

Winner's Circle: Interstate Hotels & Resorts Teams with Trusted Suppliers to Deliver Security, Profitability to Owners

**Key Relationships Yield Data Security, Accounting Efficiencies,
Expense Controls and No Surprises**

December 14, 2004 - Security is the hottest topic in hospitality today. With world events, catastrophic weather, and law suits filling the headlines there is reason for concern. But when operators sit down to discuss security they often leave out the kind of protection Interstate Hotels & Resorts provides its properties through relationships based on years of partnership with trusted vendors. Interstate Hotels & Resorts, with over 300 hospitality properties worldwide, has grown to be the nation's largest independent hotel management company because it delivers sound business management and security that owners trust.

Joseph Klam, vice president of finance for Interstate Hotels & Resorts (IHR), explains. "Our owners trust IHR and work with us as partners, not employees. Building that trust is the foundation of our operation. Our job is to ensure that the accounting and finance staff at each property operates as efficiently as possible. Expenses are our target; they will always be our target. Today's owners are more educated; they understand their business and most have asset managers in place that oversee our teams." IHR cooperates with asset managers to achieve ownership's goals. To support this objective in 2004, IHR upgraded its property controller position to director of finance responsible for analyzing all aspect of a property's business, rather than simply recording debits and credits. Interstate employs proven financial systems in each hotel it manages that enable properties to quickly compile all operating numbers and upload them to IHR daily for review and reporting.

"IHR develops strategies that are customized for each property owner. We have 300 properties with 300 marketing and business plans, and the operating numbers tell us if we are achieving our owners' objectives," said Klam. "One of the reasons we have grown is that we give owners, both institutional and private, reporting tools to evaluate their investment. We maintain a central corporate database system in our Arlington, VA office that is updated with daily numbers by the accounting systems we place in the decentralized hotels and our centralized operation in Dallas for the Centralized hotels. Financial data is critical, and we work with vendors like Aptech Computer Systems that have earned our trust over many years of service."

Interstate Hotels & Resorts partners with Aptech to provide financial accounting and reporting systems for many decentralized hotels. IHR's Joseph Klam continued, "Our relationship with Aptech is very successful. They are particularly diligent in making sure the history records at each property where we install their system are converted to our format. When we recently updated our reporting requirements, Aptech justified our trust by performing well on all counts to develop the format required. This past summer Aptech went so far as to call all the IHR properties using their system that were threatened by hurricanes and offer to provide data security by backing up their property financial information to Aptech's server in Pittsburgh. This action was critical to hotels that sustained damage."

All Interstate's properties upload their financials to a central data base system daily, whether their back office system is property-based or ASP. Interstate's VP of finance, Joseph Klam said, "The cost to our owners of buying an ASP accounting system for their hotels is less for both hardware and software, and the hotel's data is protected off-site. About half of the Aptech systems IHR has installed are ASP-based. Once we have a property's data uploaded into our corporate financial system each hotel's owners or asset managers can log-on through an Internet link to view their investment's financials daily. They can also download executive summaries, reports and budget overview. In addition we provide an ownership P&L."

All hotels utilize the reports and chart of accounts supplied by IHR; Klam noted that the company is flexible and able to create customized financials when asked, and this adds another layer of service and owner confidence. "When IHR takes over a property we make the transition as smooth and fast as possible. We offer the choice of centralized or decentralized accounting to ownership and the team makes it happen," said Klam. "Having qualified managers is essential. One of our typical regional teams oversees a portfolio of 15 properties and works closely with their respective asset managers. This kind of close business relationship cultivates an atmosphere of mutual confidence that ensures there are no surprises. Our owners value this."

By building electronic bridges to its hotels and placing experienced managers at each of its properties Interstate Hotels & Resorts has created a balance of hands-on corporate oversight and property-level entrepreneurial spirit. VP finance Joseph Klam concluded, "What we do as financial managers is make the operation at each of our hotels as efficient as it can be."

About Interstate Hotels & Resorts

Interstate Hotels & Resorts, the nation's largest independent hotel management company, manages more than 300 hotels in 42 states, the District of Columbia, Canada, Russia and Portugal. Interstate's stock is traded on the New York Stock Exchange under the symbol IHR. Interstate operates hotels for REITs as well as institutional real estate owners, non-institutional ownership groups and privately held companies. With more than 300 hotels, Interstate is able to obtain economies of scale that help lower overall operating costs and improve the bottom line performance of its managed hotels.



About Aptech

Aptech Computer Systems, Inc., a leading provider of financial and operational software and services, is known for evolving technology offerings as the market dictates, a commitment that has earned the company 100% customer loyalty of its more than 1,100 users. For 35 years Aptech has led the hospitality market in leveraging change by valuing human relationships and applying technology to solve business problems for people. All of its applications are supported seven days a week, 24 hours each day by experienced hotel industry professionals.

