

Marcus Hotels, Waterton to Form Joint Venture to Acquire Sheraton Madison, Wis.

Acquisition Part of Expanded Growth Strategy to Co-invest with Selected Owners

MILWAUKEE & MADISON, Wis.--Feb. 20, 2007 --Marcus Hotels and Resorts, a division of The Marcus Corporation (NYSE: MCS), today announced that it will form a joint venture with Waterton Tactical Real Estate Fund I, a discretionary value add real estate fund sponsored by Chicago-based Waterton Commercial LLC. The joint venture will acquire the Sheraton Madison Hotel in Wisconsin from Woodmen of the World Life Insurance Society for an undisclosed amount. Marcus Hotels and Resorts will own a 15 percent minority interest in the joint venture and will manage the hotel and oversee a major renovation of the property. The transaction is expected to close March 1, 2007.

"This will be our first joint venture, which is part of our previously announced strategy to co-invest on a selective basis with quality hotel investors like Waterton," said Bill Otto, president of Marcus Hotels and Resorts. "We approach all of our hotels from the owner's perspective, but as a co-investor our interests are even more closely aligned. We look forward to the opportunity to build on our relationship with Waterton."

"The Sheraton Madison will be our third hotel investment, and we continue to seek opportunities to invest in hotels that have strong repositioning potential in the top 50 markets," said Rich Silverstein, vice president-investments of Waterton Commercial. "We intend to undertake a major, multi-million dollar renovation to make it one of the leading hotels in the market. When completed in late 2007, the hotel will be in like-new condition. We selected Marcus because of their proven track record of maximizing the potential of the hotels they operate."

Renovation plans for the hotel are still being developed but will likely include exterior renovations and significant upgrades to the lobby and public space, as well as remodeling all guest rooms.

Located at 706 John Nolen Drive, the Sheraton Madison has 237 rooms and suites. The hotel features an indoor heated swimming pool, whirlpool and fitness center. Room amenities include the Sheraton Sweet Sleeper bed, high-speed Internet access and a refrigerator.

"The hotel's location appeals to a broad cross-section of guests, including business, group and leisure travelers," Otto said. The Sheraton has one of the city's largest hotel meeting facilities with 18,000 square feet, capable of handling groups of 10 to 500 people. The property is adjacent to the Alliant Energy Center, which boasts more than 150,000 square feet of exhibit space and is located approximately 1.5 miles from the Monona Terrace Convention Center, the city's

convention center facility. The hotel also is proximate to numerous corporate headquarters, the University of Wisconsin campus, downtown Madison, and the De Joppe Bingo Casino.