidsonhotels.com.