

PRESS RELEASE

FOR IMMEDIATE RELEASE

AIRPORT HOTELS PARTNERSHIP ACQUIRES EXPRESS BY HOLIDAY INN, STANSTED

FIRST SALE OF NEWLY DEVELOPED BAA HOTEL TO PARTNERSHIP

24 May 2004

BAA Lynton, the commercial property development arm of BAA plc ('BAA'), is pleased to announce that it has sold its ground lease interest in the "Express by Holiday Inn" Hotel, at Stansted Airport, to the Airport Hotels Partnership ('AHP'/ the 'Partnership') for £7.25m.

AHP was established by BAA in March 2000 as a UK based limited partnership to enable new investors to acquire stakes in some of BAA's high performing hotel assets and for BAA to release equity from the assets. On its creation, eight hotels were injected into the Partnership with an initial value of approximately £200 million and it had five investors; Scottish Widows, Shell Pension Fund, the Coal Schemes, and a major foreign investor. BAA has maintained a minority stake (10%) and BAA Lynton is manager to the fund.

The transaction is an important milestone for both AHP and BAA Lynton as it represents the first acquisition made by AHP since it was established in March 2000 as well as providing the first example of the Partnership benefiting from access to BAA Lynton's pipeline of newly developed airport hotels.

The Express by Holiday Inn hotel is currently under development. It is the only budget hotel within Stansted Airport's boundary and it is anticipated that it will open in February 2005. On completion, it will provide 255 rooms together with associated restaurant and business facilities. Kew Green Hotels Ltd has a 125 year ground lease to operate the hotel under the 'Express by Holiday Inn' franchise.

Commenting, John O'Halloran, managing director, BAA Lynton, said:

"This is hugely important transaction for both BAA Lynton and AHP as it demonstrates the importance and benefits of the inter-relationship between the two. BAA Lynton currently has one of the largest pipelines of airport hotel developments across Europe and we are pleased to have concluded this important sale to AHP.

"The airport hotels sector is now demonstrating renewed vigour following a subdued couple years and this sale is a further example of the increased appetite for assets within the sector."

Jeremey Boyes, chairman of the AHP's General Partner Board, added:

"I am delighted that the fund has invested in the budget hotel sector at Stansted. The combination of the quality of the product and Europe's fastest growing major airport will ensure it performs very well."

CB Richard Ellis Hotels advised BAA Lynton on the transaction. Derek Gammage, Managing Director EMEA, said: "This is an exceptional sale which was made possible by the use of innovative leasing structures, specifically designed to maximise value."

- Ends -

For more information please contact:

Derek Gammage
Managing Director, EMEA
CB Richard Ellis Hotels Ltd.
020 7182 3943
derek.gammage@cbrehotels.com

Heather Thomas
Marketing Analyst
CB Richard Ellis Hotels Ltd.
020 7182 3949
heather.thomas@cbrehotels.com

Notes to Editors:

CB Richard Ellis Hotels

CB Richard Ellis Hotels is the world's leading full-service real estate advisory group focused exclusively on the hospitality industry. CB Richard Ellis Hotels offers investment, capital advisory, consulting and asset management services with European offices in London, Ireland, France, Spain, Czech Republic and Scandinavia.

In the past three years CB Richard Ellis Hotels has been involved in nearly all the major hotel transactions. In 2004 alone the firm has been involved in the sale of major single assets for InterContinental Hotels and Resorts, for Jarvis plc and De Vere Hotels. Other 2004 assignments include the Timhotel Chain in Paris; the Hilton and Ibis hotels, Prague; the Savoy Group in the UK and Premier Lodge. CBRE Hotels have recently advised Travelodge on the sale of Travelodge, Ireland together with the grant of a Master Franchise to the purchasers.

Please contact Heather Thomas (heather.thomas@cbrehotels.com) for copies of any photographs used in Press Releases.

For further information visit www.cbrehotels.com.