



## HPT Agrees to Purchase 13 Hotels for \$450 Million

NEWTON, Mass.--Hospitality Properties Trust (NYSE: HPT) today announced that it has agreed to purchase 13 hotels for \$450 million.

The 13 hotels to be purchased include four (4) full service luxury InterContinental Hotels, four (4) full service upscale Crowne Plaza Hotels, three (3) full service Holiday Inn Hotels and two (2) upscale, extended stay, all suites Staybridge Suites Hotels. These hotels have 3,946 rooms/suites and approximately 164,000 sq.ft. of meeting rooms. In addition, all of these hotels have exercise rooms/fitness centers and swimming pools; and the full service hotels have a total of 22 restaurants and 17 bars/lounge areas. These 13 hotels are located as follows:

Location	Hotel	No. of Keys	Approx. Meeting Space
San Juan, PR	InterContinental	402	17,000 sq.ft.
Houston, TX	InterContinental	485	50,000 sq.ft.
Austin, TX	InterContinental	189	6,000 sq.ft.
Toronto, ON	InterContinental	210	6,500 sq.ft.
White Plains, NY	Crowne Plaza	401	16,000 sq.ft.
Redondo Beach, CA	Crowne Plaza	346	24,000 sq.ft.
Los Angeles, CA	Crowne Plaza	613	14,250 sq.ft.
Hilton Head, SC	Crowne Plaza	340	18,000 sq.ft.
Atlanta (airport), GA	Holiday Inn	190	2,500 sq.ft.
Memphis, TN	Holiday Inn	243	7,500 sq.ft.
Anaheim, CA	Holiday Inn	264	1,500 sq.ft.
Anaheim, CA	Staybridge Suites	143	250 sq.ft.
Toronto, ON	Staybridge Suites	120	375 sq.ft.
Totals:		3,946 keys	163,875 sq.ft. meeting space

All 13 of these hotels are being purchased from InterContinental Hotels Group, plc (LSE/NYSE: IHG). Simultaneously with this purchase, HPT will enter a long term management contract for 12 of these hotels with subsidiaries of IHG. Because of tax law issues affecting the InterContinental Hotel in Puerto Rico, it will be leased to a separate subsidiary of IHG, but this lease and the management contract for the 12 hotels will be subject to cross guarantees and combined renewal options. The management contract and the lease will have terms similar to other contracts entered by HPT including: initial terms of 25 years, plus two consecutive 15 year renewal options; escrowed reserves for anticipated capital expenditures; subordination of certain IHG fees to the payment of a portion of the owner's priority returns to HPT; and a limited guaranty from IHG for the rent and minimum amounts of owner's priority returns to HPT.

The \$450 million purchase price includes \$25 million which will be paid to IHG during the three years following the closing in connection with certain improvements to the 13 hotels. HPT's owner's priority payments, which are partially guaranteed by IHG, will be initially \$37.75 million/year in 2005, increase to \$40.73 million/year in 2006 and then increase to about \$42 million/year after the full \$450 million purchase price is paid. In addition, HPT will receive a percentage of gross revenue increases at these hotels starting in 2007 and the cash flow remaining after payment of base and incentive management fees to IHG at the managed hotels.

The agreement announced today represents the first time HPT has agreed to purchase hotels located outside the United States. The income realized by HPT from its investment in the Puerto Rico hotel and the two hotels in Ontario, Canada will be reduced by taxes in those jurisdictions which generally do not provide the full tax benefits available to REITs in the USA. To reduce the risks to HPT which may arise from changes in currency exchange rates, the purchase prices and the owner's returns for the two Canadian hotels were set and will be paid in U.S. dollars.

The transactions contemplated by the agreement announced today are subject to conditions and contingencies typical of large, multi-jurisdictional real estate and hotel transactions. Nonetheless, HPT expects these transactions will close during the first calendar quarter of 2005.

#### 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 PRESS RELEASE STATES THAT THE LEASE FOR THE PUERTO RICO INTERCONTINENTAL HOTEL AND THE MANAGEMENT CONTRACTS FOR THE 12 OTHER HOTELS ARE SUBJECT TO CROSS GUARANTEES AND COMBINED RENEWAL OPTIONS. WHENEVER SEPARATE CONTRACTS ARE ENTERED FOR SEPARATE PROPERTIES, ESPECIALLY PROPERTIES LOCATED IN DIFFERENT LEGAL JURISDICTIONS, THE MAKING OF SUPPORT PAYMENTS BETWEEN PROPERTY OPERATIONS MAY NOT BE PERMITTED. FOR THESE REASONS, HPT CANNOT ASSURE INVESTORS THAT ITS COMBINATION REQUIREMENTS WILL BE RESPECTED IN ALL CIRCUMSTANCES.
- THIS PRESS RELEASE STATES THAT PAYMENT TO HPT OF RENT AND A PORTION OF OWNER'S RETURNS WILL BE GUARANTEED BY IHG. HOWEVER, THE IHG GUARANTY ALSO APPLIES TO TWO OTHER MANAGEMENT CONTRACTS WITH HPT AFFECTING AN ADDITIONAL 106 HOTELS, AND THIS GUARANTY IS LIMITED TO A MAXIMUM LIABILITY BY IHG OF \$125 MILLION. ALTHOUGH IHG'S OBLIGATIONS ARE CURRENTLY INVESTMENT GRADE RATED AND THIS GUARANTY INCLUDES A COVENANT BY IHG TO MAINTAIN A CERTAIN NET WORTH, THERE CAN BE NO ASSURANCE THAT IHG'S RATINGS WILL REMAIN INVESTMENT GRADE, THAT IHG WILL BE ABLE TO MAINTAIN ITS NET WORTH OR BE ABLE TO MAKE GUARANTY PAYMENTS. ALSO, HPT HAS AGREED THAT THE IHG GUARANTY MAY BE RELEASED IF CASH FLOWS FROM THE AFFECTED HOTELS EXCEED CERTAIN AMOUNTS AND THIS RELEASE WILL BE EFFECTIVE EVEN IF CASH FLOWS SUBSEQUENTLY DECLINE.
- THIS PRESS RELEASE STATES THAT \$25 MILLION WILL BE REIMBURSED TO IHG FOR CAPITAL EXPENDITURES AND THAT THE LEASE AND MANAGEMENT CONTRACTS BETWEEN HPT AND IHG WILL REQUIRE ESCROWED RESERVES FOR ANTICIPATED CAPITAL EXPENDITURES THEREAFTER. IT IS DIFFICULT TO ACCURATELY ANTICIPATE HOTEL CAPITAL REQUIREMENTS. THIS IS ESPECIALLY SO AT FULL SERVICE LUXURY AND UPSCALE HOTELS LIKE THE INTERCONTINENTAL AND CROWNE PLAZA HOTELS WHICH HPT HAS AGREED TO PURCHASE. IF ESCROWED AMOUNTS ARE INSUFFICIENT TO MAINTAIN THESE HOTELS, HPT MAY HAVE TO INVEST SUBSTANTIAL AMOUNTS IN THESE HOTELS IN ORDER TO MAINTAIN THE FINANCIAL RESULTS REALIZED AT THESE HOTELS. HPT MAY NOT HAVE THE NECESSARY AMOUNTS TO INVEST IF REQUIRED AND ITS ABILITY TO MAINTAIN THE FINANCIAL RESULTS IS NOT ASSURED.
- THE AMOUNT OF THE ACCRETION TO HPT'S CASH FLOW WHICH HPT MAY REALIZE FROM THIS INVESTMENT WILL DEPEND UPON A NUMBER OF FACTORS, INCLUDING THE FUTURE FINANCIAL OPERATING RESULTS REALIZED AT THESE HOTELS BY IHG'S MANAGEMENT, HPT'S CAPITAL COSTS INCURRED TO FUND THIS TRANSACTION, TAXES PAYABLE IN PUERTO RICO AND ONTARIO, CANADA AND OTHERS. SOME OF THESE FACTORS DEPEND UPON CIRCUMSTANCES BEYOND HPT'S CONTROL OR OVER WHICH HPT HAS ONLY LIMITED CONTROL OR INFLUENCE. IF THESE FACTORS ARE OR BECOME DIFFERENT FROM THOSE HPT NOW ANTICIPATES, SUCH AS CHANGES IN THE FINANCIAL PERFORMANCE OF THE HOTELS, INCREASED CAPITAL COSTS, HIGHER TAX RATES OR IF IHG'S GUARANTY BECOMES EXHAUSTED OR UNCOLLECTIBLE, THEN THIS TRANSACTION MAY NOT BE ACCRETIVE BUT MAY REDUCE THE CASH FLOW AVAILABLE TO HPT TO FUND DISTRIBUTIONS TO SHAREHOLDERS.
- THIS PRESS RELEASE STATES THE PURCHASE PRICES AND THE OWNER'S RETURNS AMOUNTS FOR THE TWO CANADIAN HOTELS HAVE BEEN SET AND WILL BE PAID IN U.S. DOLLARS IN ORDER TO REDUCE THE RISKS TO

HPT FROM CHANGES IN CURRENCY EXCHANGE RATES. HOWEVER, HPT'S INVESTMENTS IN CANADA AND THE RESULTS OF SUCH OPERATIONS WILL BE AFFECTED BY CHANGES IN CURRENCY EXCHANGE RATES. THE HOTELS' OPERATIONS WILL BE CONDUCTED IN CANADIAN DOLLARS. THE AMOUNTS EARNED AT THESE HOTELS AND AVAILABLE TO PAY RETURNS IN U.S. DOLLARS WILL BE DETERMINED BASED UPON CURRENCY EXCHANGE RATES IN EFFECT FROM TIME TO TIME.

- THIS PRESS RELEASE STATES THAT THE TRANSACTIONS DESCRIBED ARE SUBJECT TO CONDITIONS AND CONTINGENCIES BUT THAT HPT EXPECTS THEY WILL BE COMPLETED DURING THE FIRST QUARTER OF 2005. THESE CONDITIONS AND CONTINGENCIES HAVE BEEN ESTABLISHED BECAUSE HPT, IHG AND THEIR RESPECTIVE COUNSEL BELIEVE THEY ARE IMPORTANT AND MIGHT NOT OCCUR. ACCORDINGLY, IT IS POSSIBLE THAT THESE CONDITIONS AND CONTINGENCIES MAY NOT BE SATISFIED, AND THESE TRANSACTIONS MAY NOT BE CLOSED.

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

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