



Hospitality Properties Trust Acquires Harbor Court Complex for \$78 Million

NEWTON, Mass.--Hospitality Properties Trust (NYSE: HPT) today announced that it has acquired the Harbor Court Complex in Baltimore Inner Harbor for \$78 million.

The Harbor Court Complex is a mixed use development comprised of the five star, five diamond Harbor Court Hotel, a 72,042 square foot office building, and a 530 space seven story parking garage. The hotel has 195 guest rooms, including 22 suites, 8,000 square feet of meeting space, a roof top fitness center that includes a tennis court, squash court, indoor pool, aerobics center and spa therapy rooms. The Harbor Court Hotel is currently the only five star hotel in the state of Maryland and its five star, five diamond fine dining restaurant, Hampton's, is among the finest restaurants in the United States according to Conde Nast Traveler Reader's Poll, Gourmet magazine and Zagat Survey.

Simultaneously with this purchase, HPT entered into an agreement with InterContinental Hotels Group, plc (LSE/NYSE: IHG) to manage the Harbor Court Hotel under its InterContinental Hotels and Resorts brand. This hotel will be added to an existing agreement with IHG under which it manages thirteen other high quality hotels owned by HPT through 2029. HPT has also entered into a management agreement with an affiliate, Reit Management & Research LLC ("RMR"), to operate the office building and an agreement with InterPark Incorporated to manage the parking garage. IHG will not be directly concerned with the operations of the office building or the garage.

HPT's allocated purchase price for the hotel component of the Harbor Court Complex was \$60 million. In connection with this transaction, HPT's guaranteed priority return from the amended 14 hotel management contract with IHG will increase by \$4.8 million in 2006, \$5.2 million in 2007 and \$5.3 million thereafter. In addition to the guaranteed owner's priority returns, HPT may receive other cash flows available from the 14 hotels managed by IHG, including an increased owner's second priority return, percentage priorities based upon gross revenue increases and any remaining net cash flow after IHG management fees are paid.

HPT has agreed to invest up to \$2.3 million over the next two years in connection with the rebranding of the Harbor Court Hotel as the InterContinental Harbor Court Baltimore. As these amounts are funded by HPT, the guaranteed owner's priority return will increase.

In addition to the returns generated from the hotel component of the Harbor Court, HPT will receive the net operating income from the office building and garage operations at the Harbor Court Complex. The 2005 net operating income, or NOI, from these two components is estimated to total approximately \$1.5 million.

The InterContinental Harbor Court Baltimore is located on Baltimore's Inner Harbor within walking distance of the downtown business district and popular attractions such as Camden Yards and the Baltimore Museum of Art. It is across the street from Harborplace, The Gallery, the Maryland Science Center and the National Aquarium.

The Harbor Court Complex was purchased by HPT free and clear of all mortgage debt. HPT funded this purchase by using cash on hand and drawing under its unsecured revolving bank credit facility.

HPT is a real estate investment trust, or REIT, which owns 299 hotels located in 38 states, Puerto Rico and Canada. HPT is headquartered in Newton, Massachusetts.

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 ARE BASED UPON HPT'S CURRENT BELIEFS AND EXPECTATIONS, BUT, FOR VARIOUS REASONS, THEY MAY NOT OCCUR. FOR EXAMPLE:

- THIS RELEASE STATES THAT THE HARBOR COURT HOTEL IS A FIVE STAR, FIVE DIAMOND HOTEL AND THAT ITS

RESTAURANT IS HIGHLY REGARDED. THESE STATEMENTS MAY IMPLY THAT THESE QUALITY RANKINGS MAY CONTINUE. CIRCUMSTANCES MAY CHANGE SUCH THAT THE HOTEL MAY LOSE THE ABOVE RATINGS AND OTHER ACCOLADES AS A RESULT OF CHANGES IN MANAGEMENT, COMPETITION OR OTHER FACTORS AND ANY SUCH CHANGES MAY CAUSE THE FINANCIAL RESULTS AT THIS HOTEL TO DECLINE.

- THIS PRESS RELEASE STATES THAT THE INTERCONTINENTAL HOTELS GROUP, OR IHG, WILL BEGIN MANAGING THE HOTEL, THAT REIT MANAGEMENT & RESEARCH LLC, OR RMR, WILL MANAGE THE OFFICE BUILDING, AND INTERPARK INCORPORATED WILL MANAGE THE PARKING GARAGE. THESE STATEMENTS MAY IMPLY THAT FINANCIAL PERFORMANCE WITH THIS NEW MANAGEMENT WILL BE MAINTAINED OR IMPROVED. THERE IS NO GUARANTEE THAT IHG, RMR OR INTERPARK WILL BE AS EFFECTIVE AS PRIOR MANAGEMENT OR THAT OTHER CIRCUMSTANCES, SUCH AS LABOR ISSUES OR ENERGY COSTS, WILL NOT NEGATIVELY AFFECT THE FUTURE PERFORMANCE OF THIS PROPERTY.
- THIS PRESS RELEASE MENTIONS A NUMBER OF IMPORTANT DEMAND GENERATORS WHICH MAY BENEFIT THE HARBOR COURT COMPLEX AND MAY IMPLY THAT THESE ATTRACTIONS WILL ALWAYS POSITIVELY AFFECT THE PERFORMANCE OF THE HOTEL, OFFICE AND GARAGE OPERATIONS. ACTIVITY LEVELS AT THESE DEMAND GENERATORS MAY CHANGE AND OTHER HOTELS, GARAGES AND OFFICE PROPERTIES MAY BE DEVELOPED CLOSER TO THESE ATTRACTIONS WHICH REDUCE THE BENEFITS NOW REALIZED BY THE HARBOR COURT COMPLEX FROM THESE DEMAND GENERATORS
- THIS PRESS RELEASE STATES THAT CERTAIN OWNER'S PRIORITY PAYMENTS TO HPT WILL BE GUARANTEED BY IHG. IHG HAS PROVIDED A LIMITED GUARANTY AND THIS LIMITED GUARANTY COVERS IHG'S OBLIGATIONS TO HPT ARISING FROM THIS HOTEL AND OTHER HOTELS. IHG'S LIMITED GUARANTY MAY BE EXHAUSTED OR IHG MAY BECOME UNABLE TO HONOR ITS GUARANTY OBLIGATIONS. THE EXISTENCE OF THIS IHG GUARANTY DOES NOT INSURE THAT THE OWNER'S PRIORITY AMOUNTS DESCRIBED WILL BE PAID TO HPT.
- THIS PRESS RELEASE STATES HPT HAS AGREED TO INVEST \$2.3 MILLION FOR IMPROVEMENTS TO THE HARBOR COURT HOTEL. THESE PLANNED CAPITAL EXPENDITURES MAY PROVE TO BE INADEQUATE AND ADDITIONAL CAPITAL MAY BE REQUIRED TO MEET INTERCONTINENTAL BRAND STANDARDS OR OTHERWISE. THE MANAGEMENT CONTRACT WITH IHG REQUIRES THAT A COMBINED ESCROW ACCOUNT BE MAINTAINED FOR THE 14 HOTELS INCLUDED IN THE MANAGEMENT CONTRACT WHICH INCLUDES THE HARBOR COURT HOTEL, BUT THERE IS NO ASSURANCE THAT THESE AMOUNTS WILL BE ADEQUATE TO MEET THE CAPITAL NEEDS OF THESE HOTELS.
- THIS PRESS RELEASE STATES THAT THE NOI WHICH HAS BEEN REALIZED FROM THE OFFICE BUILDING AND GARAGE COMPONENTS OF THE HARBOR COURT COMPLEX IN 2005 IS ESTIMATED TO BE APPROXIMATELY \$1.5 MILLION. THE FINANCIAL RESULTS FOR 2005 ARE NOT YET COMPLETED OR AUDITED, AND THEY MAY CHANGE. ALSO, THIS STATEMENT MAY IMPLY THAT HPT WILL REALIZE A SIMILAR AMOUNT IN THE FUTURE. THE NOI WHICH HPT WILL RECEIVE FROM THE FUTURE OPERATIONS OF THE HARBOR COURT OFFICE BUILDING AND GARAGE WILL DEPEND ON MANY FACTORS, SUCH AS THE OCCUPANCIES OR UTILIZATIONS ACHIEVED, THE RENTS OR USAGE CHARGES REALIZED, THE OPERATING EXPENSES INCURRED, THE SKILLS OF THE MANAGERS SELECTED FOR THESE OPERATIONS AND MARKET CONDITIONS GENERALLY. THERE IS NO ASSURANCE REGARDING WHAT LEVEL OF FUTURE INCOME, IF ANY, HPT MAY REALIZE FROM THESE COMPONENTS. IN FACT, THESE COMPONENT OPERATIONS MAY PRODUCE LOSSES.

FOR THESE AND OTHER REASONS, INVESTORS ARE CAUTIONED NOT TO PLACE UNDUE RELIANCE UPON FORWARD LOOKING STATEMENTS.

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