



HPT Completes Purchase of 12 Candlewood Hotels for \$90 Million and a New Management Agreement with InterContinental Hotels Group

Newton, MA (December 31, 2003). Hospitality Properties Trust (NYSE: HPT) today completed several agreements which were previously announced including the acquisition of 12 Candlewood hotels for \$90 million and a new management agreement with InterContinental Hotels Group (LSE/NYSE: IHG) for operation of all Candlewood hotels owned by HPT. Upon closing these agreements today, HPT now owns 76 Candlewood hotels which are now operated by IHG as Candlewood Suites hotels. Also, HPT's Owner's Priority return on its 76 Candlewood Suites hotels is partially guaranteed by IHG.

Prior to the closing today HPT owned 64 Candlewood Suites hotels which were leased to Candlewood Hotel Group (OTC: CNDL). In early 2003 CNDL advised HPT that CNDL was considering strategic alternatives. Since that time, HPT has been working with CNDL and its advisors regarding various long term alternatives for the HPT owned Candlewood Suites hotels. The agreements completed today are the result of these efforts.

Pursuant to these agreements HPT purchased 12 Candlewood Suites hotels for \$90 million. Simultaneously with this purchase, the lease for 64 hotels between HPT and CNDL was terminated, and HPT entered a new 25 year management contract with IHG for all 76 of these hotels. Also, simultaneously with these transactions, IHG purchased the rights to the "Candlewood Suites" brand from CNDL. Including the 76 Candlewood hotels which are owned by HPT, there are approximately 112 Candlewood Suites hotels currently in operation or in development.

The 76 Candlewood hotels now owned by HPT contain 9,220 suites, are located throughout the USA in 28 states, and the average age of the 76 hotels is only five years. The new Owner's Priority return which HPT will receive from the 76 hotels managed by IHG is \$60 million/year. IHG is providing a limited guaranty of the Owner's Priority payments to HPT up to \$50 million/year. In connection with CNDL's release from its lease obligations, HPT retained a security deposit and a capital improvements escrow totaling about \$45 million. In order to pay for capital costs at the 76 hotels and to convert various operating systems to IHG systems, HPT will invest \$15 million in the 76 managed hotels during the two years following closing of these transactions.

A summary of certain terms of the previous lease between HPT and CNDL and the new management contract between HPT and IHG is as follows:

	Previous HPT/CNDL Lease	New HPT/IHG Contract
Number of Hotels	64 (7,775 suites)	76 (9,220 suites)
Base Rent	\$52 million/year	N/A
Owner's Priority Return	N/A	\$60 million/year
Guarantor	CNDL	IHG (guarantee limited to \$50 million/year)

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 THEY ARE NOT GUARANTEED TO OCCUR. THESE FORWARD LOOKING STATEMENTS MAY NOT OCCUR BECAUSE OF KNOWN CONTINGENCIES OR BECAUSE OF CHANGED CIRCUMSTANCES. FOR EXAMPLE:

- THE FOREGOING PRESS RELEASE IMPLIES THAT IHG WILL BE ABLE TO IMPROVE THE OPERATING RESULTS AT THE CANDLEWOOD SUITES HOTELS COMPARED TO THE RESULTS WHICH HAVE BEEN REALIZED BY CNDL'S

OPERATIONS. HOWEVER, CNL HAS BEEN FOCUSED UPON DEVELOPING ONLY ONE BRAND WHILE IHG OWNS SEVERAL HOTELS BRANDS. FOR THIS REASON OR OTHERS, THE OPERATING RESULTS AT THE HOTELS OWNED BY HPT MAY NOT IMPROVE AFTER IHG BEGINS TO MANAGE THESE HOTELS.

- THE FOREGOING PRESS RELEASE STATES THAT IHG WILL GUARANTEE AN OWNER'S PRIORITY PAYMENT TO HPT OF \$50 MILLION/YEAR. THIS STATEMENT IMPLIES THAT AT LEAST THE GUARANTEED AMOUNT WILL BE PAID. HOWEVER, IHG'S GUARANTY OBLIGATION IS LIMITED WHEREBY ITS MAXIMUM OBLIGATION IN EXCESS OF CASH FLOW REALIZED FROM THE MANAGED HOTELS IS LIMITED. ALSO, THE IHG GUARANTY WILL BE RELEASED WHEN CASH FLOW FROM THE MANAGED HOTELS EXCEEDS NEGOTIATED THRESHOLDS EVEN IF THIS CASH FLOW SUBSEQUENTLY DECLINES. MOREOVER, IHG'S CREDIT QUALITY CHARACTERISTICS MAY DETERIORATE AND IT MAY BE UNABLE TO HONOR ITS GUARANTY OBLIGATION.
- THE FOREGOING PRESS RELEASE STATES THAT HPT EXPECTS TO INVEST \$15 MILLION DURING THE NEXT TWO YEARS TO FUND CAPITAL EXPENDITURES AT ITS 76 HOTELS. THIS AMOUNT MAY BE INADEQUATE TO PAY RE-BRANDING COSTS AND CAPITAL REQUIREMENTS APPROPRIATE TO MAINTAIN THE COMPETITIVE POSITION OF THESE HOTELS. THE PROPOSED MANAGEMENT AGREEMENT BETWEEN HPT AND IHG REQUIRES HPT TO PROVIDE ADDITIONAL CAPITAL FUNDING IN RETURN FOR AN INCREASE IN THE GUARANTEED AMOUNT OF THE OWNER'S PRIORITY. THERE CAN BE NO ASSURANCE THAT HPT WILL HAVE FUNDS AVAILABLE TO MEET THESE OBLIGATIONS.
- AS A RESULT OF THE TERRORIST ATTACK ON SEPTEMBER 11, 2001, AND BECAUSE OF THE GENERAL DECLINE IN BUSINESS TRAVEL DURING THE PAST THREE YEARS, CERTAIN HOTELS OWNED BY HPT, INCLUDING SOME OF THE 76 CANDLEWOOD HOTELS NOW OWNED BY HPT, HAVE NOT GENERATED SUFFICIENT CASH FLOW TO PAY RENT. IF ANOTHER TERRORIST ATTACK OCCURS WITHIN THE USA OR IF ECONOMIC ACTIVITY AND BUSINESS TRAVEL DO NOT INCREASE, IT MAY BE THAT IHG WILL BE UNABLE TO PAY THE OWNER'S PRIORITY DUE HPT. SUCH FACTORS ARE GENERALLY BEYOND HPT'S AND IHG'S CONTROL.

THERE ARE LIKELY OTHER REASONS WHY THE FORWARD LOOKING STATEMENTS IN THIS PRESS RELEASE MAY NOT OCCUR. INVESTORS ARE CAUTIONED NOT TO PLACE UNDUE RELIANCE UPON FORWARD LOOKING STATEMENTS.