



June 30, 2003

## **HPT Purchases 16 Staybridge Suites Hotels for \$185 Million**

Newton, MA (July 1, 2003): Hospitality Properties Trust (NYSE: HPT) today purchased 16 Staybridge Suites hotels for \$185 million from InterContinental Hotels Group PLC (LSE/NYSE: IHG). HPT simultaneously entered a long term management agreement for IHG to operate these hotels in return for an owner's priority return to HPT of \$16.9 million per year, plus percentage participations in operating revenues in excess of negotiated amounts.

The transaction announced today has security features typical of HPT transactions: HPT has retained a security deposit equal to \$16.9 million; 5% of gross revenues at the hotels will be escrowed for capital expenditures; and payment of the owner's priority return to HPT is guaranteed by IHG, the brand owner and franchisor of Staybridge Suites, until the financial results from IHG's operations of these hotels reaches negotiated levels. IHG's management contract for these hotels has an initial term expiring in 2023 and IHG has two all or none renewal options for 12.5 years each thereafter. IHG's unsecured financial obligations are investment grade rated.

The 16 hotels purchased by HPT have 1,960 guest suites and are geographically diversified in 11 states: California (2); Colorado; Florida; Georgia (2); Maryland; Massachusetts (2); Michigan; North Carolina; South Carolina; Texas (3); and Washington State. The average age of these hotels is about three (3) years.

Commenting upon today's announcement, John G. Murray, President of HPT, made the following statement:

"HPT is pleased to begin a new relationship with InterContinental Hotels Group, one of the world's largest and most financially stable hotel operating companies. Staybridge Suites hotels are upscale extended stay hotels which are target marketed to business travelers required to be in one location for extended periods and to families traveling together. Most of the accommodations in these hotels are one and two bedroom suites with full kitchens and separate living rooms. HPT is very pleased to assist InterContinental Hotels Group in growing this brand."

HPT funded today's acquisition by using cash on hand and borrowings under its unsecured, revolving bank credit facility.

HPT is a real estate investment trust headquartered in Newton, Massachusetts which owns 267 hotels located throughout the United States.

### **WARNING REGARDING FORWARD LOOKING STATEMENTS**

THIS PRESS RELEASE CONTAINS FORWARD LOOKING STATEMENTS WITHIN THE MEANING OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995 AND THE FEDERAL SECURITIES LAWS. THESE FORWARD LOOKING STATEMENTS INCLUDE THE IMPLICATIONS THAT THE OPERATIONS OF THE 16 STAYBRIDGE HOTELS WILL EARN SUFFICIENT CASH FLOW TO PAY HPT'S OWNER'S PRIORITY AND THAT THE INTERCONTINENTAL HOTELS GROUP GUARANTY WILL INSURE THIS PAYMENT. FORWARD LOOKING STATEMENTS ARE BASED UPON HPT'S CURRENT BELIEFS AND EXPECTATIONS, BUT THEY MAY NOT OCCUR. THE HOTEL OPERATIONS MAY NOT PRODUCE SUFFICIENT EARNINGS TO PAY HPT'S OWNER'S PRIORITY. SUCH UNEXPECTED RESULTS MAY OCCUR FOR MANY DIFFERENT REASONS, SOME OF WHICH ARE BEYOND HPT'S CONTROL. FOR EXAMPLE, A TERRORIST ATTACK WITHIN THE UNITED STATES OR A CONTINUING DECLINE IN THE U.S. TRAVEL INDUSTRY WOULD ADVERSELY AFFECT THE HOTELS' FINANCIAL RESULTS. SIMILARLY, IHG MAY BE UNWILLING OR UNABLE TO HONOR ITS GUARANTY. THE IHG GUARANTY IS LIMITED IN AMOUNT TO \$50 MILLION AND WILL EXPIRE WHEN NEGOTIATED PERFORMANCE LEVELS ARE ACHIEVED; AND IHG COULD LOSE ITS INVESTMENT GRADE RATINGS. INVESTORS ARE CAUTIONED NOT TO PLACE UNDUE RELIANCE UPON FORWARD LOOKING STATEMENTS.