

FOR IMMEDIATE RELEASE

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THE LIGHTSTONE GROUP

**THE LIGHTSTONE GROUP CLOSSES \$8 BILLION ACQUISITION OF
EXTENDED STAY HOTELS FROM THE BLACKSTONE GROUP**

Lakewood, NJ (June 12, 2007) – The Lightstone Group, LLC, one of the largest private real estate owners in the country, announced today that through an affiliate it closed its previously announced acquisition of Extended Stay Hotels from affiliates of The Blackstone Group for \$8 billion.

Extended Stay Hotels is the largest owner of mid-price extended-stay hotels in the United States, with 687 hotels and approximately 76,000 rooms located in 44 states and Canada. The company currently operates under five brands in the extended-stay segment: Extended Stay Deluxe, Extended Stay America, Homestead Studio Suites, StudioPlus and Crossland.

Equity investors alongside The Lightstone Group include affiliates of The Blackstone Group and Arbor Realty Trust Inc. “The Extended Stay acquisition marks the entry by Lightstone into another sector, and we are excited about the opportunity to deliver value to our partners in this venture,” said David Lichtenstein, chairman and CEO of the Lightstone Group. “Jonathan Gray and Bill Stein of Blackstone were the consummate professionals and Blackstone’s continued investment in Extended Stay substantiates the transaction value and signifies their confidence in our ability to execute our business strategies.”

The Lightstone Group’s team was directed by Michael M. Schurer, CFO; Joshua Kornberg, director of acquisitions; and Joseph E. Teichman, general counsel.

Lead mortgage and mezzanine financing was provided by Rob “Big Loan” Verrone and Peter Scola of Wachovia Bank, N.A., and Randy Rieff of Bear Stearns. Tony Fineman of Wachovia Bank, N.A., was the deal manager. Merrill Lynch Mortgage Lending, Inc. and Bank of America, N.A. also provided financing.

Citi, led by Paul Ingrassia, acted as lead financial advisor to Lightstone Group. Herrick, Feinstein LLP, led by Sheldon Chanales, and Proskauer Rose LLP, led by Peter Fass, acted as legal advisors to Lightstone. Dechert LLP acted as legal advisor on behalf of Arbor. Bear, Stearns & Co. Inc., Blackstone Corporate Advisory, Banc of America Securities and Merrill Lynch & Co.

acted as financial advisors to Blackstone. Simpson Thacher & Bartlett LLP acted as legal advisor to Extended Stay Hotels and Blackstone.

About The Lightstone Group

The Lightstone Group is one of the country's largest privately held real estate companies with interests in residential, office, retail and industrial real estate assets. The company, through its operating entities, Prime Retail, Prime Group Realty Trust, owns a diversified portfolio of over 18,000 residential units and approximately 30 million square feet of office, industrial and retail properties in 27 states, the District of Columbia and Puerto Rico. Headquartered in New York, The Lightstone Group has over 12,000 employees and maintains regional offices in Maryland, Illinois and New Jersey. For more information on The Lightstone Group, call 800-347-4078 or visit www.lightstonegroup.com.

About The Blackstone Group

The Blackstone Group is a leading global alternative asset manager and provider of financial advisory services. Its alternative asset management businesses include the management of corporate private equity funds, real estate opportunity funds, funds of hedge funds, mezzanine funds, senior debt funds, proprietary hedge funds and closed-end mutual funds. The Blackstone Group also provides various financial advisory services, including mergers and acquisitions advisory, restructuring and reorganization advisory and fund placement services.

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